

Lundbeck Foundation's Tax Policy

Introduction

With substantial contributions to Danish research and ownership of significant Danish corporations, Lundbeck Foundation has considerable influence on social and economic development in Denmark. For us, such influence comes with a high level of responsibility. Also, when it comes to tax.

The tax paid by corporations and foundations has come under increased focus in recent years. The distinction between legal tax optimisation and illegal tax evasion has developed into a debate on the ethics of corporate tax deductions and the lack of transparency when it comes to corporate tax affairs.

This document intends to make our position and policy on tax clear.

Furthermore, the Lundbeck Foundation has adopted the pension sector's Tax Code of Conduct which contains a common set of principles and recommendations for responsible tax behaviour regarding unlisted investments made via external asset managers.

The Tax Policy is reviewed annually.

The Board of Directors has approved this Tax Policy on 12 March 2024.

Taxation of Foundations

The Lundbeck Foundation is liable to tax on profits, as is the case for Danish limited companies. The Foundation is also subject to the Danish Foundation Tax Act, which allows deductions for grants and donations.

Scope of the Tax Policy

This Policy applies to The Lundbeck Foundation and its subsidiaries.

For the purposes of this Policy, tax means all types of direct and indirect taxes as well as other fiscal allowances resembling a tax levied on the Foundation and its subsidiaries. Taxes collected on behalf of tax authorities throughout the world are also included.

Purpose of the Tax Policy

The Lundbeck Foundation is guided by a clear commitment to making a positive impact on society and showing a high level of responsibility.

To us, this means that the Foundation is a responsible taxpayer. We fulfil all tax obligations that apply to our activities and work to minimise tax risks. Engaging in any form of tax evasion is not permitted.

The Foundation must at all times comply with current legislation in the jurisdictions where our activities are carried out. Any assessment of compliance will always be based on the intention of the law in question.

Our investments are many and various. To ensure that we can account for all our decisions and transactions, all key issues – including tax – must be carefully considered before we enter into transactions and investments.

Governance

The overall responsibility for the tax matters of The Lundbeck Foundation lies with the Board of Directors. The Board of Directors defines the Foundation's policy on tax. The responsibility for ensuring compliance with the policy in all our activities is placed with the CEO. The CEO may delegate tasks but will always hold full responsibility for compliance.

The responsibility for implementing the policy in the subsidiaries of the Foundation lies with the respective subsidiaries.

We call in external advisors to assist in cases where our own teams do not have the relevant expertise. External advisors are also drawn upon for significant transactions and decisions in which tax considerations play a key role or where material uncertainty exist regarding the interpretation of existing laws and regulations.

We report to the Board of Directors about the tax matters of the Foundation, the tax risks and adherence to this Policy.

Transparency

In all governance matters, we run a transparent operation. This applies to tax matters as well. We communicate openly about tax management, the Foundation's corporate tax payments as well as the effective tax rate.

We invite anyone to address questions on tax directly to us. We provide employees, the employees in our subsidiaries, and people related to the Foundation with the opportunity to raise or report any issues of concern confidentially through our whistle-blower system.

Our attitude to tax planning

When making investments and placing our activities, our primary focus is always commercial, and all tax planning takes place in that context. This means that we place our activities and investments where they make good business sense and allow us to compete on equal terms in the industry.

Furthermore, we apply the arm's length principle to all intercompany transactions, in line with applicable best practice guidelines, unless legally required to apply other pricing mechanisms.

We have defined four principles that apply to all our activities and help guide our decision making in all matters relating to tax planning:

1. We will only engage in structures which have commercial substance and will not engage in artificial or opaque structures that are intended for tax avoidance or for making beneficial owners unidentifiable.
2. We will not utilise aggressive tax planning and jurisdictions in order to avoid taxes on activities which take place elsewhere. Entities which are based in low or zero rate jurisdictions exist for substantive and commercial reasons or to avoid double taxation.
3. When assessing the value of new or acquired activities, we always consider their effect on the reputation of the Foundation and its subsidiaries. Particularly in cases where existing activities are placed outside Denmark.
4. Governments often implement tax incentives encouraging companies to increase investments in order to stimulate growth or to create jobs. We will use available incentives and tax reliefs where

they apply in areas where we have business substance and where this is the legislators' intention with the rules.

Tax risk management

Tax risks may take on several forms including compliance, financial, reputational, operational and political risks. We work to minimise tax risks.

The Foundation operates a risk management framework to create stable growth. In determining the appropriate risk response, we maintain a low level of acceptable risk to comply with our obligations to report and pay taxes on a timely basis.

The risk assessment and management of tax risks are carried out both at Foundation, sub group and entity level. The Foundation mitigates significant risks to what it considers to be an acceptable level.

Working with tax authorities

We engage in dialogue with national tax authorities, both in Denmark and abroad. Should interpretations as to the law's intentions materially differ, we will seek to clarify the issue for significant matters by contacting the relevant tax authorities and request them to provide a binding ruling, or similar.

In situations where we cannot resolve disagreements with tax authorities through dialogue, we resolve our disagreements in the tax tribunals or courts to ensure that the appropriate practices are determined and implemented. We will always provide all relevant information that can reasonably be required to assess the positions of the Foundation and its subsidiaries.

We also make ourselves available if the authorities ask for our assessment of the consequences of a tax measure.

This Policy has the purpose of complying with section 19(2) of schedule 19 Finance Act 2016 for these UK sub groups of The Lundbeck Foundation:

ALK-Abelló Ltd.

DySIS Medical Ltd.

Falck Fire Services UK Limited

LFI Silva Investments Ltd.

Lundbeck Group Ltd. (Holding), including

- Lundbeck Limited
- Lundbeck Pharmaceuticals Ltd.
- Lifehealth Limited
- Lundbeck UK LLP (owned by Lundbeck Group Ltd. (Holding), Lundbeck Limited and Lifehealth Limited)

Abide Therapeutics (UK) Limited