



Taxes module

Code of Conduct



Otto Krahn
Group

“Tax follows business” **is a fundamental principle** of our decisions in the field of taxes and duties



The Otto Krahn Group currently consists of various companies (ALBIS Distribution GmbH & Co. KG, MOCOM Compounds GmbH & Co. KG, KRAHN Chemie GmbH, Otto Krahn New Business GmbH and KRAHN Ceramics GmbH with their respective subsidiaries) and the Otto KRAHN Holding GmbH as the overarching holding company.

The operating companies operate in business areas that partially overlap, and some of their departments work closely together.

Company profile

MOCOM and ALBIS have been established on the market for decades: as a compounder of thermoplastics and a partner to the plastics processing industry, respectively. ALBIS Distribution GmbH & Co. KG has more than 20 subsidiaries, while MOCOM Compounds GmbH & Co. KG has numerous compounding sites worldwide. The KRAHN Chemie Group has been

active in the sale of chemicals for more than 100 years; today, it offers an extensive portfolio of specialized chemical products. KRAHN Chemie GmbH has subsidiaries with locations in many European countries.

A tradition-rich retail company

The Otto Krahn Group is a company steeped in tradition: Our founder, Otto Krahn, founded the company in 1909 – more than a hundred years ago. Based on Hanseatic qualities such as fairness, reliability, and decency as well as our company's innovative global orientation, we have developed a common system of values that serves as a framework for our business activities. With regard to this Group Tax Guideline, the values of precision and consideration are particular guiding principles. These values guide all Otto Krahn Group employees when dealing with customers, business partners, colleagues, and the pub-

lic. We place a very high level of responsibility on our company and our employees, and we are committed to upholding our values and all local laws and customs wherever we do business.

Our corporate tax guidelines represent binding instructions on how tax issues are handled within the Otto Krahn Group. They are intended to support employees at individual locations and business units in implementing Otto Krahn Group principles and values in relation to taxes.

Description of our basic approach to tax issues; guidelines for employees

Management is aware of how important fair and balanced tax systems are for countries politically. The Otto Krahn Group advocates for taxes based on taxable income be directed to individual states fairly. On the basis of the principles described here and our Code of Conduct, we have developed group-wide tax guidelines that have been

approved by the Otto Krahn (GmbH & Co.) KG management. Compliance with these guidelines is mandatory for employees who are responsible for the corresponding business functions.

Compliance with legal requirements and procedures

Applicable regulations and procedures must always be followed. When carrying out business activities, the Otto Krahn Group undertakes to comply with all relevant tax procedures and regulations in the relevant countries. This applies, in particular, to submitting tax declarations and registrations by the statutory deadlines and in accordance with statutory procedures.

Introduction and continuous improvement of processes to ensure compliance with legal regulations (e.g. regarding sales tax)

The Otto Krahn Group attaches great importance to the continuous improvement of existing processes in order to avoid errors when dealing with tax issues. Should errors occur despite these efforts, we use them as an opportunity to assess and adjust our processes.

Insofar as errors related to tax returns are identified after the fact, we correct these errors and provide tax authorities with an immediate, comprehensive explanation.

The Otto Krahn Group is currently implementing a Tax Compliance Management System to ensure that these processes and their further development can be documented in a professional manner.

Principles of tax planning

“Business decisions determine how taxes are handled.”

We focus on business activities that offer our customers added value. Corporate tax planning is tailored to our operations and corporate strategy. The Otto Krahn Group management is opposed to any tax planning strategies that only aim to make the best possible use of tax benefits without promoting entrepreneurial activity. We have the opportunity to take advantage of tax reliefs that legislators or tax authorities have introduced as a targeted incentive for certain business activities. These include, for example, declining-balance depreciation or tax benefits in connection with research and development.

Forms of tax structure

In accordance with our tax planning principles, our strategies of economic and legal tax structuring are derived from our operational and legal requirements. In its tax planning, the Otto Krahn Group focuses on avoiding risks, such as possible double taxation, and on minimizing risks arising from legal gray areas or loopholes.

Governance

The executive management of the Otto Krahn Group considers compliance with statutory provisions and guidelines an exceptionally important basis for all business activities. This also includes compliance with tax regulations and requirements. Ultimately, responsibility for compliance

with legal requirements lies with the CFO of Otto Krahn (GmbH & Co.) KG. The Managing Director of each subsidiary is responsible for its compliance with local tax laws.



Responsibilities of the tax department

The Otto Krahn Group Corporate Tax Department ensures compliance with internal tax processes. The tax department supports the various departments in their business activities and keeps abreast of tax law changes in order to ensure compliance with all applicable regulations and guidelines on commercial and sales taxes in Germany. In order to comply with this obligation, the Tax Department shall make reasonable efforts to keep its knowledge of tax matters current. Preparing income tax returns and answering energy tax-related questions are not the responsibility of the tax department – these topics are handled by other departments (HPeople & Culture / Procurement). The tax department supports the IT department with tax-related technical implementations in SAP.

Otto Krahn Group subsidiaries employ their own financial staff, who are responsible for submitting local tax returns. These employees have the necessary qualifications for such activities or, if necessary, receive support from appropriately qualified consultants. When fulfilling tax obligations, finance department employees can also call upon external tax advisors for support if needed.

When pursuing new types of business activities, we call upon the Corporate Tax Department to assess the situation and identify potential approaches.

If local finance personnel identify significant tax risks, they notify the local Managing Director and the Corporate Tax Department accordingly. If the Corporate Tax Department assesses the risk and deems it necessary, the management of the Otto Krahn Group will be informed of the tax situation.

Risk management

When assessing tax matters, the Otto Krahn Group only deviates from tax authority specifications if relevant justifications can be found in the literature (not including interpretations by a small group of outliers) or if court decisions have been made on comparable matters. Any situation handled in a manner other than what tax authorities recommend is analyzed in the context of the applicable legislation, e.g. when submitting the relevant tax returns.

Tax-related errors must be reported to the tax authorities and corrected as soon as possible. The Corporate Tax department analyses tax risks independently and on the basis of its own tax expertise. If necessary, it involves external tax consultants. Tax risks are not assessed based

on the potential risk of detection by authorities. Risk assessment is always done based on the assumption that tax authorities have already been fully informed of the situation. Certain tax risks resulting from uncertainties may be acceptable if the risks are necessary based on material business considerations. Tax authorities must be notified of such tax structures as soon as it becomes apparent that the structure deviates from tax authority interpretations.

Relationships with tax authorities/decision-makers (including preliminary decisions)

The Otto Krahn Group wishes to maintain open, transparent and cooperative relationships with whichever tax authorities are responsible from both location- and topic-related perspectives.

As such, the Otto Krahn Group strives to obtain preliminary decisions from tax authorities whenever clarification is required. However, we do not do this for purposes of aggressive tax planning or as a way of seeking some form of preferential treatment over and above the generally applicable rules.

In the event of concrete and justified indications of a violation of one of the aforementioned principles, you are obliged to notify your direct manager, the Head of Finance Management & Corporate Assurance, and/or the CFO of the Otto Krahn Group. If you so desire, we will treat the information you provide as confidential to the extent permitted by law. You can also submit all reports via our anonymous whistleblower system (<https://otto-krahn-gruppe.integrityline.app>), which can also be accessed through our websites.

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