

Novonesis tax policy

As part of Novonesis' responsible approach to taxes, Novonesis' Board of Directors has adopted this tax policy. It applies to all entities in the Novonesis Group.

Background

- We believe that sustainability entails adding economic, environmental and social value. This is the triple bottom line approach companies in the Novonesis Group have always taken. It is reflected in our operating principles, strategy and targets. A responsible approach to taxes is essential to Novonesis' long-term sustainability. Our tax policy sets the principles for the management of tax affairs in the Novonesis Group.
- We continuously evaluate whether the tax policy needs to be modified. The tax policy governs all taxes paid by Novonesis (direct and indirect taxes).
- Novonesis supports the United Nations Sustainable Development Goals (SDGs). The SDGs guide the development of our targets and purpose to better the world with biology. We recognize the key role that taxes play in society and in the economic and social development of the countries where we operate. Our tax policy, and the tax payments we make, support local governments in the implementation of the SDGs directly or indirectly.

Competitive tax level in a responsible way

- We seek to obtain a competitive tax level in a responsible way and with full regard to national and international laws and regulations.
- Being responsible entails doing business in a way that meets expectations of a good corporate citizen. This means paying taxes in the countries where we operate in accordance with international transfer pricing rules and not engaging in aggressive tax planning.

Tax compliance

- We continuously work to fulfill our tax obligations in the countries where we operate. We comply with tax legislation and pay the right amount of tax at the right time. We use the arm's length principle, pricing in line with the guidelines issued by the OECD and apply this consistently across our businesses (contingent on local laws).
- We act in accordance with applicable legislation on tax computation and tax reporting in the countries where we operate. We submit all tax filings required, meaning that we submit complete, accurate and timely disclosures to all relevant authorities.

Tax governance

- Tax is a core part of corporate responsibility and governance. The Board of Directors approves the tax policy and is accountable for it. The CFO is responsible for tax risk management, which is overseen by the Audit Committee. The day-to-day management of tax affairs in the Novonesis Group is handled by a centralized team of tax professionals in the corporate headquarters in collaboration with finance and tax professionals around the world.

- The Novonesis Group employs tax professionals with proper qualifications and expert knowledge within the tax area. To assess potential tax consequences, the centralized tax team is involved in all material business development in the Group.
- We have procedures in place to ensure awareness of and adherence to our tax policy. We report at least annually to the Audit Committee on tax matters.

Mitigation of tax risks

- Novonesis has a low acceptance of tax risks. When implementing business transactions, we aim to understand the tax implications and risks. When reviewing the risks, we always bear in mind the requirements of this tax policy. We will only adopt a tax position if it is defensible, and we are able to explain it. We seek to enter into an early dialogue with tax authorities, wherever possible, if there is significant uncertainty about how the tax rules apply to our business.
- We proactively engage in bilateral advance pricing arrangements (APAs) negotiated at competent authority level to increase predictability and to mitigate transfer pricing risks. The bilateral APAs provide certainty that transactions are carried out on arm's length negotiated terms.
- We monitor the tax risks in the countries where we operate. Novonesis also monitors changes in tax rules and tax practice that may influence Novonesis' tax position.

Tax authority approach

- We seek good relationships and dialogue with tax authorities in the countries where we operate. Novonesis strives to avoid any controversy with tax authorities. If a tax authority takes a position which Novonesis finds technically and legally wrong, we will defend our position. The tax controversy risk for Novonesis is significantly reduced through use of bilateral APAs.
- We aim for all dealings with the tax authorities to be conducted in a collaborative and timely manner based on mutual respect, transparency and trust.
- We engage constructively in dialogue with governments, business groups and civil society to support the development of effective tax systems, legislation and administration, and we support initiatives against aggressive tax planning.

Tax planning

- We only engage in transactions that are driven by commercial considerations and supported by substance.
- Our tax planning ensures that Novonesis pays the tax determined by tax laws and regulations and mitigates double taxation. We do not engage in aggressive tax planning, defined as exploitation of technicalities in a tax regime or as exploitation of inconsistencies between tax regimes to reduce a tax liability. Our tax planning is based on reasonable interpretations of applicable law and is aligned with the substance of our business.
- We do not use so-called "tax havens" to avoid taxes on activities which take place elsewhere.
- We only make use of tax incentives that are specified by law and generally available. Where we claim tax incentives offered by government authorities, we seek to ensure that they are transparent and consistent with statutory or regulatory frameworks.

Transparency

- We are committed to being open and transparent about our tax policy and tax affairs. We provide regular information to our stakeholders, including investors, policy makers, employees and the general public, about our approach to taxes and taxes paid.
- We support and comply with the transparency requirements on taxes and the international initiatives in this respect.
- [Read the 2024 tax transparency report](#)

Novonesis is leading the era of biosolutions.

By leveraging the power of microbiology with science, we transform the way the world produces, consumes and lives. In more than 30 industries around the world, our biosolutions are already creating value for thousands of customers and benefiting the planet. Our 10,000 people worldwide work closely with our partners and customers to transform business with biology. Let's better our world with biology.

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