



Tax Strategy

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 2020. This strategy will apply to the following UK companies:

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

The Novo Nordisk Group’s tax strategy is to have a Sustainable Tax Approach, which is one of the reporting focus areas published on the Sustainable business 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 are committed to adhering to the Sustainable Tax Approach 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 Sustainable Tax Approach 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 Group’s reputation, brand and triple bottom line responsibilities (being socially, financially and 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 Sustainable Tax Approach. Key business decisions will be made with the purpose to defeat diabetes, obesity, rare blood and endocrine disorders and to improve the lives of millions of people in the UK while being aware with the tax consequences.

Any local tax initiatives must be coordinated with the global tax team in Denmark to ensure they are in line with the Sustainable Tax Approach 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 commercial considerations and hence business 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 welcome and make use of tax incentives, offered in the way in which they were intended by the tax authorities.

Attitude towards risk

The UK companies operate within the scope of our Sustainable Tax Approach 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 Sustainable Tax Approach, 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 achieve a 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.
- D. Monitor new tools and solutions that can help us maintain a high-quality compliance standard.

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 reasonably 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 and 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 can 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 and Operations Director, with day-to-day responsibility for the operation of the tax function resting within the Tax, Accounting and Financial compliance teams.