RESPONSIBLE TAX PRACTICES IN INVESTMENT

Sampension expects the companies we invest in to comply with applicable legislation and international rules and standards, including the OECD Action Plan on Base Erosion and Profit Shifting (BEPS) and the European Commission tax transparency initiative. This expectation applies regardless of corporate setup or organisation, allowing for any specific modifications in this respect. Our expectation applies with respect to Sampension's investments in both equity interests and debt instruments.

So as to support an accurate assessment of relevant tax matters, companies must ensure transparency and a high level of communication about their own tax matters both to the authorities and to the general public.

Companies must not only comply with applicable law, but also adhere to the intention behind the regulation. This means that tax payments must be minimised to the extent permitted under applicable regulation, while arrangements designed to reduce tax payments in clear contradiction with the intentions of the legislator may not be employed.

Acceptable tax planning

Sampension distances itself from aggressive tax planning. Sampension defines aggressive tax planning as taking advantage of the technicalities of a tax system or of mismatches between two or more tax systems for the purpose of reducing tax liability in contradiction with the intentions of tax legislation. Examples of this are:

- Investments in jurisdictions on the EU list of non-cooperative tax jurisdictions[1] or in jurisdictions deemed to be non-compliant or partially compliant with OECD's Global Forum[2], although an investment is not excluded if the risk of aggressive tax planning is deemed to be very limited for the investment in question
- Taking advantage of double tax treaties, where holding companies lacking substance are used for the sole purpose of reducing or avoiding withholding tax.
- Transfer pricing planning, where risk and income are systematically transferred to low-tax jurisdictions in contravention of internationally accepted standards.
- Use of financial instruments for aggressive tax planning purposes.
- Use of hybrid entities for aggressive tax planning purposes.
- Transfer of listed shares without ensuring that such transfer cannot be used for dividend arbitrage.
- Use of highly leveraged acquisition structures for the purpose of reducing taxable income in contravention of internationally accepted standards.

Conversely, Sampension accepts tax planning aimed at ensuring fair competition and avoiding double taxation Examples of this are:

- Placing real economic activity in low-tax countries
- General use of debt financing
- General use of holding companies.

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[1] https://ec.europa.eu/taxation_customs/tax-common-eu-list_en#heading_3
[2] https://www.oecd.org/tax/transparency/exchange-of-information-on-request/ratings/

- General use of tax losses to reduce taxable income.
- General use of available double tax treaties, where the business reality warrants the use of a specific double tax treaty.
- Use of investment structures set up to enable or facilitate co-investment for investors subject to different tax systems.
- Use of hybrid entities for non-aggressive tax planning purposes.

External managers

Where Sampension makes investments through external managers, Sampension expects such external managers to act, in all material respects, in accordance with the above guidelines.

To support this objective, prior to making an investment, Sampension will carry out sufficient tax due diligence and ensure that the manager is open to engaging in dialogue in the event that the manager's conduct during the life of the investment is suspected or proven to be in violation of Sampension's guidelines for responsible tax practices in investment.

Sampension will apply random checks to assess external managers' handling of tax matters.

Co-investors in direct investments

Where Sampension makes direct investments (i.e. investments not made through external managers) jointly with other investors, Sampension expects the co-investors to apply responsible tax practices in their investments.

To support this objective, Sampension will engage in dialogue with co-investors in order to reduce any tax-related uncertainties associated with the investment structures used, and Sampension will refrain from participating in investments using investment structures that, in Sampension's assessment, are not compatible with responsible tax practices in investment.