

TAX NOTICE - France

UPDATE:
JANUARY 2023

Main characteristics of the taxation of the capitalisation contract

During the life of the Policy, the tax regime applicable to the Policy is that of the country in which the Policyholder who is a natural person has his or her tax residence or that of the country in which the Policyholder who is a legal entity has its registered office, on the day of the taxable event. The French tax regime of the capitalisation contract applies when the Policyholder who is an individual is a French tax resident or when the Policyholder who is a legal entity has its registered office in France. In the event of a transfer of tax residence/registered office outside France during the life of the Policy, it is in principle the tax legislation of the new country of tax residence of the Policyholder which shall apply.

If a Policyholder changes their tax residence/registered office 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 Policy resulting from this change of residence/registered office 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 capitalisation contract 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,
- a fixed-term capitalisation contract is defined in this Notice.

Article 1 – Taxation of an individual person's capitalisation contract

Article 2 – Taxation of a capitalisation contract belonging to a legal entity

Article 3 – Obligation to declare the contract to the French tax administration

Article 4 – Mandate to the Company in respect of French tax obligations (Policyholders who are individuals)

Article 5 – Charging any tax or duty pursuant to the Policy

Article 6 – Guarantees of the Policy, taking into account tax and statutory social-security deductions

Article 7 – Declaration forms/general information

ARTICLE 1 - TAXATION OF AN INDIVIDUAL PERSON'S CAPITALISATION CONTRACT

ARTICLE 1.1 TAX ON INSURANCE AGREEMENTS

Capitalisation contracts are not subject to tax on insurance agreements.

ARTICLE 1.2 TAX TREATMENT IN THE EVENT OF SURRENDER OR ARRIVAL AT THE END OF THE POLICY

At the end of the Policy or in the event of total or partial surrender of the Policy, the terms of income taxation¹ differ depending on whether they relate to payments since 27 September 2017 or before that date and depending on the duration 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 Policy, in the event of the total or 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 Policyholder 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 starting from the 4th anniversary of the first Remittance until 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.

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.

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

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 scale², after the allowance mentioned in Article 1.2.3.2.

The PFU shall be charged at 7.5% if the total amount of the unpurchased payments on all the contracts it holds does not exceed €150,000. Payments on a capitalisation contract entered into with a Luxembourg company are recorded in the total payments.

When the amount of unredeemed payments 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 repayments, of payments 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 PNFL 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 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 PNFL 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.

ARTICLE 1.2.3 COMMON PROVISIONS 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.

² This choice must be made on all of the Policyholder's movable income and not only on the proceeds of the capitalisation contract.

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 payments will only be taken into account for the determination of the threshold applicable to the usufructuary.

ARTICLE 1.2.3.2 ALLOWANCES

In the event of surrender or settlement as of the 8th anniversary of the first payment, 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 payments 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 capitalisation contract 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 payments of the Policy follows the same priority rule as the annual allowance provided for in article 1.2.3.2 of this Notice. This exemption is combined with the annual allowance on income not exempt under 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 Policyholder:

- in the event of total or partial surrender
- upon expiry of the Policy.

and this, under its sole responsibility, by means of a declaration no. 2778 to be filed within the first fifteen (15) 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 gains 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 Policyholder of the Mandate 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 Policyholder.

ARTICLE 1.2.3.5 INFORMATION COMMUNICATED BY THE COMPANY

The Company communicates to the Policyholder in case of surrender upon expiry of the Contract 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 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 Policyholder 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, the 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. This litigation claim must be filed by the Policyholder with the company tax department of the place of residence.

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, 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 Policyholder, 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 SWITCHING BETWEEN FUNDS

There is no tax impact from switching between the Funds as underlying assets of the Contract.

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 972bis of the CGI.

ARTICLE 1.6 DONATION BEFORE THE END OF THE CONTRACT

The Policy can be donated before the term of the Contract. The benefit for the donee is that they retain the tax anteriority of the Contract (it is not settled as a result of the donation and continues until its planned maturity).

The donation will entail taxation of the surrender value of the Contract on the day of donation according to the common law rules covering donations. The transfer of the Policy by donation must be declared to the tax authorities.

The donee will benefit from the allowances and tax reductions of general law.

In addition, the donee will benefit from all the attributes of the Policyholder on the day of the donation, subject to notifying the Company of said donation. A certificate from the notary who has received the donation indicating the key elements (in particular contract dependent on the community or assets of only one of the spouses, existence or not of a division of ownership, value retained for the calculation of transfer duties) must be issued to the attention of the Company.

In the event of a partial or total surrender or at the end of the Policy, the tax treatment of the income is that described in Article 1.2 of this Notice. The amount of taxable income corresponds to the difference between the amount of the sums reimbursed to the donees and the amount of the payments since the contribution of the Policy, plus the market value of the Contract retained for the calculation of the donation duties as declared to the tax authorities (BOI-RPPM-RCM-20-10-20-50 § 225). When the donation is made in full ownership, the donees are thus only taxed on the proceeds of the Policy which have not been subject to transfer duties at the time of the donation.

In the event of a dismembered donation, the Policyholder is recommended to contact a tax advisor.

ARTICLE 1.7 ASSIGNMENT OF THE POLICY FOR CONSIDERATION

The Policy may only be assigned by means of an amendment to the Policy with the consent of the Company.

Pursuant to Article 124 B of the French General Tax Code, gains from the sale of the Policy are taxable according to the same rules as income by distinguishing the date of the payments to which these gains relate (see Article 1.2).

Pursuant to Article 124 C of the French General Tax Code, the net gain is calculated by the difference between the transfer price and the purchase price, which corresponds to the amount of the payments by the transferor on the transferred Contract and which have not been the subject of a capital refund on the date of the transfer. The allowance of EUR 9,200 or EUR 4,600 for policies of at least eight years shall not be applied.

The taxable amount at the time of the partial or total surrender or termination of the Policy shall be understood as the difference between the amount of the amounts reimbursed and that of the payments since the acquisition of the Policy plus the purchase price of the Policy.

The assignment of the Policy is exempt from registration formalities. However, it must be voluntarily presented for registration. The assignment of the Policy shall be subject to a fixed fee of 125 EUR upon registration pursuant to Article 680 of the French General Tax Code.

In the event of a transfer of the Policy for consideration, the Policyholder is recommended to contact a tax advisor.

ARTICLE 1.8 TAXATION IN CASE OF DEATH OF THE POLICYHOLDER

ARTICLE 1.8.1 NO APPLICATION OF THE PREFERENTIAL LIFE INSURANCE TAX REGIME

The Contract does not benefit from the tax regime applicable to life insurance contracts in case of the death of the Insured Party entailing Contract maturity (no application of Articles 757 B and 990 I of the CGI).

ARTICLE 1.8.2 INHERITANCE DECLARATION

In the event of the Policyholder's death, the surrender value of the Policy on the day of the Policyholder's death is part of his or her estate and is subject to inheritance taxes under the conditions of ordinary law. It must be declared within the framework of the Policyholder's inheritance declaration.

The death of the Policyholder does not result in the termination of the Policy. The Policyholder's heirs may decide:

- to retain the Policy by benefiting from the tax priority acquired;
- make a total redemption to exit from the joint ownership subject to the agreement of all the joint owners.

In the event of a partial or total surrender or at the end of the Policy, the tax treatment of the income is that described in Article 1.2 of this Notice. The amount of taxable income corresponds to the difference between the amount of the sums reimbursed to the heirs and legatees and the amount of the payments since the transmission of the Policy, plus the market value of the Contract retained for the calculation of the inheritance duties as declared to the tax authorities (BOI-RPPM-RCM-20-10-20-50 § 225). When the donation is made in full ownership, the donees are thus only taxed on the proceeds of the Policy which have not been subject to inheritance duties at the time of the donation.

A certificate from the notary presiding over the succession indicating the key elements (in particular contract dependent on the community or assets of only one of the spouses, existence or not of a division of ownership, value retained for the calculation of inheritance duties) must be issued to the attention of the Company.

In the event of division, the Policyholder is recommended to contact a tax advisor.

ARTICLE 2 - TAXATION OF A CAPITALISATION CONTRACT BELONGING TO A LEGAL ENTITY

The Company does not manage the tax due on the redemptions made by legal entities. The reporting obligations and the payment of taxes shall be borne by the legal entity.

ARTICLE 2.1 TAX REGIME APPLICABLE TO A LEGAL-ENTITY POLICYHOLDER SUBJECT TO INCOME TAX

The taxes of partners pursuant to the Contract are assessed in proportion to their investment in the legal entity subject to income tax. All the provisions of articles 1.2, 1.3, 1.4 and 1.7 above apply to partners who are natural persons residents within the French Republic within the meaning of article 4 B of the CGI and partners who are legal entities subject to income tax having their head office within the French Republic.

In view of the IFI, it is not the surrender value of the Policy that must be reported in the IFI declaration but the value of the shares in the company that holds the Policy in proportion to the value of the units invested in real estate.

Pursuant to Article 75 4° of Appendix II of the CGI, the Policyholder is defined as the paying establishment and must therefore make all declarations and payments in the name of and on behalf of its taxable partners (natural person

partners who are residents of the French Republic and legal entities subject to income tax which have their head office in the French Republic).

ARTICLE 2.2 TAX REGIME APPLICABLE TO THE LEGAL ENTITY POLICYHOLDER (NON-PROFIT ASSOCIATION)

If the Contract is taken out by a non-profit association, the association is subject to an annual tax declaration obligation (form no. 2070).

The declaration must be sent within three (3) months of the closure of each financial year or, failing this, the financial period ending during the year, no later than 30 April of the following year.

This declaration is not obligatory if the association has not received taxable income from the Contract.

The income paid is subject to corporation tax calculated at the rate of 24% on their gross amount. Redemption premiums are taxable at the rate of 10%.

ARTICLE 2.3 TAX REGIME APPLICABLE TO A LEGAL ENTITY POLICYHOLDER SUBJECT TO CORPORATION TAX ("IS")

Gains from the Contract held by a legal entity subject to IS are taxable under the same conditions as a redemption premium in accordance with the specific provisions of Article 238 septies E, II of the CGI.

Stage 1: Check whether the redemption premium exceeds 10% of the subscription or purchase price

The repayment premium is determined at a flat rate by capitalising over the term of the Contract the actuarial rate equal to 105% of the last monthly rate of long-term government bonds ("TME") known at the time of subscription.

When it exceeds 10% of the subscription or acquisition price, the taxable base shall be determined on a flat-rate basis. The premium is subject to taxation according to the actuarial annuities technique.

If the redemption premium is less than 10% of the subscription or acquisition price then there is no need to report an annual lump sum according to the actuarial annuities technique. The legal entity is taxable only at the time of the purchase, sale or termination of the Policy.

Stage 2: Annual flat-rate taxation

The company must reinstate the flat-rate amount resulting from the multiplication of the fixed value of the Policy capitalised from year to year by 105% of the average State loan rate (TME) in force on the date of subscription of the Policy, to its taxable result.

Stage 3: In the event of assignment, surrender or termination of the Policy

The taxable base is equal to the difference between the actual surrender value of the Policy and the subscription value plus, where applicable, the lump-sum surrender premium already imposed since the subscription of the Policy.

If the gain proves to be less than the fractions of the reimbursement premium previously imposed, the difference shall constitute a deductible charge for the determination of the tax result of the exercise of the sale or termination of the Policy.

There is no tax on social security contributions for legal entities subject to IS.

In view of the IFI, it is not the surrender value of the Policy that must be reported in the IFI declaration but the value of the shares in the company that holds the Policy in proportion to the value of the units invested in real estate and after deduction of the latent liability constituted by corporate tax which will be due in respect of the result corresponding to the revaluation of the contract linked to these assets.

The transfer of the Policy by the company is treated for tax purposes as a total surrender of the Policy.

ARTICLE 3 - 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 Policy: last name, first name, date and place of birth, address;
- the description of the Policy, its references and its main characteristics (individual capitalisation contract denominated in Units and/or in euros, free payments and redemptions);
- the effective date of the Policy;
- the duration of the Policy;
- the reference, nature and effective dates of the amendments made;
- the total and partial surrender transactions carried out during the previous calendar year;
- the 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 (10) years, the administration can request that natural persons provide information or documentation within sixty (60) 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 (30) 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 (10th) year following that in which the tax is due.

ARTICLE 4 - MANDATE GIVEN TO THE COMPANY IN RESPECT OF FRENCH TAX OBLIGATIONS (POLICYHOLDERS WHO ARE NATURAL PERSONS)

Any tax, with retroactive or non-retroactive effect, which applies to the Policy as well as the declarations relating to these taxes and duties shall be borne exclusively by the Policyholder or, as the case may be, by the Policyholder's beneficiaries, heirs, assignees, etc.

By signing a Mandate in respect of French tax obligations, the Policyholder who is an individual or, as the case may be, the Policyholder's successors, may instruct the Company, subject to the latter's agreement, to make the tax declarations relating to the redemptions/terms of the Policy and the payment of taxes, duties and/or social security contributions due at the time of redemption. The tax obligations of Article 3 shall in all cases remain the responsibility of the Policyholder or, as the case may be, his successors.

ARTICLE 5 - 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 6 - 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 capital withdrawal policy denominated in Units and/or euros, it being understood that these deductions are not limited in number of Units or in euros.

ARTICLE 7 - 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.