

GLOBAL TAX POLICY

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In HEARTLAND we are proud to contribute to the countries and regions in which we operate. We do this by means of tax payments as well as other economic contributions. As a company, we regard ourselves as a dedicated member of the global community and we consider tax a business cost to be managed in a responsible and balanced way. This includes an emphasis on fair distribution of contributions to reflect the degree of activities we have in the local countries where we operate.

The principles of this policy apply to the holding company HEARTLAND A/S and all its subsidiaries including BESTSELLER and VILA, and involves all taxes borne and collected including VAT, custom duties and other excise duties.

The general aim of the tax policy is to reflect and support the business by helping to ensure a responsible approach to tax, managing and mitigating tax risks and complying with rules and regulations in the jurisdictions in which we operate.

TAX POLICY

The overall tax policy for HEARTLAND is to:

- pay taxes according to the value created in countries where we have activities
- follow OECD transfer pricing regulations and the arm's length standard when determining prices and other conditions on inter-group transactions
- meet all legal requirements and make all required tax returns and tax payments in a timely manner including preparation of transfer pricing documentation in a complete and timely manner for inter-group transactions in accordance with international and local documentation requirements
- consider tax implications of major business restructurings and acquisitions
- implement relevant tax risk and tax control processes and ensure insight into these processes for all relevant employees/managers in the organization

GOVERNANCE

The responsibility for the Global Tax Policy and the management of tax risks lies with the CEO of HEARTLAND and the CFO of BESTSELLER.

The HEARTLAND and BESTSELLER tax departments determine policies, guidelines and processes within tax and are involved in all significant business developments and initiatives to assess and manage potential tax consequences related to our decisions and actions.

The day-to-day responsibility for adhering to (local) tax requirements, including but not limited to filing and paying obligations and fulfilling obligations to ensure that our tax accounting arrangements are appropriate, is handled by relevant management and finance teams in each business entity. There is regular interaction between the local teams and our in-house tax specialists regarding the way the business operates and manages its tax risk.

We expect adherence to the rules and regulations, including their spirit and intention, from all our employees and other associated parties (e.g., suppliers; collaboration partners etc.). We encourage a culture of consultation and if in doubt always consult and escalate using our internal reporting framework.

COMPLIANCE

We are committed to be in compliance, and we seek to comply with all tax rules and regulations in the jurisdictions we operate. This also includes our commitment to preventing financial crime, tax evasion and its facilitation (e.g., including such rules as Corporate Criminal Offence for failure to prevent the facilitation of tax evasion that have been introduced in the United Kingdom).

We consider the tax laws in all jurisdictions we operate as equally important. At the same time, we must maintain the right balance between international and local tax requirements. Complying with tax rules can be complex, as the interpretation of legislation and case law is not always clear-cut and may change over time. We always aim to comply with the letter of the law as well as the legislators' intent with the law.

We comply with international and national accounting and reporting principles, and we continuously invest in new technology to enhance system support and transparency. We strive to apply best practice and we act in accordance with applicable national and international tax rules on tax computation, tax reporting and tax controls.

TAX RISK MANAGEMENT

We consciously manage our tax risks by identifying, assessing and accounting for the risks in an appropriate manner. We maintain robust internal policies and procedures to support our business, and to ensure that risks faced by the business are appropriately identified, assessed and managed.

Typically, tax risks are more likely to arise in cross-border situations due to the involvement of multiple tax jurisdictions as well as interpretational differences between different tax authorities. In most cases, this can be handled in-house by our tax specialists, but in specific situations external tax advisors are consulted and/or rulings (APA's etc.) from tax authorities are obtained.

TRANSPARENCY

We pursue an open and professional dialogue with national tax authorities, both in Denmark and abroad. We make ourselves available to inquiries and questions from tax authorities and we provide relevant information requested by tax authorities to clarify and resolve any tax matters.

We do not set up tax structures, artificial tax schemes or other systems that are intended for tax avoidance and that have no commercial or business substance. We pursue a responsible approach to tax matters, and we are transparent about our tax policy and economic contribution.

Aarhus, July 2020

This Tax Policy relates to the Financial year ending 31.7.2020 and is published in response to Part 2 of Schedule 19 of the Finance Act 2016