1.1 About BBI

The BBI group has been serving the global diagnostics industry for over 50 years and is the world's largest independent producer of immuno-diagnostic reagents. Our core competencies include a comprehensive suite of reagents with custom development options, lateral flow development, diagnostic manufacturing services and smartphone reader technologies. Leveraging our decades of experience in all stages of diagnostic development for the right solutions the first time.

1.2 Corporate Values and Policies of BBI

BBI recognize the importance of being a socially responsible organization, ensuring we monitor and address Corporate and Social Responsibility (CSR) in relation to our business. We understand the impact CSR has on our reputation and we are constantly working toward improving our CSR through employee health and safety, care for the environment and our involvement within the local community.

At BBI we consider that tax represents an important part of our wider societal responsibilities, and the Tax Policy is therefore part of the overall CSR Policy for the group.

1.3 Tax Policy for BBI

This document describes and explains the Tax Policy of BBI

The purpose of the Tax Policy is to describe how taxes are viewed and managed by BBI, and how tax risk is considered from an overall perspective.

1.4 Scope of the BBI Tax Policy

The Tax Policy governs all taxes paid by BBI (including corporate income tax, employer payroll taxes and social security contributions, withholding taxes and consumption taxes such as VAT, state taxes and customs duties). The Tax Policy encompasses all tax matters and includes tax risks and opportunities arising in the environment and territories which BBI operate within.

1.5 Responsibilities and role of management

As part of BBI's approach to responsible tax, BBI's Board of Directors has adopted this Tax Policy. BBI's Board of Directors is ultimately accountable for the compliance with it.

The Group Tax Manager is responsible for ensuring that the applicable Tax Policy is adhered to. The responsibility to implement appropriate tax governance measures is delegated to the Group Tax Manager, who is overseen by the CFO. The Group Tax Manager maintains an internal tax process and will ensure ongoing reporting to the Board of Directors on the progress and status of the responsible tax work.

1.5.1 Main objectives of the BBI Tax Policy

The purpose of the Tax Policy is to maintain a responsible and robust tax approach with the following main objectives:

a. Management and mitigation of tax risks by taking tax decisions on a transparent and informed basis.
b. Ensuring best effort to comply with all applicable fiscal laws and regulations.
c. Striving to avoid any controversy with tax authorities in the jurisdictions where business is carried out and where investments are made. Where controversy is inevitable, to ensure collaborative interaction with tax authorities.
d. Only engaging in investment structures that are driven by commercial considerations and supported by economic substance which is not artificial (position on tax planning).
e. Being open and transparent about our approach to tax.

BBI can justify a tax position when it is in line with the business operations and a technical assessment supports that this tax position is within the letter of the law, the intention of the law, or case law. BBI will take reasonable steps to determine and follow the intention of the legislation.

Being 'responsible' implies doing business in a way that meets the expectations of a good corporate citizen. This means having a balanced tax risk profile and not engaging in aggressive tax planning, and moreover paying taxes where profits are earned in accordance with OECD guidelines and international transfer pricing rules.

The five key tax objectives are presented in greater detail below.

1.5.2 Management and mitigation of tax risk

Tax risk is defined as any exposure with respect to taxes (direct or indirect, cash or deferred including penalties and interest) that may result in costs which are unforeseen in financial forecasts and planning. A tax risk exposure may arise as a consequence of:

- non-compliance with existing tax legislation.
- new legislation or case law in any of the countries where business is carried out and where investments are made.
- tax positions challenged by tax authorities in any of the countries where business is carried out and investments are made.
- developments in business operations which may need special attention from a tax perspective.
- corporate group structure and flow of funds, services and goods which may trigger a tax (e.g., a withholding tax) that could have been avoided or which was not foreseen.
- costs or losses which may not be utilized (deducted) for tax purposes.
- undesired accounting effects on tax positions in any of the countries where business is carried out.

BBI has a low tolerance for tax risks. When implementing business transactions, BBI aims to understand the tax implications and risks. When reviewing the risks of a tax decision or action, we always bear in mind the requirements of the BBI Tax Policy, the legal and fiduciary duties of directors and employees, the maintenance of corporate reputation, the wider consequences of potential disagreement with tax authorities, and any possible impact in our relationship with them. Where tax laws allow for different interpretations or choices, BBI will take the view or the choice that is most commercially beneficial to the business, provided that this position is aligned with the corporate values and can be legally and morally justified and defended in accordance with this policy.

BBI will only adopt a tax position if we are able to explain it and are prepared to defend it.

Examples of tax practices which have been avoided because they are misaligned with the Tax Policy:

- *“Offshoring” intangible assets to jurisdictions where there is little or no economic activity or taxation*
- *Hybrid or “double-dip” arrangements which allow a mismatch between tax systems whereby either one party gets a deduction for a payment while the other party does not have a taxable receipt, or where there is more than one tax deduction for the same expense*

1.5.3 Ensure best effort at compliance

BBI will make its best effort to comply with all tax regulations and disclosure requirements in all territories in which business is carried out and investments are made. The BBI ambition is to always apply best practices regarding the computation and payment of taxes. BBI will make use of local advisers as appropriate, as well as ensure that local finance and business managers are supported in their roles with respect to tax matters. BBI must prepare and submit tax filings required in a timely manner.

If BBI discovers errors in tax returns or correspondence with tax authorities, they should be disclosed and corrected as soon as reasonably practicable after they are identified.

In areas where the applicable tax legislation is uncertain, BBI will ensure to prepare an analysis to make an informed decision which is legally robust (i.e., justifiable, and defendable). In this regard, advice from external advisors should be obtained if the law is unclear.

Complying with the fiscal laws and regulations implies that BBI must take reasonable steps to determine the intention of the legislature and to interpret those fiscal rules consistent with that intention considering the statutory language and relevant, contemporaneous legislative history.

All intercompany transactions and dealings within the BBI take place at arm’s length terms, as defined by the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (2022) and the Report on the Attribution of Profits to Permanent Establishment (2010), unless otherwise required by local law. BBI will pay taxes where profits are earned in accordance with OECD guidelines and international transfer pricing rules.

1.5.4 Avoid controversy and collaborative interaction with tax authorities

As a general rule, BBI strives to avoid any controversy with tax authorities in the jurisdictions where business is carried out and where investments are made. Consequently, BBI will adopt a robust (i.e., justifiable and defendable) tax position where the tax regulations governing business transactions allow for different interpretations or choices.

BBI aims for all dealings with the tax authorities to be conducted in a collaborative, courteous and timely manner. BBI will participate in tax audits in a collaborative, open and fair manner based on mutual respect, transparency and trust. BBI will share with tax authorities what they have a legitimate right to see. Negotiations and settlements are made and based on principles in accordance with applicable legislation. However, BBI does not accept aggressive and wholly or partly unjustified positions taken by tax authorities. If tax authorities take a position which BBI finds technically and legally wrong or aggressive, BBI will defend the chosen tax position in the judicial system.

1.5.5 Attitude towards tax planning

As part of a responsible tax behavior, BBI believes that non-aggressive tax planning is acceptable. Non-aggressive tax planning measures include implementing structures with the purpose of reducing or eliminating (withholding) tax exposures and planning on the price range available according to traditional transfer pricing approaches. Acceptable tax planning is exemplified by the following (the list is not exhaustive):

(a) General use of holding companies
(b) General use of available double taxation treaties where the business substance justifies the use of a specific double taxation treaty
(c) General use of current and historic tax losses to reduce taxable income
(d) General use of debt financing
(e) Use of hybrid entities for non-aggressive tax planning
(f) Structuring of transfer pricing setup in accordance with acceptable practices in jurisdictions where business is carried out and investments are made

Tax planning measures in BBI should support the overall business and should only be undertaken in this context.

Concrete examples of acceptable practices

- *Maximizing loss relief utilization on a group wide basis to reduce taxable income and cash taxes payable.*
- *The use of generally available tax incentive agreements, where the incentive is transparent and consistent with the statutory or regulatory framework and supports socio-economical goals such as investment, employment, and economic development.*

BBI does not engage in aggressive tax planning. Aggressive tax planning is defined as exploitation of technicalities in a tax regime or as exploitation of inconsistencies between tax regimes to reduce tax liability. In addition, BBI considers aggressive tax planning to include transactions carried out solely or for the main purpose of obtaining a tax advantage, and where substance and form is misaligned. BBI will not engage in aggressive tax planning or structuring, as exemplified below:

(a) Abuse of tax treaties where holding companies are used for the sole purpose of reducing or avoiding withholding tax, and thus would likely not be in accordance with the OECD Principal Purpose Test (PPT)
(b) Transfer pricing planning for tax avoidance purposes
(c) Use of financial instruments for aggressive tax planning
(d) Use of hybrid entities for purposes of aggressive tax planning
(e) Use of highly leveraged acquisition structures in jurisdictions without general interest limitation rules in line with OECD/US principles, with the aim of reducing taxable income not in line with international market standards

Concrete examples of unacceptable practices

- *BBI finds it unacceptable to use individually negotiated tax incentive agreements.*
- *BBI finds it unacceptable to use financial instruments and hybrid entities if such structures result in tax a deduction without a corresponding taxable amount arising in the counterparty.*

1.5.6 Provide transparency on tax matters

BBI is committed to being open and transparent with respect to tax. As part of our responsible tax behavior, this Tax Policy is publicly available. BBI also works closely with its majority shareholder, Novo Holdings A/S, in providing relevant and timely tax information both of a mandatory and voluntary nature which is published by Novo Holdings A/S.