

**TAX STRATEGY  
PLUKON SIERADZ SP. Z O.O.**

- hereafter referred to as '**Strategy**'



Gruszczyce, 2022

## Table of contents

Table of contents .....	2
I. INTRODUCTION.....	3
1. Terminology.....	3
2. Purpose of the Tax Strategy .....	5
II. GENERAL INFORMATION .....	6
1. Information regarding the Company and the Group .....	6
2. Vision and mission.....	6
3. Capital structure.....	9
4. Organizational structure.....	10
III. DECISION MAKING PATTERN.....	11
1. General information .....	11
2. The structure of responsibilities for particular tax activities.....	11
IV. TAX RISK.....	13
1. Introductory information .....	13
2. Tax Risk management.....	14
3. Governing body’s level of involvement.....	16
V. GENERAL TAX SETTLEMENT PROCEDURE .....	17
1. Accounting Department Functioning .....	17
2. Preparation of Declarations.....	18
3. Issuance of sales invoice .....	18
4. Purchases accounting.....	18
5. Warehouse Management.....	19
6. Personal Income Tax Settlement .....	19
7. Resolving tax uncertainties .....	20
8. Resolving the issue of tax costs / deduction of input tax .....	20
9. Cooperation with the External tax advisors .....	21
10. Withholding tax.....	22
11. Fulfilment of obligations resulting from transfer pricing regulations.....	22
12. Mandatory Disclosure Rule (MDR).....	23
13. Monitoring the Tax regulation amendments.....	23
14. Participation in tax proceedings / tax control.....	24
15. Handling the Breach Information .....	25
16. Document archiving.....	25
VI. TAX DECLARATIONS.....	27
VII. FINAL PROVISIONS .....	29
Attachment 1 – Decision-making scheme.....	30

## I. INTRODUCTION

### 1. Terminology

**Accountant** – a person employed in an Accounting Department, reporting directly to the Chief Accountant, whose competences do not include, inter alia, independent settlement of personal income tax.

**Accounting Department** – an organizational unit responsible for maintaining the Company's tax accounts, which includes Chief Accountant, Accountants, and other personnel assigned to accounting and financial duties, reporting to the Chief Accountant.

**Breach** – an identified Mistake.

**Breach Information** – anonymously provided written information about a suspected or identified Breach.

**Chief Accountant** – a head of Accounting Department.

**Company** – Plukon Sieradz Sp. z o.o.

**Complete Document** – document prepared for signing and sending after Substantive Verification and Formal Verification.

**Declaration** – includes inter alia tax returns, lists, reports and information required to be submitted by the Company as a taxpayer or payer under the tax law.

**Document** – evidence proving the occurrence of an event included in the tax settlement.

**Employee** – a natural person who is not conducting business activity and who is employed by the Company on the basis of an employment contract, appointment, election, mandate contract or other civil law agreements.

**External tax advisor** - the entity listed in Article 3 of the Act of July 5, 1996 on Tax Consultancy (Journal of Laws of 2020. 130), as well as an employee of the entity listed in Article 4 of the Act, having the status of a tax advisor, advocate, legal advisor, auditor.

**Formal Verification** – final verification of the Document before its signing and sending, consists of verification of the formal aspects of the Document, without performing its Substantive Verification.

**Group or Plukon Group** – international capital group to which the Company belongs.

**HR Department** – an organizational unit within the Company's structure responsible, inter alia, for performing all obligations, including tax settlements, resulting from contracts concluded by the Company on the basis of the Act of June 26, 1974, the Labour Code (Journal of Laws 2020.1320) and civil law agreements concluded with persons not conducting business activity.

**Interpretation Request** – a request for an individual interpretation of tax law, binding the tax rate information, excise information or issuing a tax protective opinion.

**Members of the Board** – persons having the status of entity's manager within the meaning of the Article 3(1) point 6 of the Accounting Act of September 29, 1994 (Journal of Laws 2021.217).

**Mistake** - incorrect belief about:

- a) the meaning of the tax regulations,
- b) the practical interpretation of the tax regulations,
- c) the tax-relevant elements of the facts.

**Non-financial employees** – employees of departments other than the Accounting Department, including employees from the purchasing, sales and customer departments, whose actions may cause events, influencing the emergence of the Company's tax obligations.

**Risk** – uncertain event / the set of events that, if they occur, will affect the achievement of goals; the combination of the possibilities of any event occurring and its consequences.

**Risk appetite** – maximum level or type of risk that the Company is willing to accept to achieve financial or strategic goals.

**Risk profile** – describes a type of risk to which the Company is exposed and the degree of exposure to these risk.

**Strategy** –the tax strategy being the basis for the preparation and publication of information on the executed tax strategy for the fiscal year, in accordance with Article 27c(1) of the Corporate Income Tax Act of 15 February 1992 (Journal of Laws of 2020.1406).

**Substantive Verification** – verification of the accuracy of the data constituting the content of the document from the legal perspective, based on the knowledge, experience, practice and awareness of the Company's activities and settlements.

**Tax Risk** – the risk of operating in breach of the tax law or in conflict with the principles or objectives of the tax system.

**Tax settlements** - every public law, compulsory and non-returnable benefits to the State Treasury or local government units.

## 2. Purpose of the Tax Strategy

1. One of the inseparable elements of the activity of any enterprise is a fulfilment of tax liabilities, which constitute a significant component of their balance sheet and significantly affect the financial results of the entity. At the same time, taking into account the frequency of changes in the tax law and the ambiguity of their interpretation, activities related to tax settlements are burdened with a significant Risk of a mistake, which may be related to a serious financial consequences. Thus, entrepreneurs, in order to maintain and develop their market position, are obliged to constantly monitor the correctness of their tax settlements.
2. One of the instruments that will help the Company to make proper settlements and in consequence significantly minimize the potential Tax Risk is the implementation of a comprehensive Strategy.
3. Strategy was developed in order to comprehensively present the Company's actual tax settlement process. At the same time, in developing the Strategy the Company has critically evaluated the adopted patterns of operation, which enabled an update of those patterns in accordance with the highest standards of diligence. Thus, the Strategy, fully reflects basic values of the Company, i.e. professionalism, efficiency, high ethical standards, corporate social responsibility, as well as ensures the full compliance of the operations with an applicable provisions of the law.
4. Execution of the Strategy aims to prevent the Risk of incorrect tax settlements, which could result in arrears or imposition of financial sanctions, and also allows to fully use all tax reliefs, deductions and exemptions. The Strategy covers all tax settlement categories, to which the Company is obligated to.
5. Strategy covers in detail fundamental rules, that apply in every aspect of the Company's tax settlements. In particular:
  - a) Vision and Mission of the Company, including: priorities regarding the adopted tax policy,
  - b) Information on the Company's operations and capital structure,
  - c) Matters related to Tax Risk management,
  - d) Information on the activities and responsibilities of selected employees of the Company,
  - e) Operating schemes' characteristics adopted by the Company in performing particular elements of the tax settlement process,
  - f) Principles of the ongoing monitoring of tax law amendments that may affect the Company's operations,
  - g) Method of verifying whether the assumptions adopted in the Strategy are fully executed by the Company.

## II. GENERAL INFORMATION

### 1. Information regarding the Company and the Group

1. Plukon Sieradz Sp. z o.o. is producing and supplying poultry meat.
2. For years, the Company has been successfully operating on the poultry products supply market, including both fresh and frozen meat.
3. As 60% of the Company's shares is owned by Plukon Polen BV (NL), the Company is part of a capital group (the Plukon Group) that owns eleven poultry slaughtering plants and seven processing and packaging plants in the Netherlands, Germany, Belgium, France, Spain and Poland. The Group produces not only poultry meat, but also fresh meals, including ready-to-eat pasta salads and dinner salads as well as ready-to-cook dishes. The Group has more than 6,500 employees, and its turnover in 2019 was almost 1.95 billion EUR. Thus, the Group is one of the leaders in the international poultry meat market.
4. The Group's history starts with the poultry trade in 1894 with the Moormann family in Goor, when they have launched their business with the door-to-door trade in eggs, pheasants, partridges, and later with fresh chickens. In 2019 the Plukon Group celebrated their 125<sup>th</sup> anniversary. The Group's operations are also linked to the Friki brand, established in 1964 and operating mainly on German and Dutch market. In 1978, Friki was merged with a poultry farm enterprise Bekebrede in Barneveld, creating together PLUimvee KOMBINATIE Nederland. Since 2010, Plukon Convenience has been a fully independent company selling products in the gastronomy and industrial markets. In Poland, the Company has been operating since 2015, when it was established as a result of the transformation of L&B Wyrebski spółka jawna (*ordinary partnership*) into a limited liability company, being a part of the Plukon Group since 2017.
5. The Group, as well as the Company, aspires to be the most efficient and innovative producer of poultry meat and meals in Europe. Thus, the Company conducts its business guided by the following values:
  - innovation - the Company cooperates with many institutions and innovators who constantly help to improve production processes, breeding solutions, product ingredients and packaging,
  - realistic approach - the Company is fully aware that despite the fact that population is constantly growing, consumers still expect healthy, varied and safe food at an affordable price.
  - responsibility – the Company as the part of the international Group, feels co-responsible for the eating habits of consumers, as well as the environment and animal welfare.
6. Being led by those values, the Company participates in the Forward Food Solutions program, which aims to introduce innovative solutions to the field of supply chain, improvement of animal welfare, food innovation and packaging concepts. The Company implements the developed solutions on its own or in cooperation with partners from the industry, what makes the program more effective.

### 2. Vision and mission

1. The Company's primary long-term objective in the field of tax matters is to make its settlements in accordance with the currently applicable tax laws, while also ensuring

that the Company has access to reliefs, deductions and exemptions to which is entitled to. Through such actions, the Company returns a part of its profit to the society in which the Company operates and thanks to which the Company can generate profit from its business activities. The Company's mission is to conduct a fair tax competition in its operating industry. Moreover, the correctness of tax settlements minimizes the Risk of individual liability of the Company's managers.

2. To achieve the objectives described above, the Company performs the following activities:
  - a) outgoing monitoring of tax law amendments and analysing consequences regarding the Company's operation,
  - b) execution of any settlements according to the applicable law and accepted interpretative practice, confirmed by the standpoints of administrative bodies and by judicial decisions,
  - c) analysing potential Tax Risk at an early stage of the undertaken activities, what guarantees efficiency of the measures taken to minimise such risks,
  - d) responsible management of the identified Tax Risk,
  - e) taking action in order to maintain positive relations with Krajowa Administracja Skarbowa (National Revenue Administration) and cooperation regarding the accuracy of the tax settlements, i.e. the Company complies with the rules on timely paying and filling required documents, as well as ensures efficient communication with authorities,
  - f) adopting an interpretation of tax law provisions that limits the possibility of a dispute with tax authorities, and at the same time is consistent with the fundamental principles of the Company.
3. Additionally the Group has implemented internal tax strategy based on a following key principles:
  - a) Paying tax on activities in the country where they take place;
  - b) Being compliant with the letter and the spirit of the tax law, where appropriate, application tax incentives and exemptions;
  - c) Pursuing open and constructive dialogue with tax authorities.
4. According to Group's tax strategy responsible tax behaviour is an essential element of sustainability strategy. The Group supports stable, transparent and predictable tax regimes that incentivise long-term investment and economic growth. The Group pursues a tax strategy that is sustainable, explainable and transparent resulting in compliance with the applicable tax laws and regulations.
5. Besides the tax matters, the Company's mission is to take an action regarding Corporate Social Responsibility. The term Corporate Social Responsibility – CSR, relates to the strategy of management, according to which enterprises voluntarily take into account social interest, environmental aspects, or relations with various groups of stakeholders, in particular with employees. CSR includes:
  - labour practices (e.g. work conditions, social protection),
  - environmental protection measures,
  - fair operating practices (e.g. anti-corruption, fair competition),
  - consumer matters (e.g. fair marketing, consumer safety),
  - community involvement and development (social investments).
6. In its activity, the Company pays a lot of attention to the implementation of the principles of sustainable development in the perspective of improving the welfare of farm animals, limiting the use of antibiotics, implementing fully energy-efficient production and implementing the principles of circular economy. Moreover, the Company not only tries

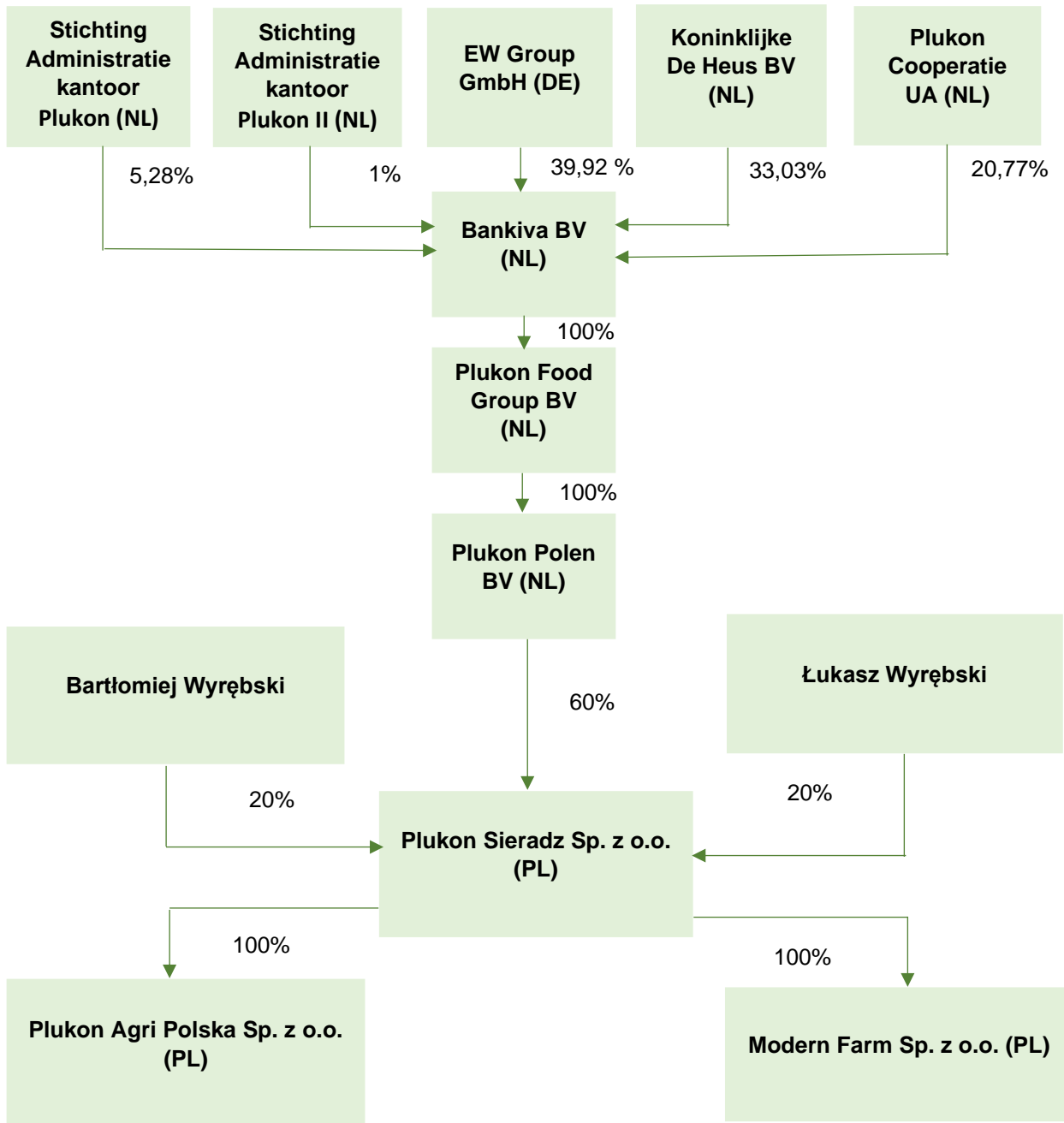
to implement these assumptions itself, but also takes measures to encourage its business partners to react actively and consciously to changing market conditions.

7. The Plukon Group has defined six areas within which implements the sustainable development policy:
  - healthy and responsible products - developing new products and concepts in line with consumer expectations, including reduction of the sugar, salt and fat in processed poultry products and prepared meals and salads,
  - food safety and transparency – active participation in scientific and sectorial research, aimed to extend the food safety in poultry products, including i.a. the reduction of the campylobacter bacteria in poultry meat production chain,
  - animal welfare - care of feed, optimal farming and animal's transport conditions, including participation in research aimed at finding solutions for animal-friendly slaughter and improvement of conditions in farm buildings,
  - animal health – as an animal health directly impacts the quality of poultry products, the Group makes efforts to ensure that broiler breeders reduce the use of antibiotics, and is also involved in research on the feed quality and effective prevention of animal diseases,
  - efficient production and logistics - the Group takes measures to improve the energy efficiency of its production facilities, increase the use of renewable energy, reduce water consumption and reduce the number of transport kilometres per kilogram of living animals,
  - employees and society – the Group tries to create a pleasant and safe working environment for its employees, as well as cares about the reduction of accidents at work by promoting a conscious performance of duties by employees and their supervisors.
8. Additionally the Company understands CSR also as the care of the internal environment: employees, their safety and working conditions. The Company's employees can count on a wide range of training courses and constant improvement of WHS conditions.
9. Employee training is an important part in the Company's activity, enabling the development of both employees and the Company itself. The trainings include personal and management skills as well as specialist knowledge, including the field of tax law.
10. The Company conducts trainings on tax law for employees of the Accounting Department and some Non-financial employees. Trainings are organized in a traditional or an online form, which increases the possibility of numerous participations in said trainings. Trainings are organized in the cases of the changes in tax regulations concerning the aspects significant from the perspective of the Company's operations. Additionally, employees of the Accounting Department supervise Non-financial employees within the scope of activities related to tax settlements.
11. The primary objective of the tax law training is to ensure that employees properly perform their professional duties associated with the tax matters – it should be noted that individual employees (including not only Accounting Department employees) are responsible for the correctness of the Company's tax settlements, within the scope entrusted to them.

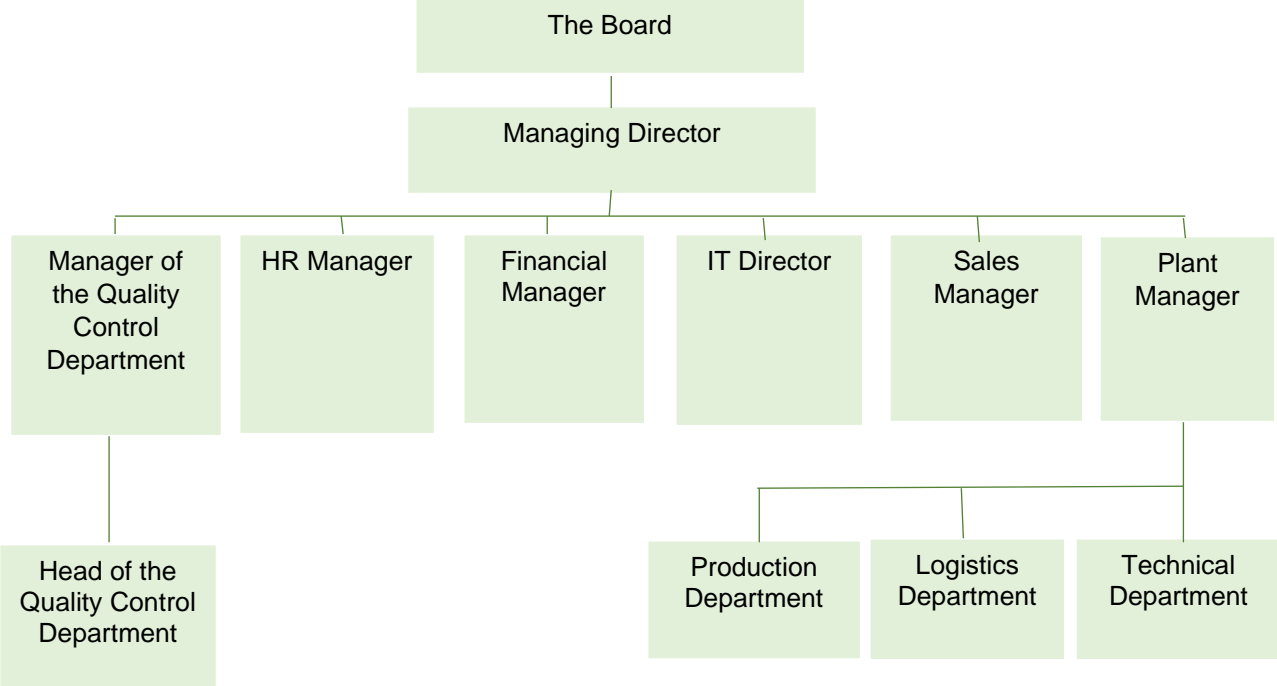


### 3. Capital structure

The main shareholder of the Company is the Dutch company Plukon Polen B.V, owning 60% of the shares. The remaining shares are held by Łukasz Wyrębski and Bartłomiej Wyrębski – both respectively own 20% of the shares. The Group’s capital structure is presented on the diagram below:



**4. Organizational structure**



### III. DECISION MAKING PATTERN

#### 1. General information

1. One of the elements ensuring correctness of tax settlements is a proper assignment of the particular tasks to those with appropriate qualifications and knowledge in a given matter.
2. Furthermore, the Company has entrusted selected individuals with particular tax activities, while ensuring the efficient control and supervision mechanism of correctness of the tax settlements.
3. The Company has also an option of entrusting some of its activities and functions to external professional entities, that ensures a proper performance of the tasks, while taking into account the key principles of business activities of the Company.

#### 2. The structure of responsibilities for particular tax activities

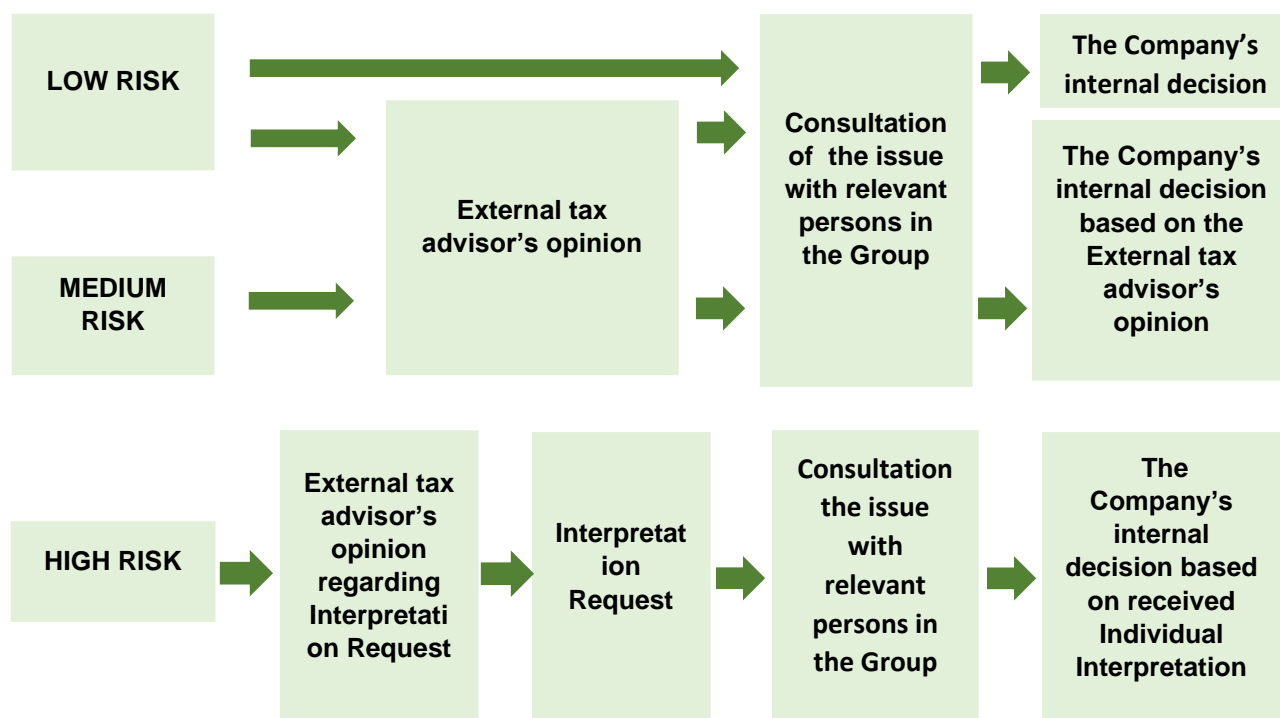
<b>Scope of duties assigned to functions performed in the Company (in terms of tax obligations / events)</b>	
<b>Member of the Board</b>	Fulfilment of the Company manager's duties regarding transfer pricing documentation.
	Appointment of a person fulfilling the payer's responsibilities, i.e. to calculate and collect taxes and punctual payment of the collected amounts to the tax authority.
	Submission of an active repentance regarding their responsibilities
	Signing Declarations submitted in a paper form
<b>Financial Manager</b>	Providing tax audits / reviews in justified cases
	Purchasing consultancy / legal representation services from the External tax advisors
	Obtaining legal opinions and their appropriate implementation and update
	Assigning persons responsible for performing functions related to tax settlements
	Supervision of Strategy's execution and monitoring of its validity
<b>Chief Accountant</b>	Formal verification of documents related to the calculation of taxes and fees, reports and statements
	Punctual submission of respective reports and declarations required by tax law to the respective authorities
	Substantive Verification of some Documents related to tax settlements
	Contact with tax authorities on behalf of the Company
	Resolving tax doubts or making decisions regarding the need for consultation with the External tax advisor
	Independent approval of undisputed expenses as tax costs and consulting the contentious issues in this regard with the Board or Financial Manager
	Obtaining External tax advisors' opinions and their proper implementation and updating
	Notifying the Board and Financial Manager about a need of application for interpretations / protective opinions / opinions on the application of the exemption /obtaining an opinion / conducting an audit / tax review

	Instructing and establishing procedures for tax settlements; verifying tax competences of employees of the Accounting Department
	Preparation of transfer pricing documentation in the cooperation with the External tax advisor
	Ensuring the proper and effective functioning of the Accounting Department in a manner enabling a proper fulfilment of the obligations arising from the responsibilities of the Chief Accountant, managing the subordinate team aimed at effective performance of the assigned duties, taking care of maintaining a hierarchy of responsibilities among the Accounting Department staff, ensuring efficient information flow, ensuring employees' and self-development, including tax knowledge, good cooperation with other departments and companies of the Group
	Preparation of the own assessment of tax uncertainties that have been raised, with due diligence in explaining the Risks and their tax consequences, as well as submitting such assessment to the Financial Manager and the Board
	Coordination of the processes of signalling tax concerns reported by employees of the Accounting Department
<b>Accountant</b>	Documents verification in terms of accounting and substantive content (if the Substantive Verification is not required to be done by other employee)
	Assignment of accounting documents
	Independent preparation of parts of tax declarations
	Resolving some of the self-identified tax uncertainties
	Giving instructions to subordinates regarding supervised tax settlements
	Reporting to the Chief Accountant any tax uncertainties
	Accounting of the purchase Documents
	Participation in tax trainings provided by the Company
	Execution of the External tax advisors' recommendations
	Participation in the process of reporting a prohibited act
	Preparation of bank transfers and posting the bank statements
	Creating ICA and ICS records
	Accounting and calculation of accruals
	Maintaining accounting records and reconciling them with the general ledger
	Preparation of financial statements (or parts thereof)
	Preparation of internal and external reports
	Preparation of registers for the purposes of VAT and JPK settlements
	Preparation of the Intrastat declarations
	Cooperation with external authorities (Revenue Offices, Central Statistical Office, National Bank of Poland)
Correspondence with polish and foreign clients	
Confirming and reconciling balances with clients	
Archive management	
<b>Non-financial employees</b>	Providing source data to documents related to billing
	Documenting transaction (issuing bills, invoices, notes)
	Conducting transactions and approving related expenses
	Participation in some tax trainings provided by the Company

## IV. TAX RISK

### 1. Introductory information

1. The Company classifies Tax Risk as follows:
  - a. **low** – there is a possibility of questioning settlements by the tax authorities on the basis of legal provisions; however, in the event of a dispute, there are strong arguments supporting the Company's position. The Tax Risk is also considered low when it relates to insignificant amounts.
  - b. **medium** – if the tax authorities identify certain matter, they may try to challenge the Company's practice; however, there are arguments to defend the Company's position. In case of a Tax Risk relates to insignificant amounts, even when arguments supporting the Company's position are not strong, the Tax Risk is still qualified as a medium level.
  - c. **high** – there is a high possibility that if tax authorities identify certain matter, there will be no real chances to defend the Company's position and the Tax Risk relates to large amounts.
2. If the Company's analysis of tax issues leads to the conclusion that a given issue bears a medium Tax Risk, then Company decides to take action based on an internal consultation and the External tax advisor's opinion. In case of high Tax Risk, the Company makes a final risk-taking decision after prior receipt of tax law regulations' individual interpretation.
3. Regardless of the procedure described above, the Company usually makes the final decision regarding the accepted Tax Risk after prior discussion of the problem and its possible consequences with appropriate persons in the Group.
4. The Company does not adopt an universal limit amount that determines the decision to take actions that carry a Tax Risk. Final risk-taking decisions depend on each single case and are assessed on a case-by-case basis following the procedure described in point 1.1 above. Decision is usually based on the degree of significance of a given economic event from the perspective of the Company's operation and the value of a potential understatement / overstatement of the tax liability.
5. In taking decisions regarding Tax Risk the Company takes special caution in regards to the following events:
  - a) Transaction does not fall within the scope of the Company's core activities, and at the same time its undertaking involves Tax Risk disproportionate to the assumed economic benefit,
  - b) Transaction with a multi-aspect structure including purchase / sale of the enterprise or its organized parts, purchase / sale of shares, restructuring,
  - c) Transactions carrying the Tax Risk of classifying them as fictitious activities aimed at evading tax laws,
  - d) Actions resulting in modification of the scope of the Company's activities and significant changes in the industry processes.
6. The Company does not apply an aggressive tax policy to reduce financial burdens. The Company may enter into a dispute with tax authorities only in cases where its position gives a significant chance for a final positive outcome.
7. The above-described decision taking rules for Tax Risk are presented in the diagram below:



8. Decision-making scheme regarding resolving the tax uncertainties is presented in the Attachment 1 of the Strategy.

## 2. Tax Risk management

1. To achieve state of full correctness of settlements the Company manages the Tax Risk mainly by:
  - a) Implementing the following Strategy and monitoring of its compliance,
  - b) Clear determining of competences and responsibilities of the persons managing the Company in the scope of the performed tax activities,
  - c) Functioning of control mechanisms that allow for internal and external analysis of all activities regarding taxes, which include making calculations, preparing declarations, statements, information, and punctual submission of the prepared documentation.
2. Areas and methods of Tax Risk managements described below may be a subject to the clarification and expansion as part of individual internal procedures of the Company, however, the assumptions presented in the Strategy constitute the minimum standard that the Company undertakes to comply with in the event of identified potential Tax Risk.
3. As part of its duties, the Accounting Department is obliged to evaluate the level of Tax Risk of a given economic event while recognizing it in the tax books. At the same time, the Accounting Department is informed about all events that affect the amount of tax liabilities, including the possibility of benefiting from various types of tax preferences and simplifications.
4. In order to properly complete the Tax Risk recognition the Company performs following actions:
  - a) Analysis each economic event in terms of consistency with the Company's business strategy and exceeding the scope of the standard activities,

- b) Analysis of the purpose and expected consequences of the given business activity,
  - c) Making decision concerning Tax Risk recognition according to the pattern described in point 1.1 above and making further actions dependently on the result of actions described in points 1.2 - 1.6 above,
  - d) Proper documentation and archiving of the analysis of a given economic event and the related tax law regulations, what is intended to facilitate effective defence of the adopted position towards the respective tax authorities.
5. In order to minimize the Tax Risk, the Company uses services of External tax advisors. The Company provides employees with a possibility of External tax advisor's services in cases of tax doubts that cannot be solved internally. In addition, Non-financial employees can report any problematic issues or consult the correctness of their performance with the employees of the Accounting Department. The Chief Accountant is responsible for the identification of the Tax Risk and the degree of its significance (low/medium/high).
6. As a part of the Tax Risk management, the Company may use the following institutions:
  - individual interpretation of tax law provisions,
  - binding rate information,
  - binding excise information,
  - decision to issue a protective opinion,
  - opinion on the application of the withholding tax exemption,
  - advance pricing agreement (APA).
7. The Company shall submit an Interpretation Request mainly when the planned activity could involve tax consequences that will raise uncertainties that cannot be resolved on the basis of the analysis of the regulations and the position of authorities and courts. The Company may also submit an Interpretation Request in case of an amendment to the tax law provisions concerning the Company's activity.
8. Interpretation Request based on state of fact or forthcoming occurrence, presented in detail by the Company, is prepared internally by Accounting Department or by the External tax advisor. Final form of the Interpretation Request is accepted by the Chief Accountant or the Financial Manager. Interpretation Request is submitted by a body authorized to represent the Company or by the External tax advisor, upon the granting an appropriate power of attorney. If the tax authority determines that the Company's position is incorrect, the Company analyses the merits of contestation of the interpretation to the administrative court.
9. When making tax settlements, the Company takes into account the judicial decisions of administrative courts, Court of Justice of the European Union and general tax interpretations.
10. The Company also supports qualifications of the employees of the Accounting Department by providing trainings in tax law, which are organized in accordance with the needs resulting from constantly changing law regulations. These trainings are organized in forms that enable the widest possible participation of employees involved in activities related to tax settlements.
11. To minimize the Tax Risk the Company cooperates with Krajowa Administracja Skarbowa (National Revenue Administration) and tries to omit disputes. The Company does not exclude a potential dispute with tax authorities when the tax settlements

questioned by the tax authorities are correct or the Company has obtained information from other reliable sources confirming the correctness of the settlements made.

12. The Company concludes transactions with related parties on an arm's length basis. The Company prepares transfer pricing documentation, submits the TPR form and CBC-P notification.
13. There are no transactions in the Company with a related entity registered in a country or territory that applies harmful tax competition, as defined in the regulation of the Minister of Finance on the determination of countries and territories applying harmful tax competition in the field of corporate income tax (so-called tax havens).
14. Within its operation scope, the Company may potentially conduct transactions with entities based in tax havens. The Company emphasizes that any such transaction will be dictated solely by business matters - tax issues will not be a decisive factor in establishing cooperation.
15. The Company does not undertake artificial activities, which main or one of the main purpose is to achieve a tax advantage, which in the given circumstances is in contradiction with the object or purpose of the regulations of a given tax act.
16. While applying regulations of the tax law the Company operates only within the limits prescribed by the law. As an example of actions taken by the Company within the law and at the same time resulting in simplification of its tax settlements, the settlement of tax losses from previous years should be indicated.

### **3. Governing body's level of involvement**

Within the scope of performing tax activities, Members of the Board are mainly responsible for submitting transfer pricing declarations, signing tax declarations submitted in a written form and appointing a person authorized to perform the duties of the payer. Whereas, decisions regarding tax settlements are made primarily by the Financial Manager, who additionally consults with the Chief Accountant.



## V. GENERAL TAX SETTLEMENT PROCEDURE

### 1. Accounting Department Functioning

**Parties involved:** Chief Accountant, other employees of the Accounting Department

**Procedure:**

- The tasks of the Chief Accountant as the head of the Accounting Department include primarily:
  - Ensuring the proper and effective functioning of the Accounting Department in a way which enables proper fulfilment of the obligations arising from the responsibilities of the Chief Accountant,
  - resolving emerging tax uncertainties in formal and substantive terms,
  - applying to an External tax advisor for legal opinions, preparation of the transfer pricing documentation and supervising of its implementation, updating and archiving,
  - managing the subordinated team in order to effectively perform the assigned duties, including establishing appropriate procedures for tax settlements,
  - maintaining the hierarchy of duties of individuals in the Accounting Department,
  - ensuring the efficient information flow,
  - ensuring the employees' self-development and a good cooperation with other departments.
- tasks of the other employees of the Accounting Department:
  - executing the instructions of the Chief Accountant,
  - carrying out the ongoing activities related to tax settlements within the scope of assigned responsibility,
  - notifying the Chief Accountant or other direct supervisor, about any irregularities or emerging uncertainties concerning the tax settlements,
  - applying to the competent authorities for issuing the necessary documents, including certificates of non-arrears in tax payments and certificates of residence,
  - determining with Non-financial employees the detailed circumstances of the facts, which may affect the Company's tax settlements.
  - proper documentation of the transactions and supervision over the correct archiving of documentation,

## **2. Preparation of Declarations**

**Parties involved:** Chief Accountant, Accountant

**Procedure:**

- The Accountant is obligated to a partly independent preparation of tax Declarations.
- Accountant executes Substantive Verification of the correctness of the data included in the prepared Document - to an extent that the responsibility regarding the correctness of the data has not been entrusted to someone else.
- Accountant reports all legal or factual uncertainties associated with the Declaration,
- Chief Accountant executes the Formal Verification, and in problematic cases, shall also carry out substantive verification,
- Chief Accountant signs and sends the Complete Document in an electronic form within the scope of the power of attorney granted,
- The remaining Declarations are signed by the Members of the Board.

## **3. Issuance of sales invoice**

**Parties involved:** Chief Accountant, other employees of the Accounting Department, Non-financial employees

**Procedure:**

- Non-financial employees, especially employees of the invoicing department, are primarily authorised to issue invoice documenting the sales. They are responsible for correctness of the data included in the issued invoices.
- Invoices are posted automatically. Employees of the Accounting Department carry out Substantive Verification of the correctness of the issuance of invoices related only to foreign sales or non-standard invoices (i.e. not related to the sale of final products). The verification includes, for example, the date of its receipt, date of service, fulfilment of obligations related to the split payment mechanism, verification of the contractor's tax identification number and checking whether the contractor is on the 'white list' of VAT taxpayers.
- Correction invoices and notes are issued by the Non-financial employees who were responsible for the issuance of the invoice (mainly employees of the invoicing department).
- The correction invoices are subjected to control by the employee of the Accounting Department, including the proper determination of the date of the correction's recognition.

## **4. Purchases accounting**

**Parties involved:** Chief Accountant, other employees of the Accounting Department, Financial Manager, Non-financial employees, Member of the Board

**Procedure:**

- In case of any discrepancies between the documented purchase and the invoice, explanatory activities are carried out by Non-financial employees.
- Payments for purchases are done by the designated employees of the Accounting Department after prior approval of a said expense by designated persons, in accordance with the expenditure approval procedure adopted in the Company.
- In the case of goods and materials subjected to warehouse management, the invoice specifies the number of the external receipt on the basis of which said product was accepted to the warehouse.
- The Company has an internal expenditure approval procedure . According to the procedure all expenses must be approved by designated persons (the maximum spending limit is set individually for each authorized person). Moreover, the procedure requires the conclusion of an agreement for each regular expenditure exceeding PLN 10,000.00.
- In accordance with the Company's transfer procedure, transfers are made only by authorized employees of the Accounting Department, after prior approval of a given transfer by the Financial Manager or the Chief Accountant and one of the Members of the Board.

## **5. Warehouse Management**

**Parties involved:** Chief Accountant, Financial Manager, Member of the Board

**Procedure:**

- In warehouses with full quantity and value management, the inventory is performed once a year, and if necessary, the Company performs inventory on a monthly basis.
- In the case of inventories that are directly recognized as costs, the inventory takes place at the end of each reporting period to the Plukon Group (currently thirteen reporting periods have been designated), and at the end of each calendar month in the case of paying CIT advances in a form other than simplified.
- Technical records are done by the warehouse employees. Based on the prepared protocol, the president of the inventory commission approves the occurrence of a surplus / shortage of the warehouse and determines the tax consequences, which are later approved by the Chief Accountant, Financial Manager and Member of the Board.

## **6. Personal Income Tax Settlement**

**Parties involved:** HR manager, employees of the HR Department, Non-financial employee

**Procedure:**

- HR manager is responsible for making all settlements with employees and for collecting, processing and ongoing verification of information regarding matters associated with the employment.
- On the basis of systematically collected data, a designated employee of the HR Department prepares a supplementary statements, which include the information necessary to calculate the amount of remuneration, bonuses, and other benefits on the basis of internal regulations or provisions of law, including e.g. for overtime work, and then

prepares the relevant settlement documents. Manager HR approves those required documents prepared by the designated employee of the HR Department

- Non-financial employee, reported to the relevant Tax Office is responsible for fulfilling the payer's duties with regard to a personal income tax. The tax is paid on time by a designated employee of the Accounting Department based on information received from employees of the HR Department.
- Non-financial employee is responsible for correctness of data included in settlements, declarations, for the accuracy of the tax collected and paid, and for the timeliness of the tax payment.
- Documentation related to the employment, remuneration and the fulfilment of payer's duties, is processed and archived by a designated employee of the HR Department.

## **7. Resolving tax uncertainties**

**Parties involved:** Chief Accountant, other employees of the Accounting Department, Financial Manager, Non-financial employees

### **Procedure:**

- Accounting Department employees and Non-financial employees in case of a uncertainty as to the tax qualification of a given matter communicate such doubts to the Chief Accountant.
- The Chief Accountant executes initial merit-based evaluation of the uncertainties presented or made.
- On the basis of the presented facts, the Chief Accountant presents their own position, indicating potential Tax Risk or uncertainties related to it. The Chief Accountant submits opinion with a possible recommendation to the Financial Manager.
- In cases where the Chief Accountant is unable to resolve the tax uncertainties, it can be consulted with the External tax advisor.
- Ultimately, the Financial Manager, after obtaining recommendations of the Chief Accountant or the External tax advisor, decides on the neutralization of Tax Risk. In some cases, the final decision is made after consultation with the appropriate persons in the Plukon Group.
- Financial Manager informs the Chief Accountant and the Group's Tax Manager about the decision made.

## **8. Resolving the issue of tax costs / deduction of input tax**

**Parties involved:** Chief Accountant, other employees of the Accounting Department, Financial Manager

### **Procedure:**

- The Chief Accountant makes an independent decision concerning tax qualification of expenses only if the qualification is not questionable.

- In other cases, the Chief Accountant prepares own opinion and submits it to the Financial Manager.
- In complicated cases, the Chief Accountant may consult the External tax advisor to determine the correct solution.
- Financial Manager having considered the Chief Accountant's opinion, makes decision concerning tax qualification of the expense.
- Financial Manager may consult with the External tax advisor (if no such consultation has been carried out).
- Financial Manager informs the Chief Accountant about the decision made.

## 9. Cooperation with the External tax advisors

**Parties involved:** Chief Accountant, other employees of the Accounting Department, Financial Manager

### **Procedure:**

- Employees of the Accounting Department notify the Chief Accountant about the need to consult with External tax advisors, for example in the following areas: requesting an interpretation / securing opinion / opinion on the application of the exemption, obtaining an opinion on the consequences of a planned transaction and recommendations on how to conduct it, conducting an audit / review, representation in administrative or court-administrative proceedings, support during inspections or verification activities. Chief Accountant after obtaining said information from the Accounting Department, shall forward such information to the Financial Manager.
- The Chief Accountant based on the information obtained, decides whether it is necessary to consult the External tax advisors. While notifying the Financial Manager, the Chief Accountant can also state their opinion regarding a given matter.
- In the case of cooperation with the External tax advisor as part of the implementation of a given project, usually the final result of their work should be an opinion or a report prepared in accordance with the following principles:
  - Before the proceeding with the assignment, the Company presents the state of facts as accurately as possible; usually for this purpose a meeting or teleconference is organized with the participation of the Financial Manager or the Chief Accountant.
  - The final scope of the opinion is determined by the Company and the External tax advisor. The External tax advisor is obliged to address in the opinion, any problematic matters signaled by the Company.
  - An opinion or report may be additionally discussed during a dedicated meeting with the External tax advisor, attended by the Financial Manager or the Chief Accountant
- The project should be implemented in accordance with the opinion prepared by the External tax advisor. The Chief Accountant or Financial Manager may develop a detailed plan regarding the further action, entrusting the execution of its points to individual employees of the Accounting Department.
- The Chief Accountant manages the archiving process of the obtained advisory.

- If the Chief Accountant decides that it is not necessary to receive advice from the External tax advisors, Chief Accountant, together with the reporting employee of the Accounting Department, develops a substantive solution on their own.
- The Chief Accountant and the Financial Manager can also independently undertake actions to cooperate with the External tax advisors, including in particular representation of the Company in administrative and court-administrative proceedings.

## **10. Withholding tax**

**Parties involved:** Chief Accountant, Accountant

### **Procedure:**

- The Accountant, supervised by the Chief Accountant, is responsible for making payments to foreign contractors. Before making the payment, the Accountant verifies whether the conditions for applying the reduced rate, or the withholding tax exemption are met.
- The Company conducts due diligence procedures by providing contractors with a dedicated form that allows them to obtain detailed information regarding the contractor. Additionally, the Company obtains residence certificates.
- The Accountant is responsible for contacting the foreign contractors and obtaining a tax residence certificate.
- In the case of inability to obtain a tax residence certificate or failure of meeting other conditions for the application of a reduced tax rate or withholding tax exemption, the Company:
  - grosses up the contractor's remuneration, i.e. it bears the economic burden of the withholding tax, or
  - collects the withholding tax from the contractor's remuneration and pays the contractor remuneration reduced by the tax.
- Decision concerning withholding tax settlements methods are made by the Chief Accountant.

## **11. Fulfilment of obligations resulting from transfer pricing regulations**

**Parties involved:** Chief Accountant, Accountant, Board

### **Procedure:**

- The Company concludes transactions with related parties on an arm's length basis.
- The Chief Accountant is responsible for preparing transfer pricing documentation in cooperation with an External tax advisor. In transactions with related parties, the Company determines transfer prices on the basis of an analysis of comparative data prepared by the External tax advisor.
- The Board fulfils duties of entity management in the context of transfer pricing documentation.

- The Board submits to the appropriate Tax Office a statement regarding the preparation of local transfer pricing documentation within the statutory period.
- Chief Accountant is responsible for the submission of TPR form, as well as updating and archiving entire documentation related to transfer pricing regulation obligations.
- If the Company is requested by the tax authority to submit the prepared transfer pricing documentation, the Board submits the documentation within the statutory period.

## **12. Mandatory Disclosure Rule (MDR)**

**Parties involved:** Chief Accountant, Accountant, Financial Manager, Board

### **Procedure:**

- The internal procedure for counteracting the failure to convey information on tax schemes, which was prepared by the External tax advisor, was implemented in virtue of a resolution of the Board.
- Financial Manager or Chief Accountant carry out an ongoing verification whether activities performed do not meet tax schemes requirements.
- In case of uncertainties whether said activity can be considered as a tax scheme, Chief Accountant may consult given uncertainty with the External tax advisor.
- In case of activity being qualified as a tax scheme, the Company files a tax scheme notification.

## **13. Monitoring the Tax regulation amendments**

**Parties involved:** Accounting Department

### **Procedure:**

- Employees of the Accounting Department actively monitor changes in tax law within the scope of their competences. The Chief Accountant continuously controls any amendments that can be significant from the perspective of the Company's activity.
- Monitoring the changes in regulations, as well as the line of interpretation of tax authorities or judicature, is carried out, through a regular review of tax portals and press dedicated to tax issues, studying the latest decisions of authorities or judgments concerning aspects essential from the perspective of the Company's activity.
- Any relevant information regarding changes is immediately communicated to the Accounting Department and to the Non-financial employees responsible for activities partially associated with tax settlements. In justified cases, the Company may organize a training on the introduced changes.
- The Company takes under consideration the amendments of the regulations, interpretation lines of the authorities and judicature in its day-to-day operations. If the changes are unambiguous, the Chief Accountant updates the adopted model of procedure accordingly.

- If the identified changes are ambiguous or require a significant organizational effort to implement them properly, the Company may use the assistance of the External tax advisor. In this regard, the Company may take the following measures:
  - Request an Interpretation in order to decide whether the amendment should be applied to the Company's business,
  - Conduct an in-depth analysis of amendments, including an assessment of its impact.
  - Entrust part of the imposed obligations to the professional entity specialized in given topic/matter/subject, if the regulation allows such possibility.

#### **14. Participation in tax proceedings / tax control**

**Parties involved:** Accounting Department, HR Department, Financial Manager, External tax advisor

**Procedure:**

- The obligations arising from the verification activities are performed through the contact of the Chief Accountant and the Financial Manager with tax authorities. Responsibilities related to the settlements of personal income tax are performed by HR Department contacting the appropriate administrative authorities.
- Any notice regarding initiation of tax proceedings, taken investigation or tax control, is immediately communicated to the Chief Accountant and to the Financial Manager.
- During the tax control, the Company is represented by the Financial Manager or the Chief Accountant. In case of actions requiring a special power of attorney, such power of attorney shall be issued without undue delay. This procedure is applied accordingly to HR Department in case of the control of activities within their area of responsibility.
- During the tax control all employees involved are required to cooperate with tax authorities accordingly to the applicable law regulations. During the control the Company shall comply with the following rules:
  - where possible, all clarifications and information should be provided to the authorities in a writing or on a durable media,
  - conveyed information with a confirmation of its handover should be properly archived,
  - the final form of the information submitted to the authorities should be consulted with the Chief Accountant or the Financial Manager,
  - explanations are submitted within a scheduled date and if the deadline cannot be met, the Company applies for an extension of a said period.
- During the tax proceeding, the Company may use the support of the External tax advisor, including authorization to represent the Company. Cooperation with the External tax advisor should be carried out in accordance with the appropriately applied principles set out in section 9 above.



- During the control, authorized person to represent the Company monitors the status of the proceeding and performs all necessary actions appearing in the course of the it, including the right to review files and make copies.
- Depending on the final course and results of the tax proceeding, the Company makes decisions (internally or after consultation with an External tax advisor), regarding further proceedings, including decisions on payment of tax arrears, correction of submitted Declarations, presentation of the Company's position on the inspection or submission of objections to the inspection report.

## 15. Handling the Breach Information

**Parties involved:** Accounting Department, Non-financial employees, Financial Manager.

### **Procedure:**

- Each of the Company's employees has a possibility of providing the Breach Information in an anonymous manner. The person responsible for collecting and further processing of Breach Information regarding legal and Tax Risks is the Chief Accountant.
- Beyond an anonymous reporting procedure, employees are authorized and obliged to report uncertainties concerning legal and Tax Risk to the Chief Accountant directly or to the direct supervisor.

### Information not directly related to the Chief Accountant

- The person responsible for the subject of the Breach Information, submits written explanations to the Chief Accountant.
- The Chief Accountant submits Breach Information to the Financial Manager.
- Financial Manager decides on further actions aimed at neutralizing the Tax Risk (e.g. consulting an External tax advisor, consulting the issue of the Breach within the Company's internal consultations).
- In case of Breach confirmation the Chief Accountant coordinates the submission of active repentance by a person responsible for the Breach.

### Information directly related to the Chief Accountant

- In case when the Breach Information directly relates to the Chief Accountant, said information is conveyed directly to the Financial Manager.
- If the Breach is confirmed, the Chief Accountant is obligated to submit an active repentance.

## 16. Document archiving

**Parties involved:** Accounting Department

### **Procedure:**

- Designated employees of the Accounting Department are responsible for an outgoing archiving of the Company's tax documentation.

- All documents, including tax declarations, information submitted to authorities, opinions and reports received from External tax advisors, transfer pricing documentation, obtained individual interpretations and judgments of administrative courts, concluded contracts, as well as source documents being the basis for the tax settlements (notes, invoices or other documents) are stored on the Company's internal drive.
- Documents received in a paper version are stored in binders labelled for easy identification, and additionally selected documents (e.g. contracts) are also scanned and placed electronically on the internal drive.
- The Company limits access to the internal drive that stores documentation associated with tax settlements, only allowing it to be used by the persons designated to archive documents and those responsible for managing the Company's business.
- The Company stores tax documentation at least for 5 years, calculated since the year in which the tax payment deadline expires, but never shorter than the applicable limitation period in a given case.

## VI. TAX DECLARATIONS

Company submits following tax declarations:

- **CIT-8** – statement on the amount of income earned (loss incurred) by a corporate income tax payer (concerning procedure in Chapter V, point 2 '*Preparation of Declaration*')
- **CIT-8/O** – information on deductions from income and tax, and on tax-free and tax-exempt income (concerning procedure in Chapter V, point 2 '*Preparation of Declaration*')
- **CIT-10Z** – declaration on the amount of the flat-rate corporate income tax collected by the payer regarding the income (revenue) earned by taxpayers who do not have their registered office or management in the territory of the Republic of Poland. (concerning procedure in Chapter V, point 2 '*Preparation of Declaration*')
- **IFT-2/IFT-2R** - information on the amount of income (revenue) obtained by corporate income taxpayers without a registered office or management in the territory of the Republic of Poland (concerning procedure in Chapter V, point 10 '*Withholding tax*')
- **CIT-TP** – simplified report (concerning procedure in Chapter V, point 11 '*Fulfilment of obligations resulting from transfer pricing regulations*')
- **JPK\_V7M** (concerning procedure in Chapter V, point 3 '*Issuance of sales invoice*')
- **VAT-7** – value-added tax declaration (concerning procedure in Chapter V, point 3 '*Issuance of sales invoice*')
- **VAT-UE** – summary information on intra-community transactions (concerning procedure in Chapter V, point 3 '*Issuance of sales invoice*')
- **VAT-UEK** – Correction of the summary information on intra-community transactions (concerning procedure in Chapter V, point 3 '*Issuance of sales invoice*')
- **TPR** – transfer pricing report (concerning procedure in Chapter V, point 11 '*Fulfilment of obligations resulting from transfer pricing regulations*')
- **CBC-P** – notification regarding the obligation to provide information on a group of entities (concerning procedure in Chapter V, point 2 '*Preparation of Declaration*')
- **PIT-4R** – annual declaration on collected advance income tax payments (concerning procedure in Chapter V, point 6 '*Personal Income Tax Settlement*')
- **PIT-11** – information about income and collected advance payments for income tax (concerning procedure in Chapter V, point 6 '*Personal Income Tax Settlement*')
- **PCC-3** - declaration on tax regarding the civil law actions (concerning procedure in Chapter V, point 2 '*Preparation of Declaration*')
- **DN-1** – property tax declaration (concerning procedure in Chapter V, point 2 '*Preparation of Declaration*')

- **ORD-U** - Information on contracts concluded with non-residents – valid as of July 1, 2008. (concerning procedure in Chapter V, point 2 '*Preparation of Declaration*')

## **VII. FINAL PROVISIONS**

1. The Strategy is adopted by resolution of the Board of the Company.
2. Any amendment to this document requires a resolution of the Board of the Company.
3. The Strategy takes effect as of the date of the resolution of the Board.

**Attachment 1 – Decision-making scheme**

