Tax Policy – PKA

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1. Field of application

This policy applies to each of the below-mentioned pension funds/companies:

- The State Registered Nurses' and Medical Secretaries' Pension Fund
- The Healthcare Professionals' Pension Fund
- The Social Workers', Social Pedagogues' and Office Staff Pension Fund
- The Pharmaconomists' Pension Fund
- PKA+Pension Forsikringsselskab A/S

This policy uses PKA as the designation covering the above-mentioned pension funds and companies.

The policy comes into force on 1 January 2021 and is updated annually. The Head of Tax is responsible for updates and for implementing this policy.

2. Purpose

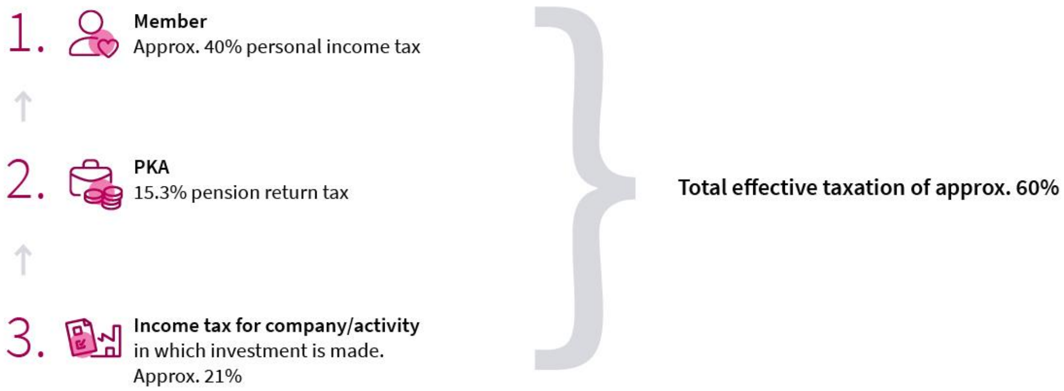
The purpose of this policy is to ensure that, in connection with all its investment activities, PKA handles taxes responsibly.

3. Background

The purpose of PKA's investment strategy is to achieve a high, stable return in a responsible way. This responsibility also applies to the field of taxation, which forms part of PKA's Policy and Guidelines for investments. The purpose of the tax policy described below is to explain how taxation is handled as part of PKA's investments. The tax policy applies to all of PKA's investments.

According to the Danish Financial Business Act, PKA must secure its members the best possible return, including taxation which provides the highest possible pension. PKA seeks to influence companies to ensure they behave responsibly. In PKA's assessment, companies which act responsibly – also in the field of taxation – will create a better, more stable return to their investors in the long run, since their business model provides a better future guarantee. Figure 1 on the next page shows how the total return is taxed in three stages, at PKA and with members.

Taxation of PKA's return in three stages



Companies or activities in which PKA invests pay national taxes – for example, American corporations pay US corporate tax, while a German wind turbine investment is subjected to German income tax. Furthermore, PKA is always subject to the ongoing pension return tax in Denmark, which is why all returns are taxed. Finally, the pension disbursed to members is subject to full income tax. All in all, total earnings are thus taxed by approx. 60%, depending on applicable national taxes in the countries in which PKA has invested, as well as members' taxation circumstances.

When PKA makes an investment, this is often done together with other investors, so there is often an intermediary investment unit between the company or activity in which an investment is made and PKA. Since the return from the investment is already subject to taxation in the country where the investment is made, as well as at PKA level and at members' level, intermediary investment units which are tax neutral are normally applied. With the very purpose of avoiding an extra layer of taxation, tax-neutral investment structures are offered by most countries and are deemed to be the investment method which is in conformity with the market for pension fund investors. PKA thus also sees the use of tax-neutral intermediary investment units as being in conformity with PKA's tax policy.

4. Tax policy

PKA's organisation of investments and tax structure is intended to ensure:

1. that they are in agreement with national tax legislation, including the purpose of such legislation, in the countries in which PKA invests.

2. that PKA pays taxes on the total investment return in accordance with internationally recognised tax principles, while recognising the role of tax payments as a significant contribution to society. PKA's ambition is to know the level of tax contributions in regard to each investment made by PKA, as a basis for PKA's assessment of such contribution.

3. that taxation of the underlying investment funds and enterprises occurs in three stages: 1) tax is paid in the country of operation, 2) PKA pays pension return tax, and 3) PKA’s members pay income tax on pensions from PKA.

4. that the tax obligation regarding PKA's investments is not transferred to countries where there is no internationally recognised legislation or practice for taxes, presentation of accounts, corporate rules and transparency. Consequently, PKA carries out an ongoing update of a list based on the EU black list of tax havens, since these are countries and jurisdictions where no new investments will be made.

5. that PKA responds with full openness in regard to tax authorities and other public authorities.

6. that when entering into strategic cooperation agreements, PKA makes an assessment of the associates’ tax policies, so as to assess whether these associates live up to PKA’s standards.

5. Reporting and updates

The Board of Directors receives an annual update regarding PKA’s experience with managing the tax policy. The Board of Directors is to make an assessment of the policy at least once a year.