POLICY

TAX MANAGEMENT

Issued by	Chief Executive Officer
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1. Purpose

The purpose of this policy is to outline principles for managing tax and safeguarding Norges Bank and the Government Pension Fund Global ("the fund") against risks associated with tax relating to the fund's investments. This includes on-going management of the tax position of the investments and of Norges Bank and its subsidiaries, and of administrative processes related to taxes. The objective is to manage tax appropriately and prudently as part of our business, ensuring compliance with tax rules and ensuring that the correct amount of tax is paid. This policy applies to Norges Bank Investment Management (NBIM)'s management of all of the fund's investments.

2. Policy

NBIM is a large, long-term global investor which works to safeguard the fund's value and build financial wealth for future generations. Tax affects the fund's return and can create financial and other risks and exposures for the fund and for Norges Bank. As a responsible long-term investor NBIM must manage tax appropriately and therefore has similar expectations towards the companies in which it invests.

In addition to ensuring that it is compliant with all applicable tax rules, NBIM will be guided by international tax standards published by or arising from the work of organisations such as the OECD insofar as these apply to the investments that we make. We will balance tax considerations prudently against investment and other business needs.

Equity and fixed-income investments are standardised products and often treated favourably by the tax rules in the countries where NBIM invests. NBIM will ensure that tax properly due is paid, and tax not properly due is relieved, always in compliance with applicable local rules. This will be achieved through ongoing assessment of the tax position applying to NBIM's investment activities.

NBIM uses subsidiary entities to hold unlisted investments. Doing this ensures that risks and liabilities relating to one unlisted investment do not affect other investments, or Norges Bank itself. They may also be necessary to accommodate the requirements of investment partners. Each subsidiary entity used to hold an investment is usually an independent taxpayer with its own tax compliance obligations for which its directors are responsible.

NBIM expects returns from unlisted investments to be taxed primarily in the country where the assets are located, assuming that country chooses to tax such returns. However, governments do not usually seek to tax the same returns multiple times. This means that managing tax for unlisted investments involves achieving acceptable investment outcomes while respecting all applicable rules and their underlying intent. There is no one-size-fits-all approach and a principle-based approach is required.

2.1 Compliance with tax rules

- We will pay the tax we are obliged to pay, comply with applicable tax rules and reclaim or otherwise obtain relief from tax that we are not obliged to pay.
- We will follow all applicable tax rules carefully. When the application of tax rules to our situation is unclear, we will seek to identify and follow the rules' underlying intent and follow prudent market practice where this can be identified. Where possible and appropriate, we will seek rulings in relation to uncertain tax positions.
- We will monitor changes to relevant tax rules in the countries where we invest and make prudent adjustments where necessary.

2.2 Safeguarding our position

- We will assess the tax position for the countries, instruments and assets in which we invest or carry out activities. We will monitor our transactions and returns to ensure that the correct taxes are paid.
- When dealing with tax authorities we will be open, transparent and consistent. We will seek to ensure that they have sufficient understanding of our assets and activities to form a robust view of the relevant tax position.
- If tax matters relating to certain investments or activities may affect the fund's other investments, or affect Norges Bank, we will ensure that all relevant matters are properly considered in the best interests of the fund and Norges Bank.

2.3 Securities lending and tax

- Securities lending is used as a value-creating activity in the management of the fund. We will conduct these activities in a way that complies with local tax rules. We will not lend the benefit of our favourable tax characteristics to third parties. We will seek to avoid entering into transactions for the purpose of improving our tax position or that of our counterparties.
- We will communicate to our counterparties our expectations on tax. Although we cannot determine why particular securities market participants may be transacting with us, we will make it clear that we do not tolerate being a part of tax-motivated transactions.

2.4 Subsidiaries for unlisted investments

- When creating subsidiary holding structures, we will seek to prevent double taxation but will not use structures designed to avoid tax that would otherwise properly be due.
- How we do this will necessarily vary across investment types, ownership interest and countries. We will prioritise transparent arrangements that reflect our characteristics as a Norwegian governmental investor.
- We will not establish new subsidiaries in countries other than Norway or the country of investment. However, we may make investments where the underlying assets are located in more than one country, or invest alongside co-investors based in other countries. In these situations, investors' interests are typically pooled in a single entity.
- These pooling vehicles are usually established in a third country and in a form that does not create double taxation, has similar tax and legal implications for all investors, and enables investments to be made on a comparable basis in multiple countries.
- We will scrutinise the overall impact of pooling vehicles before investing and will not invest if we consider there to be a tax avoidance motivation to the arrangements.

- We will ensure that subsidiaries and other holding structures follow prudent tax management principles. We will communicate our tax policy principles towards our investment partners, counterparties and service providers where appropriate.
- We may invest in pre-existing structures with pre-determined tax characteristics. If our assessments indicate that the attributes of those structures do not align, and cannot be adjusted to align, with our tax policy principles then this will likely prohibit investment.

2.5 Monitoring and review

- We will monitor the taxes that we pay and our compliance with tax regulations. We will balance tax considerations against other business needs and manage the interaction between these appropriately. These processes will be risk-based; identified concerns will be addressed and managed on an on-going basis.
- For investments where tax matters are managed by our partners, we will monitor to ensure that these entities are operated in accordance with our tax policy principles.