

VKR Group Tax Policy

Approved by the Board of Directors
of VKR Holding A/S on 18.12.2024

The VKR Group Tax Policy outlines the general principles governing our approach to tax and transfer pricing issues in the VKR Group. It applies to VKR Holding A/S and all companies ultimately controlled by VKR Holding A/S (the "VKR Group").

Connecting
buildings
with nature


VKR

VKR Group Tax Policy

1. Introduction

Our Model Company Objective, which serves as the compass for our actions, is the foundation of our culture. It sets the overall ambition for all VKR Group Companies to operate responsibly and achieve financial returns for continued growth.

This Policy governs our approach to tax and transfer pricing matters. It applies to taxes of all kinds, direct as well as indirect. As tax implications cannot always be isolated to a specific Business Area¹, overall responsibility for tax in the VKR Group resides with VKR Holding A/S.

It is our overall tax policy to comply with all relevant national and international legislation, tax practices and OECD guidelines and to evaluate all tax risks and implications related to the activities of the VKR Group in a timely manner.

This Policy applies to VKR Holding A/S and all companies ultimately controlled by VKR Holding A/S (the "VKR Group").

¹ A group of operating companies under the control of VKR Holding, such as the VELUX Group or DOVISTA Group

2. Corporate Tax Principles

This Policy aims at upholding the integrity of the VKR Group's business operations and to protect the interests of the VKR Group and its stakeholders by adherence to the following principles:

2.1 Compliance with Applicable Tax Legislation

All VKR Group companies shall comply with all relevant tax legislation, tax practices and OECD guidelines relevant to the jurisdictions in which they operate. When interpreting and applying tax legislation, both the letter and the spirit of the law will be respected.

2.2 Evaluation of Tax Risks

Any tax risk associated with business activities must be thoroughly reviewed and mitigated as part of decision-making processes. In the event of changes to our corporate structure, transactional setup, or the consideration of a new transaction type, or if any changes to relevant practices and laws are introduced, the related tax implications and risks shall be evaluated. This includes considering the potential impact on VKR Group companies outside the affected Business Area(s).

2.3 Tax Compliance and Risk Acceptance

The VKR Group is committed to ensuring that the taxes it pays in each country of operation accurately reflect the tax effects of its commercial operations. The VKR Group will accept no risk that could significantly impact our tax liabilities. In cases where the amounts involved are significant and the associated regulations or facts complex, we will seek expert advice to ensure proper application of the regulations, assess the level of risk, and determine strategies for risk management and mitigation.

2.4 Commercial Considerations in Tax Planning

In the VKR Group, business decisions are primarily driven by commercial considerations, with tax implications resulting from the transactions in which we engage. We carefully assess tax consequences when making commercial decisions and seek to claim relevant allowances and incentives.

Where appropriate, we utilize relief measures, incentives, and efficient tax structures, including joint taxation schemes and tax treaty benefits to optimize our tax position and minimize double and triple taxation, ensuring that no undue tax burden is placed on the VKR Group's financial operations.

We refrain from engaging in artificial transaction planning or business structuring aimed solely at reducing tax payments. Investments in countries listed by the EU as non-cooperative tax jurisdictions are made only when there are business reasons supporting them, and in such cases, we take extra precautions to ensure that the VKR Group is not involved in any form of tax evasion.

Investments in minority shares through equity funds, etc., often involve tax-transparent structures. As part of our tax due diligence process for these investments, we carefully review the tax structure, with a focus on ensuring that taxes are duly paid in the jurisdictions where profits are generated.

2.5 Prevention of Facilitation of Tax Evasion

The VKR Group will take no part in tax evasion of any kind including any facilitation of tax evasion committed by customers, suppliers, contractors, distributors, employees, or any other third party ("Business Partners"). We will establish the necessary procedures to avoid any participation in tax evasion.

To ensure compliance, each Business Area must appoint a risk owner and establish procedures and mitigating measures, tailored to the specific risk profile of the Business Area. As such, each Business Area shall:

- carry out and document a tax evasion risk assessment;
- implement suitable protective measures to mitigate identified risks;
- share relevant risks and mitigation measures with all relevant employees;
- regularly and at least annually monitor and review risks, incidents, and the effectiveness of mitigation measures, such measures to be revised if necessary; and
- consider implementing a "Code of Conduct" for Business Partners to address identified tax evasion risks.

2.6 Engaging with Tax Authorities

Our approach to dealing with tax authorities is to do so in a timely, appropriate, honest, and transparent manner, ensuring we pay the correct amount of tax in each country of operation. When necessary, we will actively seek clarification of uncertainties through dialogue with the tax authorities. This should also be coordinated with the Global Tax department in the relevant Business Area and/or VKR Group Tax (VKR-Tax).

While we respect the expertise of tax officials, we reserve the right to challenge their interpretations of laws and guidelines. In case of disagreements, we may pursue clarification through administrative recourse and, if necessary, legal proceedings.

2.7 Tax Audits and Dispute Resolution

The Global Tax departments in the relevant Business Area and VKR-Tax shall always be promptly informed in writing about any formal or informal inquiries and tax audits and their scope as well as any tax disputes with authorities. VKR-Tax should be informed about all of these matters regarding IPR and significant matters in other tax topics.

2.8 Reporting Obligations

When reporting is conducted in accordance with the EU DAC6 Directive 2018/822 (which mandates the disclosure of reportable cross-border transactions to the relevant local tax authorities), it should always be done under the guidance of VKR-Tax.

2.9 Mergers & Acquisitions (M&A)

When planning for M&A or restructuring, tax options and consequences should be considered to optimize the legal structure from a tax perspective. VKR-Tax should always be involved in examinations, including M&A in VKR Group companies. The tax position should be part of the due diligence analysis in any acquisition of new businesses.

3. Transfer Pricing Principles

It is our overall transfer pricing policy that prices between VKR Group companies must follow the arm's-length principle, reflecting the true nature of the transaction. We always prepare transfer pricing documentation following the OECD Transfer Pricing Guidelines to show how we determine prices.

To ensure compliance with our transfer pricing policy, all VKR Group companies shall adhere to the following principles:

3.1 Country-by-Country (CbC) Reporting and Notifications

Given the size of the VKR Group, we must adhere to the CbC rules. VKR Holding A/S shall file both the public and non-public CbC reporting with the relevant Danish authorities, with VKR-Tax always coordinating any additional filing requests in other jurisdictions.

VKR Holding is responsible for the preparation of the CbC reporting and related filings. The filing of CbC notifications in accordance with local legislation is the responsibility of each VKR Group company.

3.2 Intercompany Transaction Documentation

Each VKR Group company is required to identify and document the chosen transfer pricing method for relevant intercompany transactions. This documentation must justify the chosen method and demonstrate its compliance with the arm's-length principle, as per the applicable transfer pricing legislation.

The parent company in the respective Business Area shall be responsible for the storing of transfer pricing documentation, etc.

3.3 Intracompany Agreements

All intercompany transactions require legal agreements. These agreements must be approved by the Global Tax department of the relevant Business Area, VKR-Tax, and Group Legal before signing.

VKR-Tax and Group Legal must be involved in any intragroup transfer of Intellectual Property Rights (IPR).

3.4 Implementation and Monitoring

VKR Group companies must conduct annual reviews to ensure the accuracy of transfer prices. Adjustments to the actual transfer prices must be implemented and documented in compliance with local legislation and OECD guidelines. This monitoring process must evaluate the respective transfer prices, taking into account the nature of the intercompany transactions and the company's functional and risk profiles, to ensure continued alignment with the arm's-length principle.

Where relevant, risks associated with any deviations, such as transfer prices not adhering to the arm's-length principle or the transfer pricing method, must be evaluated and mitigated. Furthermore, any plans for altering transfer pricing setups, relocating functions, or restructuring activities must be

evaluated from a tax perspective by the Global Tax department in the relevant Business Area and VKR-Tax, all to ensure alignment and consistency across the VKR Group.

3.5 Audits and Dispute Resolution

The Global Tax departments in the relevant Business Area and VKR-Tax must always be promptly informed, in writing, of any announced transfer pricing audits and their scope as well as any transfer pricing disputes with authorities.

3.6 Compliance Review

The yearly report by the VKR Group Auditors or other advisors agreed with VKR Tax, which assesses each Business Area's compliance with the transfer pricing part of this Policy shall be submitted to VKR-Tax.

4. Roles and Responsibilities

Ultimate responsibility for this Policy rests with the boards of directors of VKR Holding and the respective Business Areas, while responsibility for policy implementation and compliance lies with the respective Executive Managements. These responsibilities may be delegated to one or more functional leaders as needed.

The boards of directors of each Business Area must ensure that appropriate procedures are established to facilitate effective reporting to VKR Holding A/S on the respective Business Areas' compliance with this Policy, as well as on their tax risks and developments.

5. Supplementary Policies, Guidelines, and Instructions

VKR Holding A/S and each Business Area are authorized to issue supplementary sub-policies, guidelines, and instructions, subject to compliance with this Policy. VKR-Tax shall be involved in and approve such documents.