



Storebrand Group

- tax transparency report

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Introduction

The Storebrand Group ("Storebrand" or "Group") is a leading provider of occupational pensions in Norway and a rapidly growing provider in Sweden. Pension, savings, insurance, and banking products are offered to private individuals, businesses and public enterprises. With two million policyholders and NOK 962 billion of assets under management, the trust placed in Storebrand comes with clear obligations to act responsibly. Storebrand delivers simple and sustainable pensions, to reach our purpose: a future worth looking forward to for our customers. Storebrand aims to act as a role model for other asset managers/providers, including in our approach to taxation.

The Group's core business within life insurance in both Norway and Sweden is subject to special tax rules. Prior to the changes in the Norwegian tax legislation, applicable from 2018, the

Group's tax cost was affected by a systematic taxable deficit from customer funds that reduced the effective tax rate. Along with accrual differences where tax deductions were granted for insurance liabilities related to assets being taxed at realization, this led to a build-up of tax losses carry-forward and low payable. With the new tax rules in Norway it is expected that the effective tax rate and tax payable will move towards the nominal tax rate. In Sweden there are still special tax rules for life insurance companies and the Group does not incur income tax on profits derived on the part of the business that is subject to policyholder tax. Since only income tax is included in the calculation of the effective tax rate, it is expected that Storebrand will have a lower effective tax rate compared to other Norwegian based financial services groups with less exposure to life insurance business in Sweden.



Tax Policy and Principles

The tax policy and principles stated below applies to the Group and are reviewed annually by the Board of Storebrand ASA, most recently in January 2021. The Group tax policy and principles set out the approach to manage tax risk and compliance with tax obligations.

Policy and Principles

Sustainability is an integral part of Storebrand's core business, including a code of conduct which emphasizes transparency as a guiding principle for how to work. Storebrand will comply with the tax legislation, the letter, and the spirit of the law in the countries where the Group operates. In the event of transactions or arrangements where Storebrand does not perceive the law to be adequately clear, information shall be disclosed to the tax authorities. In some situations, Storebrand will seek to clarify the issue in advance through proactive dialogue or the request for a binding advance ruling.

Storebrand has a responsibility to act in the best interest of both clients and owners. The tax legislation is complex and there may occur differences of opinion regarding interpretations. Storebrand will, if needed, bring such matters to the court of law. As a principle, any such significant deviations from the tax authorities' point of view will transparently be disclosed as an uncertain tax position.

Tax disclosures are made in accordance with domestic regulations, any relevant reporting guidelines and standards, including IFRS, and country-by-country tax reporting which follows up G20's and OECD's Action Plan on Base Erosion and Profit Shifting. In addition, the Group will publish a separate voluntary tax transparency report. See below for this year's report. Storebrand does not engage in aggressive tax planning, artificial transactions, tax avoidance or activities covered by the General Anti-Abuse Rule. Pricing of intra-Group activities is consistent with the OECD arm's length principle, as well as with local transfer pricing rules, with the aim to pay tax on profits where the value is created.

Storebrand will not use so-called tax havens in order to avoid taxes on activities that take place elsewhere. The choice of residence in such jurisdictions is strictly based on business and/or regulatory reasons and is not tax driven.

Sustainability is an integral part of Storebrand's asset management services. When deciding which companies to invest in or not, several different economic, social and governance criteria are assessed, including corruption and financial crime. Storebrand will not invest in companies involved in serious financial crimes, such as tax evasion, accounting fraud and embezzlement. The decision on whether to remain invested is forward looking, in that it assesses the risk of reoccurrence as the most important factor. In addition, Storebrand actively votes for increased tax transparency and country-by-country reporting at company Annual General Meetings.



Tax Reporting

The purpose of tax reporting is to inform internal and external stakeholders about where and for what Storebrand pays taxes. The Group's tax reporting is guided by the principles of accuracy, timeliness, and compliance with external reporting obligations. This includes tax disclosures in the IFRS Accounts, Country-by-Country Reports or Solvency Reports.

Taxation of Business Activities

In simplified terms, the Group's total tax contribution can be split into taxes borne by Storebrand (as a taxpayer) and taxes collected that are passed on to tax authorities on behalf of our policyholders, employees or service providers. Taxation of the Group's business activities can be described as the following:

Taxes borne by Storebrand

The Group generates taxable profits mainly from insurance, asset management and banking.

As an insurance company, Storebrand offers policyholders insurance coverage for payments (i.e. premiums) related to life/health and property/casualty insurance. The taxable profits stem from premiums received and investment income generated, less administration/commission expenses and settled claims/guarantees.

Within asset management, client funds are managed through different active investment strategies. The taxable profits stem from fees received for asset management activities.

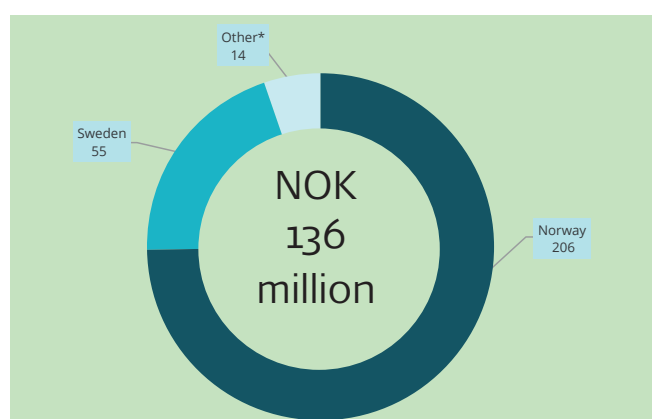
The profits from our insurance, banking and asset management operations are subject to tax at the income tax rates applicable in the country in which such profits are generated. Additional costs result from other taxation, e.g. non-recoverable value added tax (VAT) on purchased services, financial transaction tax and stamp duties.

Taxes collected and remitted to fiscal authorities

By law, the Group must collect and remit taxes for certain activities. The most relevant taxes collected and remitted relate to purchased insurance services by the policyholder (insurance premium taxes), salaries paid to our staff (payroll taxes) and annuity/pension payments to policyholders (policyholder taxes).

Income taxes according to IFRS Group financials

The chart and table below give an overview of profit before income taxes, effective income tax expenses, effective income tax rates and corporate income tax rates in 2020, as reported in the IFRS Group Financials:



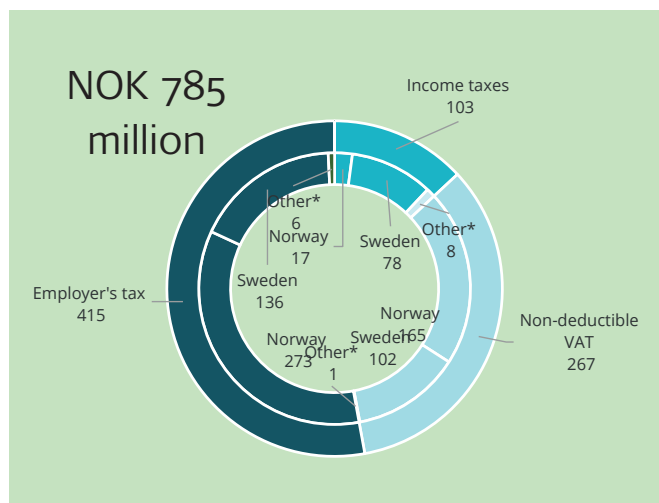
NOK million	Profit before income taxes	Income taxes	Effective tax rate	Corporate tax rate
Norway	1.536	206	13%	22% / 25%
Sweden	729	55	-8%	21.4%
Other*	49	14	29%	n.a.
Storebrand	2.219	136	-6%	n.a.

* Other includes the following countries: Denmark, Ireland, the Netherlands, Germany and UK

The unusually low effective tax rate in 2020 is partly due to effects from the transition to the implementation of new tax rules in 2018. A tax income of NOK 356 million was booked due to new information and revised interpretation of the transition rules of the new law. In addition, there has throughout 2020 been a substantial weakening of NOK against SEK. The hedging of the Swedish subsidiaries caused a positive tax effect due to different taxation of equities and derivatives of around NOK 217 million. If the currency exchange rate returns to the same level as in 2019, the opposite tax effect will occur.

A reconciliation of the Group's expected income tax expense with the effective tax expense can be found in the notes to the consolidated financial statements (p. xxx of the Annual Report 2020).

Taxes paid



NOK million	Norway	Sweden	Other*	Storebrand
Income taxes	17	78	8	103
Non-deductible VAT	165	102	1	267
Employer's tax	273	136	6	415
Storebrand	462	251	5	785

* Other includes the following countries: Denmark, Ireland, the Netherlands, Germany and UK

Paid Income Tax

The Group pays tax on income generated in countries, in which it has activities, based on local tax rules in the country where the respective units are resident for tax purposes. The paid income tax is the actual tax paid during the year and may stem from different fiscal years. Hence, the paid income tax differs from the income tax expense in the 2020 IFRS accounts.

Prior to the changes in the Norwegian tax legislation, applicable from 2018, the Group's tax cost was affected by a systematic taxable deficit from customer funds that reduced the effective tax rate. Along with accrual differences where tax deductions were granted for insurance liabilities related to assets being taxed at realization, this led to a build-up of tax losses carry-forward and low tax payable.

With the new tax rules in Norway, where customer assets will be tax neutral for the Group, it is expected that the effective tax rate and tax payable will move towards the nominal tax rate.

Non-deductible value added tax (VAT)

In both Norway and Sweden, most financial products are exempt from VAT. Hence, the Group can only recover a small portion of the VAT incurred, while the non-recoverable part results in a cost to the Group.

Employer's tax

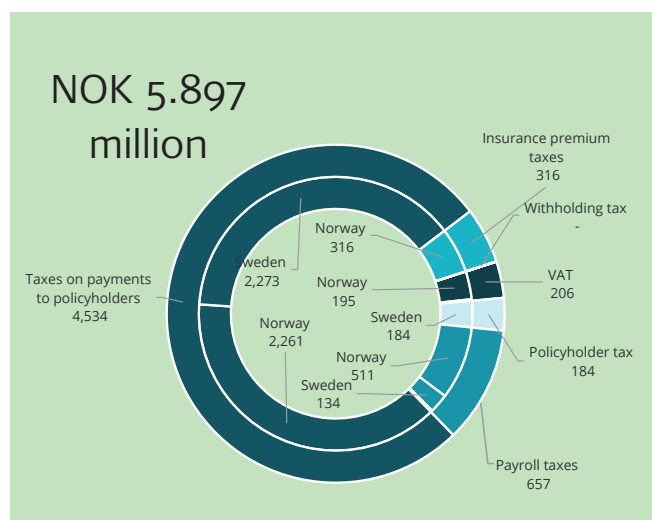
Storebrand must pay an employer's tax calculated on the basis of salary and other remunerations, covering national insurance contributions and other social security contributions.

Financial Activities Tax

The financial activities tax was introduced in 2017 and is an additional tax imposed on companies within the financial services sector. The tax consists of two elements: an increased income tax rate for financial institutions (3 percentage points for 2020), and an additional employer's tax for the financial services industry (5 percentage points).

The financial activities taxes paid in 2020 are included in "Income taxes" and "Employer's tax" in the table above.

Taxes collected



NOK million	Norway	Sweden	Other*	Storebrand
VAT	195	11	-	206
Policyholder tax	-	184	-	184
Payroll taxes	511	134	12	657
Taxes on payments to policyholders	2,261	2,273	-	4,534
Insurance premium taxes	316	-	-	316
Withholding tax	-	-	-	-
Storebrand	4,055	2,326	8	5,897

* Other includes the following countries: Denmark, Ireland, the Netherlands, Germany and UK

Value added tax (VAT) Collected

Storebrand is obliged to report and collect VAT on the purchase and sale of taxable goods and services. In addition, the Group calculates and pays VAT on purchases of goods and services from abroad (reverse charge).

The net VAT is reported and paid to the local tax authorities where the Group operates.

Payroll Taxes Collected

Payroll taxes are paid on behalf of the employees and which the Group is required to withhold from wages, according to local regulations in the countries Storebrand has activities.

Policyholder Tax Collected

In Sweden, the Group must collect a policyholder tax and pay to the tax authorities. The tax is calculated based on the value at the beginning of the taxable year, of the assets (less certain liabilities) managed on behalf of policyholders.

Taxes Collected on Payments to Policyholders

Storebrand is required to deduct income tax from annuity/pension payments made to our policyholders and remit this to the relevant tax authority.

Insurance Premiums Taxes (IPT) Collected

IPT is a type of indirect tax levied on insurance premiums. The IPT is charged to the policyholder and remitted by the insurer to the nominated tax office.

Withholding Tax Collected

According to Norwegian tax legislation, Storebrand is obliged to collect withholding tax on dividends paid on shares owned by a nonresident alien.



Tax Transparency

Transparent and reliable communication is of great importance to Storebrand. Preparing and filing tax returns is subject to processes that ensure complete, accurate and timely disclosure to all relevant tax authorities. Tax risk management is consistent with Storebrand's general approach to risk management, i.e. handled within three lines of defense:

1. The business areas, with local tax expertise supported by the Group's tax department
2. Compliance and operational risk officers within the business areas supported by the risk function at Group level
3. The internal audit

Understanding that the Group internal assessment does not always match that of the authorities, Storebrand gives notice if the possibility of divergent opinions is present, in order to prevent misunderstandings. However, the Group aims for certainty in our tax positions and obtain internal and/or external advice to verify and validate a position where appropriate. In the cases where Storebrand seeks binding advance rulings from tax authorities to confirm an applicable tax treatment, this must be based on full disclosure of all the relevant facts etc. to be valid.

Any material disputes are disclosed, and an overview over current significant uncertain tax positions can be found in the notes to the consolidated financial statements (p. xxx of the Annual Report 2020).

Tax Planning

Regarding tax matters, Storebrand seeks efficiency. Following reasonable interpretation and application of tax rules, this implies prevention of double-taxation and paying tax due. The Group does not use aggressive tax planning or artificial structuring with no business purpose or economic substance. All facts and circumstances are disclosed to the tax authorities. International business activities and transactions with and between Group subsidiaries are disclosed to the relevant tax authorities as an integral part of tax returns or other filing requirements. Storebrand seeks to pay adequate tax on profits where the business activities are carried out and value created. Hence, the pricing of intra-Group activities is consistent with the OECD arm's length principle, as well as with local transfer pricing rules.

Tax havens - cases

Storebrand does not use so-called tax havens in order to avoid taxes on business activities that take place elsewhere.



The Group's asset manager units have fund-related entities in several jurisdictions, including Cayman Islands, Guernsey, and Luxembourg.

Cayman Islands

Starting in 2003, Storebrand decided to register Private Equity Fund-of-Funds and Hedge Fund-of-Funds in Cayman Islands.

On 18 February 2020, the ECOFIN committee of the European Union ("EU") resolved to move the Cayman Islands to the EU's Annex I list of non-cooperative jurisdictions for tax purposes ("Annex I") as it "...does not have appropriate measures in place relating to economic substance in the area of collective investment vehicles...". However, on 6 October 2020 EU affirmed that it considers the Cayman Islands to be a fully cooperative jurisdiction for tax purposes by removing it from its Annex I list. This follows a detailed technical assessment by the EU of various legislative measures brought in by the Cayman Islands in response to the Cayman Islands' commitments to the EU.

With all board members being Norwegian citizens and reside in Norway, and the fund management activities itself being carried out solely from Norway, the funds in question are tax residents in Norway, provide tax returns and are taxed in the same manner as Norwegian domiciled mutual funds. Furthermore, all bank accounts are with Norwegian banks and the shares registered in VPS (the Norwegian Central Securities Depository). Tax reporting to Norwegian tax authorities about the investors in the funds is thus the same as for Norwegian domiciled mutual funds.

The taxable profits stemming from fees received for asset management activities related to the abovementioned Cayman Islands domiciled funds are subject to taxation in Norway. Furthermore, all the current fund-of-funds are closed-ended and will be liquidated as underlying investments in private equity funds are fully realized. Storebrand has no plans to establish new Cayman Islands domiciled funds.

Guernsey

Storebrand's asset manager units act as advisors for Private Equity-Fund-of-Funds domiciled in Guernsey. These funds are tax transparent (limited partnerships), and Guernsey does not impose an additional layer of taxes. With an international investor base, this ensures that investment return is taxed at the investor's level in the country of residence, maintaining the tax position as if the investment was made by the investor directly.

Luxembourg

The Group's asset manager units act as portfolio managers, advisors, and global distributors to both UCITS and non-UCITS funds established in Luxembourg.

Luxembourg is one of the most recognized fund domiciles with a stable regulatory and fiscal framework. Targeting investors globally, Luxembourg as a fund domicile enables effective marketing. However, Storebrand as such has no presence in Luxembourg, and any income derived from the fund related activities is taxable in Norway.

The investors in the funds will be taxed according the legislation in the country of residence.

SUMMARY TABLE BY COUNTRY

Country	Total income	Pre-tax profit	Income taxes (IFRS)	Income taxes paid	Other taxes paid ¹⁾	Taxes collected ²⁾	Total assets	Number of employees
Norway	51.286	1.539	206	17	438	3.282	473.633	1.375
Sweden	29.595	729	55	78	238	2.602	253.630	435
Denmark	55	8	7	-	2	4	7	4
The Netherlands	85	30	-	2	1	3	233	3
United Kingdom	2	11	-	-	2	3	5	4
Ireland	8	1	7	7	0	2	255	2
Germany	0	0	0	0	1	1	0	1
Storebrand	81.031	2.219	136	103	682	5.897	727.763	1.824

¹⁾ Other taxes paid include non-deductible VAT and employer's tax

²⁾ Taxes collected include VAT, policyholder tax, payroll taxes, taxes on payments to policyholders, insurance premium taxes and withholding tax

STOREBRAND GROUP STRUCTURE (SIMPLIFIED)

