ALLIANZ LIFE LUXEMBOURG S.A.

TAX NOTICE - France

UPDATE:
JANUARY 2023

Main characteristics of the taxation of the life insurance policy

During the life of the Policy, the tax regime applicable to the Policy is that of the country in which the Policyholder is resident for tax purposes on the day of the taxable event. The French tax regime for life insurance applies when the Policyholder is a French tax resident. In the event of a transfer of tax residence outside France during the life of the Policy, it is in principle the tax legislation of the new country of residence of the Policyholder which shall apply.

In the event of the death of the Insured Person resulting in the end of the Policy, the applicable tax regime shall be that of the Policyholder's country of tax residence on the day of his/her death and/or the law of the country of residence of the Beneficiary, subject to international tax treaties.

If a Policyholder/Insured Person and or designated Beneficiary transfers their tax residence to outside France during the Policy, they are recommended to seek specific information from a qualified tax adviser about the tax regime applicable to the Contract resulting from this change of residence outside France.

THE POLICYHOLDER'S ATTENTION IS DRAWN TO THE FACT THAT

- this Notice sets out on a general basis and based on our understanding of the legislation as of the date of its drafting, the main characteristics of the French tax regime applicable to the individual insurance policy denominated in Units and/or in euros, on the date of update of this Notice,
- the information about the main characteristics of the tax regime applicable to the Contract may change during the Contract and (i) are given subject to changes in the regulatory and legislative provisions and the doctrine of the French tax administration in force and (ii) do not have any contractual value. This information is communicated as an informative guide and in no way constitutes legal and tax advice,
- the Company strongly recommends that the Policyholder, before taking out the Policy and during the execution of the Policy, obtain advice from a qualified and authorised tax adviser in order to have full knowledge of the tax regime for the Contract and to seek solutions to particular situations.
- Policy means an individual life insurance policy with a fixed term or whole life.

ARTICLE 1 - FRENCH LIFE INSURANCE TAX REGIME

ARTICLE 1.1 TAX ON INSURANCE AGREEMENTS

Life insurance policies and similar insurance policies including life annuity contracts - with the exception of insurance policies in the event of death taken out as collateral for the repayment of a loan from 1 January 2019 or renewed or renegotiated from the same date when this has the effect of the extension, increase or reduction of the premium or insured capital - are exempt from tax on insurance agreements in accordance with the provisions of Article 995 paragraph 5 of the French General Tax Code (hereinafter "CGI").

ARTICLE 1.2 - TAX TREATMENT OF WITHDRAWAL/MATURITY OF POLICY IN CASE THE LIFE INSURED PERSON LIVES

At the end of the Policy, if the Insured Party is alive, and only if the Policyholder(s) is a/are Beneficiary(ies) in the event that the Insured Party is still alive, or in the event of the partial or total surrender of the Policy (whole life or fixed term), taxation of the income[1] will differ depending on whether it is from premiums paid since 27 September 2017 or before that date, and based on the length of the contracts.

ARTICLE 1.2.1 INCOME ATTACHED TO PREMIUMS PAID UP UNTIL 26 SEPTEMBER 2017

ARTICLE 1.2.1.1 INCOME TAX (“IR”)

At the end of the Contract, in the event that the Insured Party is still alive, in the case of a fixed-length contract, or in the event of the total of partial surrender of the Contract, the income attached to premiums paid through 26 September 2017 will be subject to income tax under the conditions of common law and based on a sliding scale. The Beneficiary(ies) if the Insured Person is alive or the Policyholder(s), depending on the case, must declare all income in their annual income tax return no. 2042.

ARTICLE 1.2.1.2 PFL OPTION (*PRÉLÈVEMENT FORFAITAIRE LIBÉRATOIRE*) (WITHHOLDING TAX)

According to the terms of Article 125 D of the CGI [General Tax Code], the Policyholder(s) or Beneficiary(ies) in the event that the Life Insured Person is still alive can opt to pay the PFL tax under the conditions of Article 125-0 A II of the CGI at a rate of:

- 35% of the amount of the income if the surrender occurs before the 4th anniversary of the first remittance,
- 15% of the amount of the income if the surrender occurs as of the 4th anniversary of the first remittance through the day before the 8th anniversary of the first remittance,
- 7.5% of the amount of the income if the surrender occurs as of the 8th anniversary of the first remittance. (see also Article 1.2.3.2 of this Notice)

The option for the PFL is irrevocable.

In the event that the Policyholder has signed a Mandate in favour of the Company, the latter deducts the PFL on behalf of the Policyholder and pays it directly to the French tax authorities.

ARTICLE 1.2.2 INCOME ATTACHED TO PREMIUMS PAID AS OF 27 SEPTEMBER 2017

Income attached to premiums paid as of 27 September 2017 is taxed in two stages:

- in the year it is paid, it results in a flat tax (“PFNL”) received as an instalment;
- the following year (at the time of filing the French tax return), they are subject either to the PFU or, on a global option by the Policyholder, to the sliding income tax scale, subject to deduction of the tax withheld at source in respect of the PFNL.

[1] Difference between the amount of benefits paid by the Company and the amount of premiums remitted pursuant to the Contract.

ARTICLE 1.2.2.1 STAGE 1: FLAT-RATE WITHHOLDING TAX ("PFNL")

Income is subject to it when paid to the PFNL.

In the event that the Policyholder has signed a Mandate in favour of the Company, the latter deducts the PFNL on behalf of the Policyholder and pays it directly to the French tax authorities.

The PFNL is payable:
- at the rate of 7.5% if the contract is for eight years or more
- at the rate of 12.8 % if the contract is for less than eight years.

The PFNL is not applicable to income paid by companies outside of France to persons whose taxable income for the next-to-last year was less than €25,000 (single, divorced or widowed) or €50,000 (taxpayers filing jointly).

ARTICLE 1.2.2.2 STAGE 2: DEFINITIVE TAXATION

During this second stage, even in the presence of a French Tax Mandate signed by the Policyholder in favour of the Company, it is up to the Policyholder and him or her alone to declare their income and, where applicable, to pay the taxes and duties. The Company does not intervene.

A. Surrender or settlement as of the eighth anniversary of the first remittance

At the time of filing the tax return, the income is subject to the single flat-rate levy ("PFU") or, on a global option exercised by the Policyholder, according to the sliding scale[2].

The PFU shall be charged at 7.5% if the total amount of the non-surrendered premiums paid on all the contracts it holds[3] does not exceed €150,000. Premiums paid on a life insurance policy taken out with a Luxembourg company are included in the total premiums paid.

When the amount of unredeemed premiums paid is in excess of €150,000, the 7.5% rate is applied pro rated to the asset amount up to €150,000. The additional amount is taxed at the rate of 12.8%. Prorating is determined based on application of the following quotient:
- numerator: €150,000 (reduced by the amount, net of redemptions, of the premiums paid before 27 September 2017)
- denominator: the amount of premiums paid since 27 September 2017 (net of redemptions).

Where payments not yet redeemed before 27 September 2017 exceed €150,000, all income is therefore taxable at 12.8%.

The PFNL withdrawn at source is imputed to the income tax due for the year of the transaction. If it exceeds the tax due, the excess is returned by the Treasury.

b. Surrender or settlement before the eighth anniversary of the first remittance

At the time of filing the tax return the year following the redemption, the income is subject to the PFU of 12.8% or, on a global option exercised by the Policyholder, at the income tax sliding scale.

The PFNL withdrawn at source is imputed to the income tax due for the year of the transaction. If it exceeds the tax due, the excess is returned by the Treasury.

[2] This choice must be made on all of the Policyholder's movable income and not only on the proceeds of the life insurance policy.
[3] Amount of payments by the Policyholder on all the contracts (or warrants) signed by it and which, on 31 December of the year preceding the operative event (term or redemption), have not already been repaid in capital. In the event that ownership of the contract is divided, the premiums paid will only be taken into account for the determination of the threshold applicable to the usufructuary.

ARTICLE 1.2.3 COMMON CLAUSES

ARTICLE 1.2.3.1 SOCIAL SECURITY CONTRIBUTIONS

The income is subject to social security contributions at the global rate of 17.2 % broken down as follows:

- CSG at a rate of 9.2% in accordance with Articles 1600-0 E of the CGI and L-136-8 of the French Social Security Code,
- CRDS at the rate of 0.5% in accordance with Article 1600-0 J of the French General Tax Code and Article 19 of Order No. 96-50 of 24 January 1996,
- Solidarity deduction at a rate of 7.5% in accordance with Article 235b of the French General Tax Code.

For more details see article 1.3 below.

ARTICLE 1.2.3.2 ALLOWANCES

In the event of surrender or termination after eight years, the income is only subject to (i) income tax based on the sliding scale or, optionally, to the PFL and/or (ii) the PFU or, optionally to the sliding income tax scale, after application of an annual allowance of €4,600 (single persons) or €9,200 (couples filing jointly).

For the taxation of income related to payments up until 26 September 2017, when the Policyholder opts for the PFL, the allowance is not directly deducted from the taxable base but it is granted in the form of a tax credit when the income tax return is filed in the year following the levy.

This single allowance applies to all of the income of taxable contracts in the name of a single tax household. It is first applied to income linked to premiums paid before 27 September 2017, then to income linked to premiums paid after that date, on the portion taxable at 7.5%, then on that taxable at 12.8%.

ARTICLE 1.2.3.3 EXEMPTIONS

a. Exemptions resulting from certain events

French legislation provides for cases of exemptions. We advise you to contact your tax advisor for more information.

b. Contracts transferred to a pension fund

In accordance with Article 125-0 A, I-1°-para. 7 of the CGI, in the event of a total or partial surrender of a life insurance policy of eight years or more, the proceeds of such surrender shall be exempt up to €9,200 (couples filing jointly) or €4.600 (individuals, divorced, widows, married couples or civil unions filing separately), when the following conditions are met:

- the surrender must take place before 1 January 2023;
- the policyholder must be under 57 years of age;
- all amounts received from the surrender must be paid into a pension fund before 31 December that same year.

The application of the exemption to the income relating to the various premiums of the Policy follows the same priority rule as the annual allowance provided for in article 1.2.3.2 of this Notice. The annual allowance applies, where applicable, to income not exempted from the Policy, according to the same priority rule.

ARTICLE 1.2.3.4 PFL AND PFNL DECLARATION AND PAYMENT OBLIGATIONS

The declaration obligations for the payment of PFL, PFNL and social security contributions must be carried out by:

- the Policyholders in case of partial or total surrender,
- the Policyholder Beneficiaries upon expiry of the Contract if the Insured Party is still alive (only for contracts with a fixed term),

and this, under its sole responsibility, by means of a declaration no. 2778 to be filed within the first fifteen days of the month following the month during which the income is collected or credited to the account.

If the PFL and PFNL declaration and payment are not received by the fifteenth of the month following the payment of the income, the income will be subject to income tax under the conditions of common law.

Declaration No. 2778 must contain the following information:

- the nature and amount of income, income and subject to the PFNL and the nature and amount of income, proceeds and gains subject to the PFL option,
- the amount of the contributions due,
- the amount of the social security contributions and deductions due,
- the name and address of the person in IV of Article 125 D of the above-mentioned CGI who is mandated by the taxpayer to carry out, in their name and on their behalf, all declaration and payment formalities for said deduction, as well as their identification number in the event of the conclusion of the agreement with the French tax administration provided for in VI of the same Article 125 D of the CGI.

However, the reporting and payment obligations under the PFL, the PFNL and the social security contributions may be delegated to the Company by the signature of the Policyholders and/or the Beneficiaries in the event that the Insured Party of the Mandate lives in respect of the French tax obligations.

The Mandate specifies the information that the Company sends to the Tax Administration and the payment obligations that the Company will provide in the name and on behalf of the Policyholders and/or the Beneficiaries in the event that the Insured Party lives.

ARTICLE 1.2.3.5 INFORMATION COMMUNICATED BY THE COMPANY

The Company communicates to the Policyholder(s) in case of surrender or to the Beneficiary(ies) upon expiry of the Contract if the Insured Party is still alive all information and documents allowing them to declare the income, where applicable surrendered, according to the applicable French taxation system.

ARTICLE 1.3 TAXATION OF SOCIAL CONTRIBUTIONS OF INCOME ATTACHED TO A EURO-DENOMINATED FUND

(for policies investing in Euro-denominated Fund)

The share of income (interest paid at the guaranteed interest rate and any participation in the profits) attached to a Euro-denominated Fund under the Contract, is liable for social security contributions for which the rates are stated in 1.2.3.1 above when it is credited to the account.

ARTICLE 1.3.1 COLLECTION PROCEDURES

ARTICLE 1.3.1.1 DECLARATION MADE BY THE POLICYHOLDER(S)

Subject to international tax agreements, the social-security contributions due by the Policyholders are declared and paid through declaration n°2778, with only the lines relative to social-security deductions having to be completed by the Policyholders and must be presented by the Policyholders to the corporate tax department of the place of their residence within fifteen days of the month following the income related to the Euro-denominated Fund in the Contract being credited to the account.

ARTICLE 1.3.1.2 DECLARATION MADE BY THE COMPANY ON BEHALF OF THE POLICYHOLDERS

These reporting and payment obligations referred to in Article 1.3.1.1 above may be delegated to the Company by the signature of the Policyholders and/or Beneficiaries of the Mandate in respect of the French tax obligations.

ARTICLE 1.3.2 RESTITUTION MECHANISM

In the case where, at the time of the total or partial withdrawal of the Contract or at maturity of the Contract when the Insured Party is alive or deceased leading to the end of the Policythe amount of social security contributions paid on the income attached to the Euro-denominated Fund is greater than the amount of the social security contributions calculated at that date on all of the income from the Contract, the excess social security contributions paid may be claimed from the tax administration.

ARTICLE 1.3.2.1 RESTITUTION CLAIMED BY THE POLICYHOLDER(S)

In the case where the Policyholders themselves made the declaration according to the procedures described in Article 1.3.1.1, they must claim the reimbursement of the excess social security contributions paid to the tax administration by making an administrative appeal. These administrative appeals must be submitted, according to the case, by the Policyholders or the Beneficiaries of the Contract at the corporate tax departments of their place of domicile.

ARTICLE 1.3.2.2 RESTITUTION BY THE COMPANY

In the case where the Company has made the declaration and payment of the social-security contributions as representative of the Policyholders according to the procedures described in article 1.3.1.2, the excess social-security contributions paid, ascertained at the time of the total or partial withdrawal of the Contract or at maturity of the Contract when the Life assured Party is alive or deceased leading to the end of the Policy, is re-paid by the Company directly to the Contract by crediting the amount corresponding to the outstanding amount relating to the Euro-denominated Fund.

However, the Company will have the option to make this repayment by direct payment to the Policyholders or Beneficiaries, subsequent to the payment of benefits pursuant to the Contract. The sum thus returned is considered as the restitution of an excess payment and does not constitute a taxable base.

ARTICLE 1.4 LIABILITY IN THE EVENT OF DEATH OF THE INSURED PERSON (Life insurance policies underwritten since 13 October 1998)

ARTICLE 1.4.1 APPLICABLE TAX REGIME

The taxation of the capital paid in case of the death of the Life assured Party entailing the maturity of the Contract depends, for the application of the life-insurance tax regime, on whether or not a beneficiary clause exists identifying the Beneficiaries in the event of death and the share that will be allocated to them. Based on article L. 132-11 of the insurance Code, in the absence of designation of a beneficiary or when the compensation is stipuated for the Policyholder when he/she is the Life assured Party, it forms part of the estate of the latter and is taxed under the conditions of general law.
However, when the amounts are stipulated as payable, upon death of the Life assured Party entailing Contract maturity, to determined Beneficiaries or those to be determined according to the scope of the law and applicable case law, they do not form part of the estate of the Life assured Party.

In the case of the death of the Insured Party entailing Contract maturity, the designated Beneficiary(ies) will, subject to the exemptions below, be taxed according to the age of the Insured Party at the time of the remittance of the initial Premium or the remittance of each supplementary Premium under the following conditions:

Premiums remitted before the Insured Party reaches the age of 70 (Article 990 I of the CGI):

The tax provided for in Article 990I of the French General Tax Code is due when:
- the Beneficiary, on the day of the death of the Insured Person resulting in the termination of the Contract, is a tax resident in France within the meaning of Article 4 B of the French General Tax Code and has been resident for at least six years during the ten years preceding the death of the Insured Person; OR
- the Insured Person has, at the time of his/her death (when his/her death results in the settlement), his or her tax residence in France within the meaning of Article 4 B of the French General Tax Code.

In principle, the international tax treaties on inheritance tax concluded by France are not applicable to the tax provided for in Article 990 I of the French General Tax Code if it is a specific tax ("sui generis") and not a transfer tax free of charge.

The death benefit (or the equivalent in euros of the securities issued to the Beneficiary(s) in the event of settlement in securities) shall be subject, up to the amount owed to each Beneficiary which exceeds EUR 152,500 (all contracts combined on the head of the same Insured) to:
- a deduction equal to 20% for the portion less than or equal to €700,000 and
- a deduction equal to 31.25% for the portion above that threshold.

Each Beneficiary must provide the Company with a sworn statement indicating the amount of the allowances already applied to the sums, annuities or values of any kind received from one or more insurance organisations and assimilated to the death of the same Insured Person.

The basis for the withholding tax consists of:

- for redeemable contracts, of the amounts, annuities and securities corresponding to the redeemable portion (surrender value on the day the Insured Party dies or, if it is a fixed-term contract, the surrender value on the day the amounts are paid) and of the premiums for the non-redeemable portion;
- for non-redeemable contracts, of the annual premium or of the premium paid on signature of the Contract in the case of a single premium.

In case the beneficiary clause is divided, the allowance and the amount of the outright deduction apply between the bare owner and the usufructuary, prorated to their share, based on the scale of Article 669 of the CGI. As many allowances should be applied as there are usufructuary/ bare-owner pairs. If there are several bare owners, each one shares an allowance with the usufructuary based on the taxes of each in application of the scale provided for in the above-mentioned Article 669. In this situation, the usufructuary may nevertheless benefit in total only from a maximum reduction of EUR 152,500 on all death benefits received on the basis of life insurance policies due to the death of the same insured person. When one of the Beneficiaries listed in the contract is exempt (see below), the fraction of the allowance not used by the exempt Beneficiary does not benefit the other Beneficiaries designated in the Contract.

Premiums remitted after the Insured Party reaches the age of 70 (Article 757 B of the CGI):

The death transfer duties provided for in Article 757 B of the French General Tax Code are due when the Insured Person has, at the time of his/her death (when his/her death results in settlement), his or her tax residence in France within the meaning of Article 4 B of the French General Tax Code.
The capital payable upon death (or the equivalent value in euros of securities presented to the Beneficiaries in case of settlement in securities) corresponding to the fraction of premiums remitted after the Insured Party reached seventy (70) years of age is subject to inheritance tax according to the relationship of the Beneficiary with the Insured Party after an allowance of €30,500. This is a global allowance, regardless of the number of Beneficiaries or the number of contracts (life insurance and pension funds) concluded on a given Insured Party and it is divided, if applicable, in proportion to the share coming to each Beneficiary in the taxable premiums. In case there is more than one Beneficiary, the share going to exempt persons (see above) is not taken into account in dividing the allowance of €30,500 between the different Beneficiaries.

In the event of a divided beneficiary clause, the allowance (or portion of the allowance, in the presence of other beneficiaries and/or other contracts) is shared between the usufructuary and the bare owner based on the scale in Article 669 of the CGI.

Death benefits paid to the following Beneficiaries are also exempt:

- the surviving spouse of the Insured Party (Article 796-0 bis of the CGI),
- a partner bound to the Insured Party by a French civil partnership contract (PACS) (Article 796-0 a of the CGI),
- the brother/sister of the Insured Party, who is single, widowed, divorced or separated and living apart, on the dual condition that (i) they are over 50 years old at the time of the opening of the succession procedure and suffer from a disability which makes it impossible for them to earn enough to meet their daily needs, and (ii) they have lived continuously with the Insured Party for the five years preceding the latter's death (Article 769-0 ter of the CGI).

Liability of capital gains from the Contract to social security contributions:
The social-security contributions covered by article 1.2.3.1 of the present Memorandum are applicable in case of the death of the Life Insured Party entailing Contract maturity when the Policyholder is a resident for tax purposes in France.

ARTICLE 1.4.2 INFORMATION COMMUNICATED DIRECTLY BY THE COMPANY OR VIA THE THIRD-PARTY REPRESENTATIVE DESIGNATED BY IT (when the tax regime applicable is that of Article 990 I of the General Tax Code)

The Company, either directly or indirectly, via the authorised representative it has designated, is bound to pay the outright deduction of 20 % and of 31.25 % specified in article 990 I of the General Tax Code (Code général des impôts -

"CGI"), this payment alone releasing liability with respect to the French tax authorities.

Prior to the payment of benefits by the Company to the Beneficiaries and the settlement of the aforementioned out-right deduction, the Company, directly or indirectly via the representative that it designates, is bound to send the following information to the French tax Administration within 60 days following knowledge of the death of the Insured Party, according to the terms of articles 806 IV of the CGI, 292 B of the CGI, 306-0F and 370 C of appendix II of the CGI:

A. General Information relating to the Contract:

- the registered address of the Company,
- the type of Contract,
- the Date of conclusion of the Contract,
- the Contract number,
- the last names, first names, dates and places of birth and home addresses of the Policyholder(s) who are natural persons and the company name, head office address and SIREN or RNA number of Policyholder(s) who are legal entities,
- the last names, first names, dates and places of birth, and home addresses of the Insured Party(ies),
- the date of death of the Insured Party resulting in the maturity of the Contract,
- in the event of the Policyholder's death not resulting in the maturity of the Contract, the date of death and last names, first names, dates and places of birth, and home addresses of the assign(s),
- the last names, first names, dates and places of birth, and home addresses of the natural person Beneficiaries,
- the company name, head office address and SIREN or RNA number of Beneficiaries who are legal entities,
- the total of all amounts, annuities and assets due to be paid to each Beneficiary,
- in the event of the division of the beneficiary clause, the status of bare owner or usufructuary of the Beneficiaries concerned and the share of any amounts, annuities and assets payable to them.

B. The following must be communicated for each Beneficiary:

- the calculation basis for the withholding tax,
- the amount of the various allowances applied,
- the amount of withholding tax deducted in respect of amounts, annuities and assets payable to each Beneficiary,
- the Conclusion Date and number of the Contract and any rider(s) with an economic impact on the Contract,
- for the redeemable portion of each Contract, the share of the surrender value on the date of the Insured Party's death resulting in maturity of the Contract corresponding to amounts, annuities and assets payable in respect of premiums paid from 13 October 1998; for the redeemable fraction of each contract containing a clause stipulating deferred payment of the capital by the insurer to the Beneficiary, the surrender value determined on the date of payment of any amounts, annuities and assets payable,
- for the non-redeemable portion of each Contract, the proceeds resulting from multiplication of the amount of death benefit due, reduced by the amount of the surrender value on the date of death of the Insured Party, for the mortality rate corresponding to the age of the Insured Party at the time of death in the mortality table applicable on that date, the annual premium or amount of the single premium paid at the time of subscription of the Contract, if this occurred on or after 13 October 1998.

The aforementioned obligations may, as specified, be sub-delegated by the Company to a third-party representative that it designates, an option that the Policyholders or the Beneficiaries expressly and irrevocably accept.

ARTICLE 1.4.3 INFORMATION COMMUNICATED BY THE COMPANY AND BY THE BENEFICIARY(IES) IN THE EVENT OF DEATH OF THE INSURED PARTY (when the tax regime applicable is that of Article 757 B of the General Tax Code)

Declaration obligations incumbent on the Beneficiaries

According to the terms of article 292 A of appendix II of the CGI, the Beneficiaries of life-insurance contracts must declare, under the conditions set for inheritance declarations, all of the contracts concluded on a given Life assured Party pursuant to which premiums were paid after their 70th birthday. The Company is thus bound to communicate to the Beneficiaries, upon request from them, this information in relation to the Contract (the date of subscription and the amount of premiums remitted after the seventieth birthday of the Life assured Party).

If the Beneficiary of the Contract has the capacity of heir, legatee or donee, this information must be shown on the detailed declaration that he/she must file in application of the provisions of article 800 of the CGI for all of the hereditary assets that he/she receives. Certain persons are exempt from this detailed declaration (see I, 1° and 2° of article 800 of the CGI).

If the Beneficiary of the Contract is not an heir, donee or legatee of the deceased, he/she must file a declaration of inheritance under the conditions and deadlines of general law.
A form n° 2705-A for the partial declaration of inheritance can be used to declare life-insurance contracts for which premiums were paid after the 70th birthday of the Life assured Party. This partial inheritance declaration includes the date of underwriting the policies, the designation of the Beneficiary(ies), indication of their relationship with the deceased, the amount of benefits paid. Returning this partial declaration of inheritance authorises the Company to proceed with payment of the capital due upon death if the other conditions are satisfied.

Declaration obligations incumbent on the Company

According to the terms of II of article 292 B of appendix II of the CGI, the Company must, within sixty days following the day when it became aware of the death of the Life assured Party leading to the maturity of the Contract, send the Tax Authorities the information specified in A/ of article 1.4.2 also indicating the amount of premiums paid after the 70th birthday of the Life assured Party and their distribution between each of the Beneficiary(ies) for each Contract.

Except when they are payable to the surviving spouse or surviving civil partner, the Company may pay any amounts, annuities or emoluments whatsoever only under the conditions specified in paragraph III of article 806 of the CGI, namely:

- upon presentation by a Beneficiary of a certificate delivered cost-free by the tax accountant certifying that inheritance tax has been paid or is not payable,
- by paying, upon written request from the Beneficiary(ies), all or part of the amounts due by them to pay inheritance tax, at no charge. In this case, the amount of the taxable sums corresponding to the premiums paid after the 70th birthday of the Insured Party, after deducting the €30,500 allowance, is shown in the inheritance declaration,
- on production of a certificate delivered by the tax officer certifying that a declaration has been filed containing the references of the life insurance contract(s) and the information specified by Article 292 A of Appendix II of the CGI and after having satisfied the obligations specified by I. of Article 292 B of Appendix II of the CGI (see above), when the amount payable by the Company does not exceed €7,600, that it must be paid to the surviving spouse or to the direct heirs who do not have their actual or legal residence in another country and a written request from the Beneficiary(ies) declaring that all compensation does not exceed €7,600.

The tax officer competent to deliver the aforementioned certificates is the one in the tax service where the declaration of inheritance must be filed (at the tax office of the domicile of the deceased, whatever the situation of the securities or property to be declared).

So as not to delay the payment of compensation to the Beneficiaries, the certificate of payment of taxes is delivered, if applicable, covering a partial inheritance declaration including only the insurance compensation, the payment being temporarily limited to the taxes due on the taxable fraction of this compensation.

The aforementioned obligations may be sub-delegated by the Company to a third-party representative that it designates, an option that the Policyholders or the Beneficiaries expressly and irrevocably accept.

ARTICLE 1.4.4 METHODS OF COMMUNICATION OF INFORMATION BY THE COMPANY (Articles 757 B and 990 I of the CGI)

The declaration of the information specified in articles 1.4.2 and 1.4.3 above is done by the Company, within sixty days of the date of when the Company learns of the Insured Party's death resulting in the expiry of the Contract.

If certain elements cannot be declared within sixty days of the date when the Company learns of the Insured Party's death resulting in the expiry of the Contract or in case of a modification of the elements that must be declared by the Company, a new declaration containing the modified elements is done under the same conditions as previously described, within sixty days of when the Company learns of these new elements or modifications.

ARTICLE 1.4.5 DECLARATION AND PAYMENT OBLIGATIONS OF THE BENEFICIARY(IES) IN CASE OF THE INSURED PARTY (in relation to social security contributions in case of the death of the Insured Party)

The social-security contributions due in case of the death of the Life assured Party entailing Contract maturity must be declared and paid by any Beneficiary resident for tax purposes in France using form n°2778 (only the lines of the form relevant to social-security contributions should be filled in) at the corporate tax department of the place of their domicile within fifteen (15) days of the month following notification to the persons concerned of their capacity of Beneficiary by the Company, or of the payment of the amounts by the Company.

ARTICLE 1.5 PROPERTY WEALTH TAX ("IFI")

For Policyholders who are residents of France for tax purposes as of 1 January of the year of taxation and subject to the IFI, the surrender value of the Contract as of 1 January of the year of taxation must be reported on their IFI declaration for the fraction of its value representative of Unit-Linked Funds made up of real estate assets located in France or outside France within the scope of the IFI and mentioned in article 965 of the CGI, assessed under the conditions of the same article 965 and article 972 bis of the CGI.

ARTICLE 2 - OBLIGATION TO DECLARE THE POLICY TO THE FRENCH TAX ADMINISTRATION

Pursuant to Article 1649 AA of the French General Tax Code and Article 344C of Appendix III of the General Tax Code as amended by Decree 2021-184 of 18 February 2021, the Policyholder who entered into a Contract with the Company is required to attach when filing its annual income tax return No. 2042 in France, form no. 3916-3916 bis duly completed stating:

- the address of the registered office of the Company;
- the identification of the subscriber to the Contract: last name, first name, date and place of birth, address;
- the name of the Contract, its references and main characteristics (type of risks covered: life, death, combined, premium payment procedures and services provided by the insurer);
- the effective date of the Contract;
- the duration of the Contract. It should be noted that, with respect to the contracts with a cash guarantee in the event of life, this is the effective duration of the Contract. For contracts guaranteeing an annuity, the vesting date of the annuity must be provided;
- the reference, nature and effective dates of the amendments made;
- the total and partial surrender transactions carried out during the previous calendar year;
- the premium payment transactions carried out during the previous calendar year;
- the surrender value or the amount of guaranteed capital, including in the form of an annuity at 1 January of the tax year.

The Policyholder(s) is/are responsible for making the declaration and for its content.

These declaration obligations also apply when the Policyholder is a dependent of the taxpayer who is subject to the obligation to declare income annually, according to articles 196 to 196 B of the CGI (in particular minor children).

In the event of non-compliance with the provisions of article 1649 AA of the CGI (no declaration or erroneous declaration):

- The payments and surrenders made for the Contract are, unless there is proof to the contrary, income taxable for income tax and social security. The amount of the duties to be paid is accompanied by a 40% surcharge and the payment of late payment interest (Article 1758 of the CGI).
- Offenders are liable for a set fine of €1,500 per undeclared contract.
- An additional 80% is applicable to all tax reminders resulting from the failure to declare contracts held in other countries, to the exclusion of any other increases or set fines. The amount of the increase cannot be less than the amount of the set fine applied in the event that there were no tax reminders. The application of the 80% mark-up excludes the 40% increase provided for in Article 1758 of the CGI.
- When the obligation to make a declaration has not been met at least once in the previous ten years, the administration can request that natural persons provide information or documentation within sixty days, on the source and acquisition methods of the assets invested in their hidden contracts and, in the event there is no answer, to automatically tax the income in question at the inheritance tax rate of 60%. In the event that the response is deemed lacking, automatic taxation can only be implemented if a notice to complete the response within thirty days is sent and the request is not met.

When the declaration obligations have not been met, the right of the tax administration to recover the income from revenue related to unmet declaration obligations is enforceable until the end of the tenth year following that in which the tax is due.

ARTICLE 3 – MANDATE TO THE COMPANY WITH RESPECT TO FRENCH TAX REGULATIONS

Any tax, with retroactive or non-retroactive effect, which is imposed on the Policy shall be borne exclusively by the Policyholder(s) or the Beneficiary(ies).

The Policyholder(s) or Beneficiary(ies) may instruct the Company, subject to the latter's agreement, to make, in the name and on behalf of Policyholder(s) or Beneficiary(ies), tax declarations and payment of social security taxes by signing a Mandate in respect of French tax obligations.

ARTICLE 4 – CHARGING ANY TAX OR DUTY PURSUANT TO THE POLICY

Any tax or duty that may be applicable to the underlying assets of the life insurance policy shall be deducted from the value achieved by the relevant underlying assets.

Any tax or duty to which the Policy may be subject (including following a future change in legislation) and for which charging by the Company is not prohibited shall be deducted from the benefits due pursuant to the Policy.

ARTICLE 5 - GUARANTEES OF THE POLICY, TAKING INTO ACCOUNT TAX AND STATUTORY SOCIAL SECURITY DEDUCTIONS

The Company’s guarantees at Contract maturity are expressed before taking into account tax deductions or statutory social-security deductions, which will be made according to the applicable regulatory framework, to the individual life insurance policy denominated in Units and/or euros, it being understood that these deductions are not limited in number of Units or in euros.

ARTICLE 6 - DECLARATION FORMS/GENERAL INFORMATION

The declaration forms pursuant to the various tax obligations resulting from the CGI are available on the Internet site of the Financial and Economic Ministry: www.impots.gouv.fr together with general information concerning their tax treatment.

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