

**PAPER ON TAX STRATEGY
IMPLEMENTED BY GHELAMCO POLAND SP. Z O.O.
IN THE TAX YEAR FROM 1 JANUARY 2020 TO 31 DECEMBER 2020**

Ghelamco Poland sp. z o.o. with its registered office in Warsaw at plac Europejski 1, 00-844 Warsaw, Tax ID No (NIP) 5261049232, Statistical ID No (REGON) 011394016, entered in the National Court Register by the District Court for the capital city of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, under KRS number 767269 (hereinafter: "**Company**" or "**Ghelamco**") is an experienced entity specialising in office and housing projects, with appropriate tools and qualified staff to ensure that the Company fully fulfils its public legal obligations, including its obligations under tax law regulations.

In addition to continuing its operating activities and generating profits, Ghelamco's goal was always to act for the benefit of the society whose resources it uses and which makes it possible for Ghelamco to achieve its current business objectives, in particular through taxation of the Company's operations in appropriate amounts and within the deadlines provided for in the tax law regulations. The Company's objective in this respect does not stop at the timely submission of correct tax returns, but also includes transparency towards tax administration authorities with respect to actions taken by the Company which affect the amount of tax liabilities.

Taking into account the type and scale of the conducted business, in order to discharge tax obligations correctly and in a timely manner, Ghelamco takes a number of actions aimed at reliable recording of business events accompanying the conducted business activity and their proper qualification under the tax law regulations, in particular by implementing appropriate rules of conduct and using on-going support of professional tax advisory companies in the area of issues that raise doubts.

In view of the above, pursuant to Article 27c of the Corporate Income Tax Act of 15 February 1992¹, **the Company presents the Paper on tax strategy implemented by the Company in the tax year from 1 January 2020 to 31 December 2020, taking into account the nature, type and extent of Ghelamco's business.**

Pursuant to Article 27c(2) of the CIT Act, this Paper on tax strategy implemented by Ghelamco in the aforementioned tax year includes:

- 1) Information about:
 - a) processes and procedures used by the Company, relating to the management of fulfilment of the obligations arising from the tax law regulations and ensuring their proper performance,
 - b) voluntary forms of cooperation with authorities of the National Tax Administration, used by the Company,
- 2) Information regarding the taxpayer's fulfilment of tax obligations in the territory of the Republic of Poland, together with information on the number of papers on tax schemes,

¹ Consolidated text: Journal of Laws 2020, item 1406 as amended, hereinafter: **CIT Act**.

referred to in Article 86a(1)(10) of the Tax Code of 29 August 1997², delivered to the Head of the National Tax Administration, broken down into taxes to which they apply,

3) Information about:

- a) transactions with related parties within the meaning of Article 11a(1)(4) of the CIT Act, worth more than 5% of the assets' balance sheet total within the meaning of the accounting regulations, determined on the basis of the most recent approved financial statements of the Company, including parties which are not tax residents of the Republic of Poland,
- b) restructuring measures planned or undertaken by the taxpayer which may affect the amount of tax liabilities of the taxpayer or related parties within the meaning of Article 11a(1)(4) of the CIT Act,

4) Information on applications submitted by the taxpayer to issue:

- a) a general tax ruling, referred to in Article 14a(1) of the Tax Code;
- b) an interpretation of tax law regulations, referred to in Article 14b of the Tax Code;
- c) binding tax rate information referred to in Article 42a of the Act on Value Added Tax of 11 March 2004³,
- d) binding excise duty information referred to in Article 7d(1) of the Excise Duty Act of 6 December 2008⁴,

5) information on the taxpayer's tax settlements in territories or countries, which implement harmful tax competition, indicated in the implementing acts issued under Article 11j(2) of the CIT Act and Article 23v(2) of the Act on Personal Income Tax of 26 July 1991⁵, and in the notice of the minister responsible for public finance issued under Article 86a(10) of the Tax Code

- except information covered by the trade, industrial, professional or production process secret.

At the same time, in line with Article 27c(4) of the CIT Act, *"The paper on the Company's tax strategy implemented in the tax year from 1 January 2020 to 31 December 2020"* was made available on Ghelamco's website at:

<https://www.ghelamco.com/pl/investor-relations/poland/>.

Re item 1a

Information about processes and procedures used by the Company, relating to the management of fulfilment of the obligations arising from the tax law regulations and ensuring their proper performance

Taking into account the level of complexity and volatility of tax regulations and the fact that it was always the Company's intention to properly and timely discharge its tax obligations, the Company adopted processes and procedures for managing the fulfilment of tax obligations, aimed at minimising the tax risk.

² Consolidated text: Journal of Laws 2020, item 1325 as amended, hereinafter: **Tax Code**.

³ Consolidated text: Journal of Laws 2021, item 685 as amended, hereinafter: **VAT Act**.

⁴ Consolidated text: Journal of Laws 2020, item 722 as amended, hereinafter: **Excise Duty Act**.

⁵ Consolidated text: Journal of Laws 2020, item 1426 as amended, hereinafter: **PIT Act**.

In particular, in 2020, the Company had in place and followed the *“Regulation defining the tasks, which affect the correctness of settlements of Ghelamco Group members due to tax liabilities, and specifying the persons responsible for the performance of these tasks”*, which reflect in the corporate documentation the Company's rules concerning the performance of tasks affecting the correctness of tax settlements.

It should be emphasised that the *“Regulation defining the tasks, which affect the correctness of settlements of Ghelamco Group members due to tax liabilities, and specifying the persons responsible for the performance of these tasks”* provide for the involvement of Financial Department staff and business departments' staff in the process of managing the Company's tax risk. This results from the fact that business departments' staff has the appropriate knowledge, competence and key information on economic events of significant importance in terms of origin and amount of Ghelamco's tax liabilities. At the same time, the above-mentioned Regulation provides that the staff of the Company's Financial Department classifies the individual economic events under tax laws, based on their expertise, applicable tax law regulations and the dominant case law trend of administrative courts; it provides further that ongoing support and opinions should be obtained from a leading, renown tax advisory firm, which has appropriate staff and HR resources to provide its services and support the Company professionally in this respect.

In addition, taking into account the significant importance of transactions with related parties in the tax context, in order to manage the potential tax risk, in particular in this area, in 2020, the Company also had in place and followed:

- *“Procedure defining the settlement rules for Ghelamco Poland sp. z o.o. in respect of tax liabilities arising as a result of the provision of general contracting services to related parties”*, and
- *“Procedure defining the settlement rules for Ghelamco Poland sp. z o.o. in respect of tax liabilities arising as a result of the provision of support services to related parties”*,

specifying the rules of conduct with respect to settlements related to transactions carried out between the Company and related parties within the meaning of Article 11a(1)(4) of the CIT Act.

In addition, taking into account the provisions of the Tax Code applicable as of 1 January 2019, adopted as a result of the implementation of Directive (EU) 2018/822 of 25 May 2018 into the Polish legal regime, which impose the obligation to report the so-called tax schemes, and the grave importance the fulfilment of this obligation has for sealing the tax system and eliminating harmful optimisation measures, the Company has in place and followed in 2020 the *“Instruction on countering failures in provision of information on tax schemes”*, so that Ghelamco can meet its obligations stemming from the aforesaid provisions of the Tax Code. The aforesaid instruction addresses in detail the subject of the so-called tax schemes, describing in particular the rules of conduct in the Company with respect to the assessment of individual economic events in terms of their possible classification as a tax scheme under Article 86a(1)(10) of the Tax Codes, and provides for the ongoing support of a licensed tax advisor in this respect.

In order to ensure that the above processes and procedures are applied in practice, employees and co-workers of the Company are obliged to familiarise themselves with their contents and undergo regular trainings on their practical application, and any intentional breach of obligations provided for therein may be potentially classified even as a serious breach of basic employee duties.

At the same time, the above processes and procedures are subject to regular review and updates in order to continuously minimise the risk of non-compliance with any obligations arising from the tax law regulations.

Re item 1b

Information on voluntary forms of cooperation with authorities of the National Tax Administration, used by the Company

The Company is aware of the possibility of taking up a voluntary form of cooperation with the authorities of the National Tax Administration; specifically, an agreement on collaboration can be signed with the Head of the National Tax Administration, as referred to in Article 20s(1) of the Tax Code, the aim of which is to ensure the taxpayer's compliance with the tax law regulations with transparency of activities undertaken and mutual trust and understanding between the tax authority and the taxpayer, taking into account the activities conducted by the taxpayer.

Ghelamco was considering filing a request for conclusion of such agreement with the Head of the National Tax Administration in this respect, but in view of the limited number of recipients and the pilot nature of the Collaboration Programme, in 2020 it did not decide to submit the abovementioned request. However, the Company does not rule out submitting a request in this respect in the future as the Collaboration Programme becomes more available.

Therefore, in the tax year from 1 January 2020 to 31 December 2020, apart from the current registration, declaration and payment of tax liabilities, the Company did not undertake any other voluntary form of cooperation with the National Tax Administration authorities.

Re item 2

Information regarding the taxpayer's fulfilment of tax obligations in the territory of the Republic of Poland, together with information on the number of papers on tax schemes, referred to in Article 86a(1)(10) of the Tax Code, delivered to the Head of the National Tax Administration, broken down into taxes to which they apply

As indicated in item 1a of this Document, the Company has a set of rules of conduct in order to properly assess the economic events associated with the Company's operations in terms of possible compliance with the conditions for their recognition as a tax scheme under Article 86a(1)(10) of the Tax Code.

On the basis of the "*Instruction on countering failures in provision of information on tax schemes*", in 2020 Ghelamco analysed individual arrangements related to the business activity in terms of possible fulfilment of the conditions for their recognition as a tax scheme under the provisions of the Tax Code,

also with the support of licensed tax advisors provided by a leading tax advisory firm. However, in the opinion of the Company, in the tax year from 1 January 2020 to 31 December 2020, the Company's arrangements did not meet the grounds for being considered a tax scheme.

Therefore, in the tax year from 1 January 2020 to 31 December 2020, the Company did not report any tax schemes referred to in Article 86a § 1(10) of the Tax Code.

Re item 3a

Information on transactions with related parties within the meaning of Article 11a(1)(4) of the CIT Act, worth more than 5% of the assets' balance sheet total within the meaning of the accounting regulations, determined on the basis of the most recent approved financial statements of the Company, including parties which are not tax residents of the Republic of Poland

As the data disclosed in the financial statements show, in the tax year from 1 January 2020 to 31 December 2020, Ghelamco executed transactions with related parties within the meaning of Article 11a(1)(4) of the CIT Act, worth more than 5% of the assets' balance sheet total within the meaning of the accounting regulations, determined on the basis of the most recent approved financial statements, including parties which are not tax residents of the Republic of Poland.

These transactions concerned:

- loans granted to related parties - one resident and one non-resident;
- purchase of bonds issued by related parties - two non-residents;
- construction services provided by the Company to related parties - seven residents; and
- a surety given to the Company by a related entity - one non-resident

Re item 3b

Information on restructuring measures planned or undertaken by the taxpayer which may affect the amount of tax liabilities of the taxpayer or related parties within the meaning of Article 11a(1)(4) of the CIT Act

During the tax year from 1 January 2020 to 31 December 2020, Ghelamco did not plan and did not undertake any restructuring measures that could affect the amount of its tax liabilities or the amount of tax liabilities of the Company's related parties within the meaning of Article 11a(1)(4) of the CIT Act.

Re items 4a-d

Information on applications submitted by the taxpayer to issue:

- a) a general tax ruling, referred to in Article 14a(1) of the Tax Code;
- b) an interpretation of tax law regulations, referred to in Article 14b of the Tax Code;
- c) a binding tax rate information referred to in Article 42a of the VAT Act;
- d) a binding excise duty information referred to in Article 7d(1) of the Excise Duty Act.

The Company has a formalised set of rules of conduct in place, aimed at taxation of the Company's activity in appropriate amounts and within the deadlines provided for in the tax law regulations, as described in part 1a of this document.

Based on the rules provided for in the Company's processes and procedures for managing the performance of obligations arising from tax law regulations, the Company each time analysed the correctness of its approach with respect to the arising of, and the amount of tax liability as a result of occurrence of individual economic events associated with its activities, also with the participation of licensed tax advisors provided by a professional tax advisory firm.

The method of making tax settlements did not raise any doubts on the part of the Company that would justify submitting a request to tax authorities to confirm the correctness of the adopted approach. As a result, in the tax year from 1 January 2020 to 31 December 2020, the Company did not submit any applications for:

- a general tax ruling, referred to in Article 14a(1) of the Tax Code;
- an interpretation of tax law regulations, referred to in Article 14b of the Tax Code;
- a binding tax rate information referred to in Article 42a of the VAT Act;
- a binding excise duty information referred to in Article 7d(1) of the Excise Duty Act.

Re item 5

Information on the taxpayer's tax settlements in territories or countries, which implement harmful tax competition, indicated in the implementing acts issued under Article 11j(2) of the CIT Act and Article 23v(2) of the PIT Act, and in the notice of the minister responsible for public finance issued under Article 86a(10) of the Tax Code

In the tax year from 1 January 2020 to 31 December 2020, Ghelamco did not execute any tax settlements in territories or countries, which implement harmful tax competition, indicated in the implementing acts issued under Article 11j(2) of the CIT Act and Article 23v(2) of the PIT Act, and in the notice of the minister responsible for public finance issued under Article 86a(10) of the Tax Code.