

**INFORMATION ON THE EXECUTION OF THE TAX STRATEGY  
FOR 2020**

Nagel Polska Spółka z ograniczoną odpowiedzialnością

[Drafted:1.12.2021]

[Approved by: Company's Management Board]

## List of terms and abbreviations

For the purposes of this document, the following terms shall have the following meanings:

<b>Abbreviation</b>	<b>Description</b>
2020	Fiscal year beginning on 1 January 2020 and ending on 31 December 2020
Group	International group of Nagel companies in Europe
KVN	Kraftverkehr Nagel SE & Co. KG, central entity, principal, responsible for the development of the Nagel-Group
Company, Nagel Polska	Nagel Polska Spółka z ograniczoną odpowiedzialnością

## **Introduction and legal basis**

The document presents how Nagel Polska Spółka z ograniczoną odpowiedzialnością, part of the Nagel-Group, executed its tax strategy in 2020.

Nagel Polska - as a corporate income tax payer with a turnover exceeding 50 million EUR in the financial (fiscal) year ended 31 December 2020 - is obliged to prepare and publish information on its tax strategy for the financial (fiscal) year ended 31 December 2020.

The present information on the implemented tax strategy has been prepared in accordance with Article 27c section 2 of the Corporate Income Tax Act of 15 February 1992 (consolidated text, Journal of Laws 2020, item 1406, as amended).

## Nagel Polska

The Company is a market-leading food logistics company.

The Company offers delivery, distribution and storage systems tailored to the specific needs of its customers, as well as flexibility and cost optimization based on solutions developed centrally by KVN.

**Table 1. Basic information about the Company**

<b>Company name</b>	Nagel Polska Spółka z ograniczoną odpowiedzialnością
<b>Registered office of the Company</b>	ul. Wiśniowa 19, Komorniki 62-052
<b>Identification data</b>	KRS (National Court Register) number: 0000096983 NIP (Taxpayer Identification Number) number: 9231508677 REGON (Business Statistics Number) number: 63952485000000
<b>Share capital</b>	13,400,000 PLN
<b>Date of entry into the Register of Entrepreneurs of the National Court Register</b>	2002-03-25
<b>Number of employees (average employment) in 2020</b>	672

**Processes and procedures for managing and ensuring proper performance of obligations under tax law**

During 2020, as in previous years, the Company's basic tax policies were based on tax laws and generally accepted best practices in this field.

In order to effectively implement the principles of conduct, the Company has appropriate processes and procedures in place to ensure proper performance of its obligations under tax law. The Company's procedures take into account its nature, organisational structure including the head office and branches, the scale of its operations and the specificity of the logistics industry.

The Company's key documents relating to tax matters are:

- 1) Principles of Tax Policy, which regulates the principles of tax settlements applicable in the Company, and
- 2) Tax Strategy, in which the Company defined, among other things, its vision and tax mission as well as long-term tax objectives or rules ensuring compliance of the Company's conduct with tax law regulations.

The Company, by setting appropriate objectives and taking appropriate measures, aims to continuously improve the processes of managing, controlling and settling taxes enabling proper and timely fulfilment of tax obligations.

Implemented processes and procedures allow to gain control over tax matters, which results in ensuring compliance with tax regulations and reporting requirements and risk management in this area.

*Tax settlements*

The Company's tax settlements are carried out by qualified specialists in cooperation with external service providers. The Company's accounting and reporting processes are organized in such a way as to ensure compliance of tax settlements with regulations and to secure stability of the processes performed. In selected areas, issues of concern are consulted with, among others, external tax advisors.

### *Cooperation with business departments*

The Company ensures open communication and exchange of information between the management and employees responsible for making strategic business decisions and the department responsible for tax settlements. Information necessary for preparing tax returns and fulfilling tax obligations is provided without undue delay and without the risk of disrupting tax processes.

### *Risk management and internal controls*

The Company takes measures to identify tax risks through appropriate controls and monitoring and then eliminates or mitigates them. The Company analyzes its tax, financial and accounting processes for risks to their performance and has written guidelines for dealing with such risks. To effectively manage tax risk, the Company has formalized its tax strategy and made it available to selected employees so that they can become familiar with the Company's tax objectives and how to achieve them. Moreover, in an effort to ensure collegiality in decision making on selected tax matters requiring consultation, the level of risk is assessed based on the internal expertise of the Company's employees, with the support of external tax advisors and auditors.

### *Information management and record keeping*

In order to ensure correct and complete recording of the collected data, the Company has IT tools, including first of all an extensive accounting system, which allows for maintaining the integrity of the entered data and automation of work. The IT solutions implemented by the Company in the tax function ensure proper preparation and filing of tax returns and financial statements, as well as the calculation of tax and management of tax payments. The Company is committed to protecting information and data by securing necessary resources from unauthorized use. The data and information collected are archived on an ongoing basis.

The Company has also started preparations to implement a newer generation ERP system, which in the coming years will ensure an increased level of process automation in the Company and will be an important tool in proper implementation of tax obligations.

### *Employees of the Company*

All employees of the Company are required, from the moment of their employment, to comply with the laws that apply to the areas for which they are responsible, as well as to observe the highest ethical standards. If any violations or reasonably suspected violations of law, ethical standards or other policies are identified, the Company has appropriate processes and tools in place to enable any employee to safely (anonymously) report such incidents.

It is important for the proper functioning of tax processes that the Company employs competent staff. The Company ensures that employees involved in the tax settlement process are substantially prepared to perform their duties, providing them with opportunities to participate in relevant training and self-education. Moreover, when introducing newly hired employees (including those not directly involved in the tax settlement process), the Company emphasizes the need for reliable documentation of economic events.

The Company also implements a rotation of duties between employees to ensure effective replacement in the event of the absence of some employees. As a result, employees develop their existing qualifications and obtain a broad overview of processes from the tax and accounting perspective, which in turn translates into more effective identification and management of tax risks in the Company.

**Voluntary forms of cooperation  
with National Revenue  
Administration authorities**

During 2020, the Company took care to ensure due diligence in identifying issues that could create uncertainty in taxation. The Company has sought and seeks to work transparently and constructively with the tax authorities by consulting on significant aspects of its business.

Within the framework of voluntary cooperation with the National Revenue Administration authorities, the Company submitted the following applications for conclusion of advance pricing agreements with respect to transfer pricing:

- In late 2018, the Company applied for an unilateral advance pricing agreement with a related party. On 30 June 2021, the Company received a positive decision in which the Head of the National Revenue Administration accepted the choice and manner of applying the method of determining the transaction price with a related party. The advance pricing agreement was effective from 1 January 2018 to 31 December 2020.
- In October 2020, the Company filed an application for a bilateral pricing agreement for a transaction resulting from a network support agreement between the Company and a related party. The application is at the stage of consideration by the National Revenue Administration authorities.

The Company did not use other voluntary forms of cooperation with the National Revenue Administration.

**Information on tax obligations  
carried out by the Company in the  
territory of the Republic of  
Poland**

In its operations, the Company focuses on accurate reporting and compliance, including timely filing of all tax returns, forms and information, collection of documentation and meeting tax payment deadlines. The Company makes every effort to ensure that the information provided accurately reflects the facts and is complete, up-to-date and comprehensible.

In order to ensure compliance with the applicable regulations, in 2020, the Company sought the support of professional advisory companies, inter alia, in the area of tax advice in day-to-day operations, identification and reporting of tax schemes or advice during preparation of transfer pricing documentation.

Selected areas of the Company's 2020 business were subject to special regulation or licensing.

The principal taxes under which the Company performed its obligations during 2020 were corporate income tax (CIT) and value added tax (VAT). Information on corporate income tax settlement, in



particular on the value of tax revenue, tax deductible costs, taxable income or tax due is published on the [website](#) of the Ministry of Finance in accordance with the applicable regulations.

Additionally, in 2020, the Company performed duties as a payer of personal income tax and social and health insurance on salaries paid to the Company's employees. The Company also paid environmental charges on emissions of gases or dust.

**Information on the amount of information on tax schemes submitted to the Head of the National Revenue Administration, broken down by taxes which they concern**

In order to ensure proper and timely fulfilment of the obligations to provide information on tax schemes, the Company has developed and implemented a procedure specifying the actions and activities undertaken to fulfil the obligations to provide information on tax schemes.

The Company complied with its obligation to submit the following information on tax schemes for 2020 to the Head of the National Revenue Administration:

- information on tax schemes under Article 86b §1, Article 86c §1 and 2, and Article 86d §4 of the Act of 29 August 1997 (MDR 1) Tax Ordinance with regard to corporate income tax;
- information of the beneficiary on the application of the tax scheme under Article 86j §1 of the Act of 29 August 1997 (MDR 3) Tax Ordinance with regard to corporate income tax.

**Information on transactions with related entities**

In 2020, the Company entered into the following transactions with value exceeding 5% of total assets as defined in the accounting regulations, determined on the basis of the Company's last approved financial statements:

- participation in the logistics network under the Network Support Agreement, including the sale and purchase of transport services;
- participation in a cost-sharing agreement;
- shareholder loan.

The transaction information indicated above is consistent with the data included in the transfer pricing information (TPR-C) filed by the Company for 2020.<sup>1</sup>

The Company has timely complied with its transfer pricing obligations, in particular it has transfer pricing documentation (master file, local file and benchmarks) for 2020. Furthermore, the Company timely filed transfer pricing information (TPR-C) and a statement on preparation of local transfer pricing documentation.

**Information on restructuring activities planned or undertaken by the Company which may affect the amount of tax liabilities of the Company or related entities**

In 2020, the Company has not taken or planned to take any restructuring actions that could affect the tax liabilities of the Company or its related entities within the meaning of Article 11a section 1 item 4 of the Corporate Income Tax Act.

**Information on tax settlements of the taxpayer in territories or countries applying harmful tax competition**

In 2020, the Company did not make tax settlements in the territories or countries applying harmful tax competition indicated in the executive acts issued under Article 11j section 2 of the Corporate Income Tax Act and under Article 23v section 2 of the Personal Income Tax Act of 26 July 1991 and in the announcement of the Minister competent for public finance issued under Article 86a §10 of the Tax Ordinance.

In particular, in the aforementioned territories/countries, in 2020, the Company:

- was not registered for tax purposes;
- did not register for taxes;
- did not file tax returns or forms;
- did not collect and remit taxes.

---

<sup>1</sup> The cost-sharing arrangement participation transaction is subject to an advance pricing agreement and hence was not included in the transfer pricing documentation and reported in the information on TPR-C.

**Information about the applications submitted by the Company**

In 2020, the Company did not file any applications for issuance of:

- individual tax interpretation;
- general tax interpretation;
- binding rate information;
- binding excise information.