

Group Tax Policy

1 Purpose and Scope

1.1 Purpose

ALK seek to obtain a competitive tax level in a responsible way and in compliance with national and international regulations. To meet these objectives:

- ALK comply with national and international tax regulations
- ALK work with tax risk management to mitigate financial and reputational risks
- ALK work to obtain a competitive tax level given its operations and the regions where they are performed
- ALK engage actively with tax authorities seeking good relationships
- ALK openly communicates the Group tax position (ETR)

The overall tax policy is approved by the Board of Directors.

1.2 Scope

This policy is applicable for:

- ALK companies and their foreign branches and representations worldwide
- Corporate income tax, indirect taxes, withholding taxes, employee taxes, excise taxes, import duties and other fiscal allowances resembling a tax

2 ALK Group Tax Policy

2.1 Tax Compliance

The ALK Group must be in compliance with all relevant tax regulations in any and all jurisdictions where it performs its operations including timely payment of all taxes. The overall responsibility for securing tax compliance rests with the Board of Management relying on the following allocation of responsibility:

- Group Finance
 - Group compliance with international tax regulations and tax guidelines
 - Parent company tax compliance
- Subsidiaries (Local management)
 - Compliance with local tax regulations
 - Compliance with Group Finance Guidelines

Group Finance establishes guidelines for global compliance and monitor that local organisations are complying with their responsibility both in terms of international and local regulations and guidelines.

In cases where the ALK Group is met by increased assessments by the tax authorities ALK shall seek a compromise outside the courts taking in to consideration the chances of winning in court, the cost of litigation and the possible creation of both positive and negative precedence. Furthermore the ALK Group pursues mutual agreements (both bilateral and multilateral) between tax authorities in different states where the Group operates when this is considered to be an advantage.

The ALK Group openly communicates the effective tax rate of the Group in its entirety.

2.2 Tax Risk Management

The ALK Group actively manage and mitigate any risks relating to tax in order to secure a high degree of transparency. All identified risks are evaluated on a continuous basis and included in the group tax provision where appropriate.

The ALK Group considers that tax risks are acceptable if the expected benefit of accepting the risk is higher than mitigating the risk, taking in to account both financial and reputational risks.

Where exposures are considered to be material and where the exposure by its complexity and/or current nature warrant it, the ALK Group will seek the opinion of an external adviser specialised in the area where the exposure is identified.

All material risks will be included in the periodic reporting to the Audit Committee according to the annual reporting wheel. Where relevant due to the materiality of the exposure identified, the exposure will be communicated immediately.

2.3 Tax Optimisation

The ALK Group considers taxes an expense object to be minimized and paid. Therefore ALK shall optimise the Group tax position pursuing a competitive tax level relative to the industry and the geographical areas where it performs its business.

The ALK Group mainly seeks to optimize on its tax position where this is in line with the business transactions that it performs. This includes but is not limited to the following measures:

- Optimizing sale of goods
- Optimizing sale of services (e.g. Shared Services)
- Optimizing Financial Transactions and Legal Structures

ALK does not engage in the following tax reduction measures:

- Tax Avoidance
- Use of tax shelters
- Transactions with significant reputational risk

Status of ongoing tax optimization projects as well as new potential optimization measures are summarized in a tax optimization catalogue which is continuously up-dated and presented to the board of management.

3 Responsibility

This policy has been evaluated by the Audit committee and approved by the Board of Directors. The responsibility for implementation and compliance with the policy rest with the Board of Management who relies on managers at various levels to carry out the policy.