



Information about the implementation of Albis Polska Spółka z ograniczoną’s tax strategy for 2023

Introduction

This document presents information about the implementation of a tax strategy (hereinafter: “**Information**”) of Albis Polska Spółka z ograniczoną odpowiedzialnością with its registered office at ul. Marcelińska 90, 60-324 Poznań, entered into the Register of Entrepreneurs under the National Court Register (KRS) no. 0000148734, tax code (NIP): 7811548764 and business registration ID (REGON): 631011653 (hereinafter: “**Albis**”, “**Company**”). The Company is obligated to draw up and publish the Information pursuant to art. 27c of the Corporate Income Tax Act dated 15 February 1992 (hereinafter: the “**CIT Act**”) due to fulfilling conditions referred to in art. 27b.2.(2) of the CIT Act.

The information was prepared and published pursuant to the said regulation and taking into account guidelines issued by the National Fiscal Administration concerning the Guidelines on Tax Control Framework (version 2.0 June 2020), in the part in which the contents of those Guidelines allow to identify and describe mechanisms of the Company allowing to properly execute its tax function.

The Information pertains to a tax year from 1 January 2023 to 31 December 2023 (hereinafter: the “**tax year 2023**”).

The Company is a member of the ALBIS PLASTIC Group which, in turn, is a member of the OTTO KRAHN GROUP (hereinafter the Group: the Group). The Company operates as a distributor of thermoplastics on the Polish market. The Company has its own distribution network. The Company’s objects of business activity are:

- a. retail and wholesale trade in thermoplastics and duroplasts in the form of standard and non-standard goods
- b. retail and wholesale trade in paints (liquid and solid)
- c. retail and wholesale trade in other goods
- d. trade agencies
- e. trade in chemicals
- f. trade in auxiliary agents and additives for the plastics processing industry.

Moreover, the Company is also engaged in the distribution of plastics manufactured by non-members of the OTTO KRAHN GROUP.

1. Processes, procedures and voluntary forms of co-operation with tax authorities

1.1. Information about the Company’s processes and procedures regarding the management of the performance of obligations resulting from the tax law and ensuring proper performance thereof

In the 2023 tax year the Company implemented any and all required processes and procedures pertaining to the management of the performance of obligations under the tax law and ensuring their proper performance.

In the 2023 tax year the Company implemented the Group's tax strategy. The Group members undertake to observe values of the Group as well as local laws and rules of conduct worldwide. The summary of standard procedures in tax areas and the description of the Group's values are presented in the OTTO KRAHN GROUP's document entitled "Group Tax Policy" approved by the Management Board of OTTO KRAHN GROUP in 2017. The purpose of the document is to support employees who have any contact with the tax area in all locations and in all business units of the Group in the process of applying those values and rules in their work place.

The Group's major rules include:

- a. tax compliance and reporting rules, namely:
 - compliance with the applicable law and regulations – the Group is obligated to comply with the applicable tax legislation and legal requirements in all jurisdictions where the Group members operate and
 - the implementation and maintenance of processes ensuring compliance with tax legislation - the Group has been improving the existing processes and implementing new ones to eliminate errors in matters related to tax settlements.
- b. Tax planning rules:
 - "Tax follows business" - the Group does not engage in artificial tax planning in order to exploit loopholes to reduce tax rates. The Group will only take advantage of tax credits implemented by the law as incentives for taxpayers to take specific actions or to encourage certain behaviors (e.g. special depreciation rates, special research and development deductions etc.),
 - structures in which the Group members participate are determined by business or legal needs rather than tax planning - business and legal restructuring measures are always conditional upon business or legal needs, tax planning should only be applied for the purpose of preventing undesirable consequences such as, among other things, double taxation and mitigating uncertainties, if any, in the area of taxes or other fees.
- c. Risk management, including but not limited to the following rules:
 - detected errors are disclosed to tax authorities and corrected,
 - tax departments of the Group's members do not treat the likelihood of detecting errors, if any, by tax authorities as a reasonable criterion for the assessment of a given tax risk - risk assessments are made based on the assumption that said information has been fully disclosed to the tax authorities.
- d. Relationships with tax authorities:
 - collaborative - the Group aims at open, transparent and collaborative relationship with the tax authorities around the world,
 - the Group takes efforts to explain specific issues with tax authorities early in due time, however, not to take advantage of those explanations for the purpose of aggressive tax planning or deviation from general application of tax rules and regulations.

In the area of a uniform control file (JPK) and VAT the Company allocates work to its employees to handle tasks related to data verification.

In the area of CIT, each CIT return is verified by independent tax advisors.

In the area of PIT, PIT returns are prepared by an outsourcer.

General provisions of the Company's tax strategy were also described in the document entitled "Tax strategy".

The Company has also implemented procedures for the management of the performance of duties under the tax law and ensuring proper performance thereof. Exemplary documents:

- a. OTTO KRAHN GROUP Group Tax Policy - the summary of standard procedures in tax areas and the description of the Group's values.
- b. Proces ZIM_START _ dostawy na magazyn [deliveries to the warehouse] - the process of accepting purchase invoices in the accounting system (Electronic transfer of documents).
- c. WW-PR-0016 Personnel Qualification and Motivation - the procedure provides for the identification of needs for training required to perform activities related to quality, conduct training and assess training in all parts of the enterprise; moreover the procedure describes any and all activities aimed at motivating the personnel and increasing awareness.
- d. MDR - the procedure to prevent failure to provide information on tax schemes.
- e. WHT - the procedure of due diligence with regard to withholding tax.
- f. The invoice circulation procedure.
- g. Other:
 - business travel regulations,
 - a group management responsibilities matrix,
 - internal allocation of work
 - a procedure to combat payment gridlock.

The procedures are reviewed internally to exercise due care and are reported at the discussion stage. The Company aims to implement a process for the review of the procedures by external advisors. In 2023 the procedures and other documents (contracts, instructions etc.) were kept in the Company's document repository at a location available to all employees. All new hires were obligated to read relevant documents. Said procedures are in principle revised in the event of any change of the laws and the emergence of new risks. The Company staff were advised about the applicable procedures, including their revisions as well as trained therein (in particular, the newly hired staff). Upon hire each employee was provided by their direct supervisor with the Introduction training and a job-position training plan.

Moreover, to properly perform its tax duties in 2023 the Company relied on tax legislation training (CIT/VAT) addressed at employees engaged in tax settlements and kept track of tax law changes.

In 2022 the Company relied on the services of the Bank to verify its account on the list of entities registered for VAT (the White List). The Company staff also performed a number of verifications, *inter alia*, including the verification of:

- a. payments in terms of the Split Payment Mechanism,
- b. collected transaction documentation, including in terms of its compliance with facts,
- c. contractors, in particular, new contractors,
- d. correctness and timeliness of the submission of tax returns and making tax payments,
- e. bank account balances and internal filing of information about bank account balances,
- f. issues related to combating payment gridlocks (a report is generated every week in accordance with internal Company arrangements),
- g. reconciliations in terms of meeting the criteria of deeming them as a tax scheme.

1.2. Information about voluntary forms of co-operation with the National Fiscal Administration authorities applied by the taxpayer

In the 2023 tax year and as at the day of the publication of this Information the Company was not a party to a co-operation agreement referred to in art. 20s of the Tax Ordinance.

As part of ongoing contacts with tax authorities the Company's aim is to act diligently in such contacts, in particular by engaging parties familiar with the specific nature of the Company as a taxpayer. Pursuant to the OTTO KRAHN GROUP *Tax Policy* the Company is open to co-operation with the National Fiscal Administration authorities. Contact with tax authorities is maintained, in particular, by e-mail, by phone and via ePuap platform (a special electronic inbox was launched).

The Company's Managing Director and two employees of Krahn Chemie Polska Sp z o.o. have been authorized to contact the tax office. They were registered with the First Mazovian Tax Office as appointed contact persons. Contact with the fiscal authorities is in each case preceded by verification. In case of doubts regarding the interpretation of tax legislation the Company attempts at resolving them through appropriate communication with the National Fiscal Administration authorities, for example:

- a. to determine a correct VAT rate or other events related to the classification of goods/service the Company applies for a binding rate information referred to in art. 42a of the Goods and Services Tax Act dated 11 March 2004 (hereinafter: the VAT Act),
- b. to resolve other queries regarding the interpretation of tax legislation the Company applies for an individual tax ruling referred to in art. 14b of Tax Ordinance dated 29 August 1997 (hereinafter: the Tax Ordinance).

2. Information about the performance of tax duties by the taxpayer within the territory of the Republic of Poland including the information about the number of tax schemes reports referred to in art. 86a §1.10 of the Tax Ordinance by taxes to which they pertain, as submitted to the National Fiscal Administration

2.1. Introduction

In the 2023 tax year the Company was:

- a taxpayer of the corporate income tax (hereinafter also: CIT),
- a taxpayer of the personal income tax (hereinafter also: PIT),
- a taxpayer of the goods and services tax (hereinafter also: VAT).

The Company has placed particular emphasis on the reliability, correctness, transparency and timeliness of its tax payments. The performance of public law obligations and the necessity of paying related amounts due to the State Treasury are treated by the Company as an obligation that results from operations conducted within the territory of the Republic of Poland, in particular, as a due repayment of a portion of profits to the society in which the Company has been operating and using its resources.

The Company does not apply any methods of aggressive tax optimization in any area of taxation. Maximizing compliance with the law and minimizing the risk of a dispute with tax authorities are overriding principles underlying the performance of tax obligations by the Company.

In case of any doubts the Company also relies on the support of professional tax advisors. The Company also works together with third-party law firms supporting the Company in legal matters.

In the tax year to which this Information about the tax strategy pertains the Company made payments to foreign contractors. Such payments were in particular related to management services, bank guarantees, sales process support services as well as purchases of goods. In the 2023 tax year

the Company did not charge any withholding tax (WHT), however, it was obligated to prepare transfer price documentation. The Company fulfilled the obligation timely.

In the tax year to which the Information pertains the Company did not benefit from:

- a) a corporate income tax exemption based on a permit to operate in a special economic zone or a support decision,
- b) lump-sum taxation of incomes from capital companies (the “Estonian” CIT),
- c) preferential taxation of income from qualified intellectual property rights (5%; the so-called IP Box),
- d) the deduction of tax deductible costs against a tax base that were incurred towards the Research and Development Activities (the so-called R&D tax credit).

2.2. Corporate income tax

The Company is a tax resident in Poland and is liable to pay taxes on its entire income, regardless of where it has been earned. The First Mazovian Tax Office in Warsaw is the competent tax office of the Company.

In the 2023 tax year the Company filed its CIT-8 return with the amount of its income on a timely basis showing that there is a tax overpayment. The Company is the taxpayer referred to in art. 27b of the CIT Act, hence the information about the details of its return are disclosed and published in the Public Information Newsletter.

Each CIT calculation is verified by two Company employees and a tax advisor.

In the 2023 tax year the Company:

- did not exclude costs from tax deductible costs pursuant to art. 15c of the CIT Act,
- deducted hypothetical interest pursuant to art. 15cb of the CIT Act,
- did not deduct tax deductible costs incurred towards research and development from the tax base,
- did not operate in a special economic zone based on a permit or a decision to grant support,
- was not liable to pay the tax referred to in art. 24b of the CIT Act,
- did not earn any income from the sale of virtual currencies,
- did not earn any income from qualified intellectual property rights,
- did not earn any income from a foreign controlled corporation (CFC),
- did not earn any income from unrealized gains,
- did not settle claims pursuant to art. 18f of the CIT Act or liabilities that result from art. 4.1a of the Counteracting Excessive Delays in Commercial Transactions Act dated 8 March 2013,
- paid advance payments in a simplified form pursuant to art. 25.6-6b of the CIT Act,
- was not obligated to file CIT-ST.

2.3. Personal income tax

The Company pays monthly advances towards personal income tax with its payroll being handled by a professional HR and payroll outsourcing company.

2.4. Goods and Services Tax

The Company is an active VAT taxpayer and submits JPK-V7M files on a monthly basis. In the majority of tax periods the Company shows the surplus of output VAT over input VAT.

2.5. Issues related to tax scheme reporting (MDR)

The Company monitors the existence of tax schemes and in case such obligation arises, it reports the arrangements using relevant forms. In the 2023 tax year the Company did not file information about tax schemes with the Head of the National Fiscal Administration as referred to in art. 86a § 1.10 of the Tax Ordinance because no such obligation has arisen.

3. Transactions with third parties and restructuring activities

3.1. Information about transactions with related parties within the meaning of art. 11a.1.4 of the CIT Act the amount of which exceeds 5% of a balance sheet total of assets within the meaning of the Accounting Act , determined on the basis of the last financial statements approved, including non-tax residents of the Republic of Poland

In 2023 the Company made transactions with third parties the value of which exceeded 5% of the balance sheet total of assets within the meaning of the Accounting Act. Those transactions involved the purchases of goods from Albis Benelux B.V., Albis Plastique France S.A.R.L., Albis Nordics&Baltics AB, Albis Plastic KFT, ALBIS PLASTIC S.R.L., ALBIS (U.K.) LTD, ALBIS IMPEX AG, Albis Iberia S.A., Albis Plastic CR r.s.o., Albis Plastic Italia S.R.L, WIPAG Süd GmbH, WIPAG Nord GmbH, ALBIS Distribution GmbH & Co. KG, ALBIS Plastic Vertriebs.

Moreover, the Company was provided with a guarantee from OTTO KRAHN Group GmbH and granted a loan to OTTO KRAHN Group GmbH.

The exact amount of the said transaction is a trade and business secret (it can be referred to a transaction, hence prices which have been negotiated can be determined), therefore it is not subject to disclosure as part of the information about the implemented Tax Strategy.

3.2. Information about restructuring activities planned or taken by the taxpayer that may affect the amounts of tax liabilities of the taxpayer or related parties within the meaning of art. 11a.1.4 of the CIT Act

In the 2023 tax year the Company did not plan and did not perform such restructuring activities as required to be disclosed referred to in art. 27c of the CIT Act. The Company does not plan any restructuring in the future.

4. Tax protection mechanisms

4.1. Information about applications for a general tax ruling filed by the taxpayer referred to in art. 14a§1 of the Tax Ordinance

In the 2023 tax year the Company did not file any applications for a general tax ruling referred to in art. 14a§1 of the Tax Ordinance.

4.2. Information about applications for an individual tax ruling filed by the taxpayer referred to in art. 14b of the Tax Ordinance

In the 2023 tax year the Company did not file any applications for an individual tax ruling referred to in art. 14b of the Tax Ordinance.

4.3. Information about applications filed by the taxpayer for binding rate information referred to in art. 42a of the VAT Act

In the 2023 tax year the Company did not file any applications for binding rate information referred to in art. 42a of the Tax Ordinance.

4.4. Information about applications filed by the taxpayer for binding excise duty information referred to in art. 7d.1 of the Excise Tax dated 6 December 2008 (hereinafter: the Excise Tax Act)

In the 2023 tax year the Company did not file any applications for binding excise duty information referred to in art. 7d.1 of the Excise Tax Act.

5. Information about tax settlements made by the taxpayer in territories or countries that apply harmful tax competition (“Tax havens”)

In the 2023 tax year the Company did not make any tax settlements in any territories or countries that apply harmful tax competition specified in secondary legislation issued pursuant to art. 11j.2 of the CIT Act and pursuant to art. 23v.2 of the Personal Income Tax Act dated 26 July 1991 and in the announcement of the Minister competent for Public Finance issued pursuant to art. 86a§10 of the Tax Ordinance.