

TEAM NOVO NORDISK
Professional cycling team



Tax Strategy

Date of preparation: Oct 2019

Tax strategy

In compliance with section 19(2) and 22(2) of Schedule 19 Finance Act 2016 this represents the tax strategy of the UK companies of the Novo Nordisk Group (“the UK companies”) in effect for the year ended 31 December 2019. This strategy will apply to the following UK companies:

- Novo Nordisk Holding Limited
- Novo Nordisk Limited
- Ziylo Limited

The Novo Nordisk Group operates a Global tax strategy that is published on the Finance & Corporate Governance section of the NovoNordisk.com website, a link to which can be found [here](#).

The UK companies aim for their tax affairs to be in full compliance, transparent and sustainable in the long term. We adhere to the Global tax strategy and the Novo Nordisk Corporate Tax Code of Conduct when considering all aspects of taxation and the way we conduct our business, our tax strategy follows these principles.

We will:

- Support the execution of the Global tax strategy by managing our tax affairs in full compliance with not only the local law, regulations, OECD guidelines but also the tax policy intent underlying the tax law.
- Meet all legal requirements, ensure integrity of all reported tax numbers and timely compliance with all relevant statutory tax obligations
- Always consider the Groups reputation, brand and triple bottom line responsibilities (being socially, financially & environmentally responsible) when we make decisions
- Consider tax as part of every major business decision
- Apply professional diligence and care in the management of all risks associated with tax matters and operate appropriate tax risk governance and assurance processes
- Not undertake transactions with a main aim of creating an abusive tax advantage or transactions which are outside of the Group’s risk tolerance

Tax Planning

All local tax decisions will be made in a way that is consistent with and complements the Global tax strategy. Key business decisions will be made with the aim of benefiting the long term value creation for our shareholders while being aware with the tax consequences.

Any local tax initiatives have to be coordinated with the global tax team in Denmark to ensure they are in line with the Global tax strategy and compliant with the Novo Nordisk Way.

The UK companies do not engage in tax avoidance, tax evasion, artificial tax arrangements (those not led by business or commercial substance) or transactions that do not meet the spirit of local law; these would not be acceptable with our commitment of being responsible.

When entering into commercial transactions we will seek to utilise tax incentives, reliefs and exemptions available in the way in which they were intended by the tax authorities.

Attitude towards risk

The UK companies operate within the scope of our Global tax strategy and we are committed to being transparent so there is no misrepresentation or misinterpretation of the way in which we manage our tax affairs.

We have a low tolerance for tax risks, when implementing business transactions we aim to understand the tax implications and risks. When reviewing the risks of a tax decision or action we always bear in mind the requirements of the Global tax strategy, the Novo Nordisk Way, the legal and fiduciary duties of directors and employees, the maintenance of our corporate reputation, the wider consequences of potential disagreement with tax authorities, and any possible impact on our relationship with them.

Where there is any uncertainty as to the application or interpretation of tax law, we engage with external tax advisors to achieve technical expertise on our tax position and where applicable engage and work with HMRC on a real time basis. Our approach is to ensure we are compliant and understand our responsibilities with regards to tax

The UK companies strategic aim is to maintain its low UK tax risk rating as determined by HMRC's Business Risk Review process. We seek to achieve this aim through: (a) meeting our tax compliance obligations by delivering our tax returns and tax payments on time; (b) maintaining tax accounting arrangements which are robust and accurate and comply with the Senior Accounting officer (SAO) provision in the UK; (c) ensuring the departments who are involved in the tax processes are both adequately resourced and supported in order to manage tax compliance issues on a timely basis.

Tax Authority Approach

We seek to develop an open and collaborative relationship with the tax authorities based on transparency and trust. In all dealings with the tax authorities, we seek to maintain and further build on this relationship with our Customer Compliance Manager (CCM) and their teams by proactive engagement in real time discussions about our business and tax affairs focussed around timely tax compliance.

If we discover errors in tax returns or correspondence with tax authorities, we disclose and correct them as soon as reasonable practical after they are identified. We aim for all dealings with the tax authorities to be conducted in a collaborative, courteous and timely manner.

Managing tax risk & governance

We want our tax affairs to be transparent and compliant with tax legislation, and recognise that managing tax compliance is increasingly complex. The UK companies tax affairs and tax risk management procedures are formally reviewed and reported upon to ensure that processes and controls are up to date so that we are able to identify, assess, manage and mitigate our tax risks. As part of this governance, we have identified tax risks, which are maintained on tax risk registers and their materiality is assessed based on the scale of impact and likelihood of occurrence of each risk. The identified tax risks are then assessed on a case-by-case basis to arrive at logical conclusions on how each risk should be controlled.

Tax risks are also managed through our Global tax risk reporting framework which requires risks to be reported every six months. The system collects details of each risk, the impact, the mitigating actions taken and proposed next steps.

Responsibility for this tax strategy, policies and management of tax risks ultimately rests with the UK companies Finance & Operations Director, with day-to-day responsibility for the operation of the tax function resting within the Accounting & Taxation team.