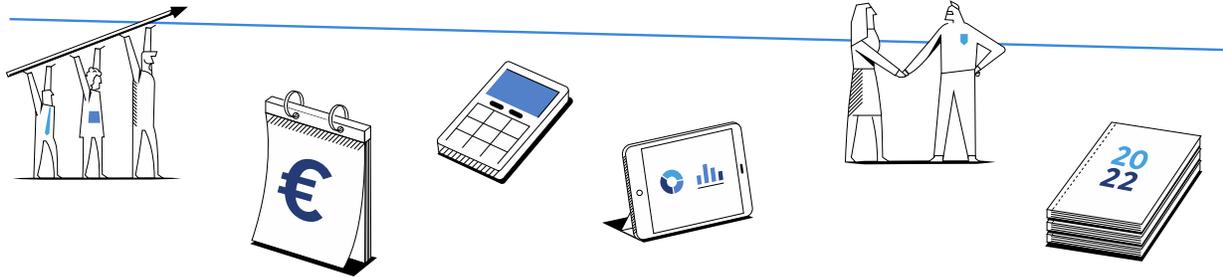


Tax Governance Code



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Preamble

In February 2021, VNO-NCW announced in its agenda for 2030 '*Ondernemen voor brede welvaart*' that the business community would develop a Tax Governance Code. This Tax Governance Code should lead to more transparency on the tax position of Dutch listed companies and could, in future, be incorporated into the Corporate Governance Code.

Taxes are a vital source of revenue for countries around the world and help to fund essential services like education, healthcare and transport. Today, it is more important than ever that companies are open about their tax payments, so that people can understand how much is paid and why. Transparency builds trust. It is about putting the numbers into context, but also about demonstrating the commitment to comply with legislation and explaining a company's approach to tax.

There are many initiatives to help to increase transparency and public understanding of a company's tax position, such as the B-Team Responsible Tax Principles, the Global Reporting Initiative and the World Economic Forum Stakeholder Capitalism metrics. Taxes are also a key metric for ESG. All these initiatives have been a source of inspiration and have provided building blocks for the Tax Governance Code published below. The intention has been to align the Code as much as possible with existing standards and disclosures with the aim of amplifying the rigorous work already done by standard-setters rather than reinventing the wheel. For example, the consideration that taxes paid by companies are not a cost factor only and also the commitment to comply with the letter, the intent and the spirit of the tax legislation.

The Tax Governance Code is concise and based on the 'comply or explain' principle. The Code aims at a broad commitment of companies to endorse the ambitions expressed in this Code and to comply with it in its entirety. Although in first instance written for Dutch listed companies, we also encourage non-listed companies to endorse the Code. If a principle or provision is not yet complied with, the company explains what it will do to meet the principles in a reasonable timeframe.

VNO-NCW strongly believes that this Tax Governance Code will help to build trust and will serve as a meaningful answer to the public call to companies for more transparency and accountability on their tax position. It should also enable stakeholders to gain a better insight and understanding of companies' compliance with national and international tax rules. To meet the ambitions in this Code, companies will have to make a serious effort.

The intention is to update the Tax Governance Code from time to time in line with relevant developments.

A. Approach to Tax: Tax Strategy & Tax Principles

The company sees tax not as a cost factor only, but as a means for social economic cohesion, sustainable growth and long-term prosperity.

1. The company's approach to tax is based on a tax strategy and set of principles approved by the board of directors, the supervisory board, or delegated sub-committee (the board).
2. The company reports at least annually to the board on tax risks and adherence to the tax strategy and principles.
3. The company's tax strategy and principles apply to all group entities.
4. The company's tax principles apply to how the company operates in its relationships with employees, customers and contractors.

B. Accountability & Tax Governance

Tax is a core part of corporate social responsibility and governance and is overseen by the board.

1. The board is accountable for the tax strategy, principles and tax risk management.
2. The company has a tax control framework that sets out the tax controls and risk management.
3. Internal or external auditors regularly review the company's tax controls as part of the audit of its financial results.

C. Tax Compliance

The company is committed to comply with the letter, the intent and the spirit of the tax legislation of the countries in which it operates and to pay the right amount of tax at the right time.

1. The company prepares and files all tax returns required, providing complete, accurate and timely disclosures to all relevant tax authorities.
2. The company's responsible tax planning is based on reasonable interpretations of applicable law and is aligned with the substance of the economic and commercial activity of its business.
3. The company will not undertake transactions or engage in arrangements of which the sole purpose is to create a tax benefit that is in excess of a reasonable interpretation of relevant tax rules.
4. The company will only claim tax incentives in line with the policy intent of such tax incentives and provided such incentives are generally available.
5. If the company seeks certainty in advance from tax authorities to confirm an applicable tax treatment, it does so based on full disclosure of all relevant facts and circumstances.

D. Business Structure

The company will only use business structures that are driven by commercial considerations, are aligned with business activity and have genuine substance.

1. The company does not use so-called tax havens for tax avoidance. All entities in tax havens exist for substantive and commercial reasons.
2. The company pays tax on profits according to where value is created within the normal course of commercial activity.
3. The company uses the arm's length principle, in line with guidelines issued by the OECD, and applies this consistently across its businesses, contingent on local laws.

E. Relationships with Tax Authorities and Other External Stakeholders

Mutual respect, transparency and trust drive the company's relationships with tax authorities and other relevant external stakeholders.

1. The company seeks to develop cooperative relationships with tax authorities, and relevant other authorities, based on mutual respect, transparency and trust.
2. The company seeks to engage constructively in national and international dialogue with governments, business groups and civil society to support the development of effective tax systems, legislation and administration.
3. The company will work collaboratively with tax authorities to achieve early agreement on disputed issues and certainty on a real-time basis, wherever possible. Where there is controversy, the company will strive to resolve the controversy by applying these principles.

F. Tax Transparency & Reporting

The company regularly provides information to its stakeholders, including investors, policy makers, employees, civil society and the general public, about its approach to tax and taxes paid. The company will therefore publish the following information:

1. A tax strategy or policy and its tax risk management strategy.
2. A list of entities, with ownership information and a brief explanation of the type and geographic scope of activities.
3. Annual information on the corporate income tax the company accrues and pays on a cash basis at a country level.
4. The total tax borne and collected by the company, globally or per country, including corporate income taxes, property taxes, (non-creditable) VAT and other sales taxes, employer/employee-related taxes, and other taxes that constitute costs to the company or are remitted by the company on behalf of customers or employees, by category of taxes.

5. Information on financially material tax incentives (e.g. tax holidays), including an outline of the incentive requirements and when it expires.
6. An outline of the advocacy approach the company takes on tax issues, the channels through which the company engages in regard to policy development, and the overall purpose of its engagement.