

Nordea

Nordea Position Statement on Tax

April 2020



1. Introduction

Nordea recognises the important role that taxes have for public finances and society's ability to fulfil its goals such as those expressed in the UN Sustainable Development Goals and the Paris Agreement. Taxes finance public services in areas such as health care, infrastructure, social security, education, the judiciary, rescue services and defence.

Nordea is a substantial corporate income tax payer in our main countries of operation – Denmark, Finland, Norway and Sweden – and we pay social security contributions and bank levies in our countries of operation. Statutory tax rates, contributions and levies vary in our countries of operation, as does the size of Nordea's business operations in each country. The total amount of tax paid in each country is determined by a combination of these variables. Nordea is also a net payer of VAT, since VAT is generally not recoverable for banks. Nordea reports tax payments on a country by country basis in its annual financial reporting.

This Position Statement on Tax sets out the scope and principles of Nordea's tax policies. In this we take into account the nature of our business, where investments, credits and purchases can have both local and global impact.

2. Purpose

The purpose of this Position Statement on Tax is to form the basis for dialogue with our stakeholders as well as to clarify our ambitions, initiatives and actions to improve our own tax performance.

3. Scope

This Position Statement on Tax applies to all markets where Nordea operates or does business and covers **financial**

services such as corporate and household lending, wealth management, advisory services to corporate, private and institutional customers as well as our own direct impact.

Throughout this paper the term **stakeholders** refers to customers, employees, investors, suppliers, portfolio companies, regulators and society at large.

The Position Statement on Tax was adopted by Nordea's Business Ethics and Values Committee in March 2020.

4. Position

Nordea is committed to conducting business responsibly and to integrating environmental, social and governance (ESG) criteria into our decision-making processes. Nordea is a signatory to the UN Global Compact, the Principles for Responsible Investments (PRI), the Principles for Responsible Banking (PRB), the UN Net-Zero Asset Owner Alliance and the Equator Principles. sponsible Banking (PRB), the UN Net-Zero Asset Owner Alliance and the Equator Principles.

The Board of Directors of Nordea Bank has adopted a Code of Conduct and a Sustainability Policy for Nordea Bank Abp and its subsidiaries, including branches and representative offices. It applies to all people working for Nordea.

The Code of Conduct is primarily based on the ten principles of the UN Global Compact and sets out the general principles for how we aspire to work at Nordea and guides us in our business relationships. The Code of Conduct and the Sustainability Policy are supplemented by more detailed internal rules, policies, instructions and guidelines.

Nordea's Tax Policy

Nordea's Tax Policy is the Group CEO Instructions on Tax the purpose of which is to ensure that we manage tax efficiently and compliantly.

Nordea's policy is to pay taxes in accordance with local regulations in all the countries in which we operate and, in so doing, to make an appropriate contribution to each society. We manage tax costs and risks prudently and, by paying taxes and reporting them in a timely manner, we aim to maintain a good local tax reputation.

The CEO Instructions on Tax define the overall tax governance including roles and responsibilities within Nordea in relation to any tax charges and the related reporting to the tax authorities.

Nordea:

- aims at ensuring a good local tax reputation,
- does not promote tax evasion or what may be perceived as aggressive tax planning,
- manages tax risks to ensure that the correct tax is paid,
- applies tax positions consistent with the tax laws and practices of the tax jurisdictions in which Nordea operates,
- aims at paying and reporting taxes in due time and with due consideration,
- takes a commercial approach rather than a tax-driven approach when operating its business,
- commits to being transparent with the tax authorities in each jurisdiction regarding its tax positions filed,
- complies with international reporting standards as implemented in national laws or bi- or multilateral conventions as well as other national requirements on customer tax reporting,
- includes Nordea's tax management in Nordea's Sustainability Report.

Definitions

Tax Evasion

Tax evasion is a term used to refer to efforts by individuals, corporations, trusts and other entities to evade taxes by illegal means. Tax evasion often means taxpayers deliberately misrepresenting the true state of their affairs to the tax authorities to reduce their tax liability. It includes dishonest tax reporting, such as declaring less income, profits or gains than the amounts actually earned, or overstating deductions. Tax evasion is an activity commonly associated with the informal economy.

Aggressive Tax Planning

Tax authorities and international organisations, the OECD and the EU (*The European Commission, Commission Recommendation of 6.12.2012 on aggressive tax planning*) sometimes define legal means to avoid tax as aggressive tax planning. These may include artificial arrangements or transactions without economic substance solely undertaken to avoid tax.

Nordea's Tax Policy on Customer Advice

Nordea's policy with regard to customers is established in the Tax Policy on Customer Advice

Our policy is:

- We do not accept being used as a platform for tax evasion.
- We do not facilitate aggressive tax planning.
- We comply with international standards such as the US FATCA and OECD Common Reporting Standard as implemented in national laws as well as national requirements on customer tax reporting.

We offer savings, investment and wealth advisory services, products and solutions to our customers. As part of our advice and product information we provide our customers with general information about the tax consequences of their decisions. In many cases we are required to do so by regulation or our supervisors. For personal tax advice, taking all aspects of the customers' individual financial and fiscal situation into account, we recommend customers to consult an independent tax advisor.

To act with integrity builds trust. Therefore it is crucial that when a customer is informed of the tax effects of different alternative product or service offerings, the internal and ethical standards outlined in the internal rules "Nordea Code of Conduct", "Tax Policy for the Nordea Group" and "Nordea Sustainability Policy" are upheld.

Nordea needs to take responsibility for giving proper information and not misleading the customer in his or her decision.

Therefore in particular, Nordea

- gives, to its best endeavours, accurate information to its customers, consistent with the tax laws and tax practices, regarding the tax effects to support the customers' compliance with legal and regulatory requirements;
- pays attention to its customers' reputational risks and does not encourage or facilitate tax schemes for its customers that are regarded as tax evasion;
- does not encourage or facilitate tax schemes for its customers that may be legal but are perceived as aggressive tax planning or not in line with Nordea's internal ethical standards;
- always assumes and supports that its customers are required to properly disclose and be transparent with their tax positions towards the tax authorities;
- continuously assesses that its product offerings are not in conflict with any of the Group's internal rules, specifically with the "Nordea Sustainability Policy" and "Nordea Code of Conduct";
- maintains professional knowledge and skills in accordance with relevant Nordea job descriptions to ensure that its customers receive competent professional services based on current developments in practice and legislation; and

- has standardised terms and conditions for the services and products offered that clearly set out the rights and obligations of the parties, including, if relevant, disclaimers in relation to information or advice given;
- strives to apply best practice standards according to OECD, EU or relevant local normative bodies in relation to tax transparency and automatic exchange of information on customers of Nordea, based on national law and in compliance with bank secrecy rules.

Expectations on transparency and reporting

We expect corporate customers, suppliers and investee companies to

- be transparent and report taxes on a country-by-country basis on their payment of taxes in line with the OECD guidelines,

- be transparent about any tax rulings they have obtained from tax authorities,
- be transparent about any adjudication or arbitration related to tax disputes,
- be preventive by having governance in place that detects tax evasion,
- be preventive by including anti-tax evasion clauses in governance policies and contracts with customers and suppliers.

