



# Demant Group Tax Policy

Version 2.0 - 15 November 2022

Demant

## Introduction

Established in 1904 out of a desire to help people with a hearing loss, Demant's positive contribution to a healthy society has always driven the business, and every day, Demant employees strive to create life-changing differences through hearing health.

This document outlines the Tax Policy for the Demant Group and describes our governing principles for tax management. Our Tax Policy applies globally, and it is mandatory for management and employees in the companies belonging to the Demant Group to comply with this policy.

Demant is, and always has been, a responsible company. The overall aim of this Tax Policy is to ensure that we are tax compliant and that we abide by domestic and international tax legislation, while securing a competitive tax rate for the Demant Group.

## Commercially driven tax approach

Our business structures are based on commercial considerations and hence business substance. We do not set up artificial structures to avoid taxes. Demant pays taxes where value is generated according to OECD principles and complies with domestic and international tax legislation.

We welcome and make use of tax incentives offered in the jurisdictions where we operate. Such incentives help support our business activities and enable

us to continue to create life-changing differences for our many customers and users.

As a global company, we trade products and services across borders within the Demant Group. Such cross-border transactions are subject to transfer pricing regulations. Transfer pricing regulations aim to ensure a fair split of corporate tax revenue between jurisdictions. Demant complies with the implemented OECD principles on transfer pricing and with local requirements if they deviate from the OECD standard.

## Responsible tax approach

Demant is committed to managing taxes in a responsible way. We do not use artificial structures to reduce our tax payments, nor do we have operational companies in jurisdictions listed by the EU as non-cooperative tax jurisdictions (tax havens).

Demant aims to be tax compliant, while seeking to obtain a competitive tax rate for the Demant Group. Demant will not make decisions in tax matters, unless we feel comfortable that the decisions made can be defended if challenged by a tax authority.

Please refer to the Demant Sustainability Report for an elaboration on how the Demant Group's responsible business practices contribute directly or indirectly to the Sustainable Development Goals.

## Transparency and cooperation with tax authorities

Built on trust and transparency, Demant engages in a professional and cooperative relationship with local tax authorities. We disclose all required information to the tax authorities, including annual Country-by-Country reporting, which provides information about taxes paid at country level. We reply to any enquiries from the tax authorities in a timely and open manner. Where a common understanding cannot be reached, Demant will consider escalating the matter to a relevant court to avoid double taxation.

## Tax risk management

Demant's tax risk management is based on a two-tier system. On a quarterly basis, local management reports on identified local tax risks and risks related to Demant's global operations, and the business model is evaluated. The information is consolidated, risks are assessed and analysed by Group Tax, and actions are planned on how to mitigate and prevent identified tax risks in the most efficient manner.

We monitor new legislation and regulatory developments on an ongoing basis to assess the impact on the Demant Group.

## Responsibility for tax governance

The Tax Board is overall responsible for Demant's Tax Policy. Members of the Tax Board are: a member of the Board of Directors, a member of the Executive

Board, the SVP of Finance and the Head of Group Tax.

Group Tax is responsible for the implementation of the Tax Policy and the day-to-day management of taxes in the Demant Group. Group Tax reports to the Tax Board on a quarterly basis.

Local management is to a great extent responsible for ensuring compliance with local tax legislation and for implementing the principles of this Tax Policy locally. In case of non-routine questions about for instance transfer pricing, tax audits or tax litigation, Group Tax must be consulted.

The Tax Policy is reviewed on an annual basis by the Tax Board, and potential issues or risks addressed during a year are reported in Demant's annual Sustainability Report, which is part of our UN Global Compact Communication on Progress report.