

**Information on the tax strategy implemented  
by SITECH sp. z o.o.  
(now: Brose Sitech sp. z o.o.)  
for the fiscal year  
from 1 January 2021 to 31 December 2021.**

## Legal basis

The revenue of Brose Sitech sp. z o.o. (hereinafter referred to as "**Brose Sitech**" or the "**Company**") in the fiscal year from 1 January 2021 to 31 December 2021 exceeded the amount of EUR 50 million<sup>1</sup> and the Company is therefore obliged under Article 27c (1) of the Corporate Income Tax Act<sup>2</sup> in conjunction with Article 27b (2) (2) of the CIT Act to publish this information.

Accordingly, the Company is obliged under Article 27c (7) of the CIT Act to provide the competent head of the tax office with the address of the website where this information is published by 31 December 2022.

The scope of the information indicated by the Company regarding its tax strategy includes the data indicated in Article 27c (2) of the CIT Act, taking into account the nature, type and size of the Company's operations.

## General description

In 2021, the Company was part of a capital group with Volkswagen AG, with its registered office in Wolfsburg, as the ultimate parent. The Company's business consists of the manufacture of metal frames for car seats and parts and accessories for car seats and frames. The customers for the Company's products are mainly Group entities, although the Company also sells its products to third parties.

Brose Sitech sp. z o.o. comprises three production sites in Polkowice, Głogów and Września, as well as R&D offices in Polkowice and Wrocław.

The Company operates within the Legnica Special Economic Zone in the Polkowice and Głogów sub-zones, based on the obtained zone permits.

<b>Registered office</b>	Polkowice
<b>Registry court</b>	District Court for Wrocław-Fabryczna in Wrocław, 9th Commercial Division of the National Court Register
<b>National Court Register (KRS) number</b>	0000062266

<sup>1</sup> Converted into PLN at the average EUR exchange rate announced by the National Bank of Poland on the last working day of 2020.

<sup>2</sup> The Act of 15 February 1992, Journal of Laws of 2021, item 1800, as amended (hereinafter referred to as the "**CIT Act**").

<b>NIP (Tax Identification Number)</b>	6922088905
<b>National Business Register (REGON) number</b>	390618278
<b>Share capital (as at 31/12/2021)</b>	PLN 57,477,100.00

## **Tax strategy implemented by the Company in 2021**

In addition to its business activities, it is a priority for the Company, as well as the Group, to properly fulfil its tax liabilities in a manner compliant with the law and within the statutory deadlines. Accordingly, the Company's organisational structure is adapted not only to its size and the type of business it conducts, but also allows it to efficiently fulfil the tax liabilities imposed on it.

In addition, the Company's tax departments also liaise with the relevant departments within the Group, particularly with regard to cross-border transactions or other business-relevant events. Apart from ongoing consultations, the Company is periodically independently audited by Group staff.

In line with the adopted Group guidelines, good reputation and tax security are of key importance to the Company. Brose Sitech sp. z o.o. perceives the fulfilment of tax liabilities not only as a legal obligation, but as a social obligation of the Company. The Company's ethical and responsible attitude towards public stakeholders, including tax authorities, is promoted on the basis of the adopted "Social Responsibility Strategy of Brose Sitech sp. z o.o." and contributes to the achievement of the Sustainable Development Goals (SDGs) adopted by United Nations member states.

All of the Company's business decisions and undertakings are preceded by the identification, assessment and evaluation of the tax risk level. Brose Sitech always seeks to minimise risks and eliminate areas of potential disputes with the tax authorities. To this end, tax departments are involved as early as the planning stage of a given transaction and work closely with the substantive departments.

For key business decisions, the Company uses the support of external advisers and the option of arrangements with the tax administration authorities, particularly in the form of individual interpretation of tax legislation. The Company neither carries out aggressive tax planning activities nor participates in artificial schemes aimed at tax avoidance. The undertaken transactions are carried out in a transparent and economically appropriate manner.

To ensure effective monitoring and fulfilment of its tax liabilities, the Company uses IT software adapted to its needs and applicable regulations.

## **Company's processes and procedures**

The Company has a number of policies in place to govern various areas related to its business activities, including those relating to the proper fulfilment of liabilities under tax law. The Company operates on the basis of good practices developed over the years, but also on the basis of guidelines and instructions adopted within the Company or the Group (e.g. with regard to MDR or VAT).

Consequently, the actions taken by the Company in the performance of its tax function are by no means haphazard, and their implementation is a direct result of written procedures or of conduct practices developed and refined on the basis of these procedures.

For example, the Company carefully verifies its contractors and business partners using procurement procedures designed to establish and continue cooperation with reliable and credible economic operators.

The Company continually monitors the validity of its adopted tax accounting policies and, if necessary, adapts them to changing circumstances or legislation.

The Company ensures that it employs a sufficient number of qualified staff with relevant experience and tax and legal expertise for their tasks. The responsibilities of employees and the manner in which tasks are delegated have been adapted to tax risks and legal and fiscal requirements. Employees of the tax department regularly participate in training courses, particularly with regard to amendments to legislation which may affect the Company's settlements, and are required to keep up to date with the legislation and expand their knowledge in this area. They also provide substantive support to other departments whose activities may affect the Company's fulfilment of tax liabilities.

The Company responds to any changes in tax legislation on an ongoing basis. It takes the necessary steps in advance to ensure that financial and accounting processes, procedures and systems comply with the law and that tax liabilities are fulfilled in a timely manner.

## Cooperation with the National Revenue Administration authorities

The Company aims to maintain a professional and long-term relationship with the National Revenue Administration authorities, based on trust and transparency. To this end, designated employees of the Company are in ongoing contact with the tax authorities to which the Company submits returns and information.

The Company promptly responds to all enquiries and summons from the tax authorities, actively participates in ongoing investigations and possible inspections, providing comprehensive explanations and submitting requested source documents.

In 2021, the Company did not undertake any formalised voluntary forms of cooperation with the National Revenue Administration authorities, in particular it did not conclude a so-called cooperation agreement.

## Company's tax liabilities fulfilled within the domestic territory

In 2021, the Company realised tax liabilities in the territory of Poland for the following taxes:

### I Corporate Income Tax ("CIT")

As a resident entity, the Company is subject to unlimited CIT liability. Accordingly, the Company filed a return on the amount of income earned (CIT-8) with additional information (CIT-ST, CIT/8S, CIT-8/O) within the statutory deadline.

When working with Group companies, the Company pays particular attention to ensure that transactions with related parties are carried out in accordance with the arm's length principle. The Company prepares transfer pricing documentation, comparative analyses and submits the necessary information (TPR-C, CBC-R).

Being also a payer of flat-rate CIT on income (revenue) earned by taxpayers without a registered office / management in the domestic territory, the Company filed the CIT-10Z return and IFT-2R information within the deadline.

### II Value Added Tax

The Company is registered in Poland as an active VAT payer and submitted a JPK\_V7M file in 2021 for every month. At the same time, to avoid possible abuse by potential contractors, the

Company exercises due diligence in verifying them.

### **III Personal Income Tax**

In 2021, the Company had more than 1,800 employees and therefore also acted as a personal income tax payer in relation to its employees. Accordingly, the Company made PIT advances and submitted the relevant returns / information (PIT-4R, PIT-11) within the prescribed deadlines.

### **IV Excise tax**

The Company is also a so-called entity consuming excise-exempt goods.

### **V Other liabilities**

As a payer of property tax and tax on civil law transactions, the Company also properly met its liabilities in this respect.

## **Information on tax schemes submitted to the Head of the National Revenue Administration**

The Company verifies the economic events which occurred in accordance with the adopted *"Internal procedure for countering non-compliance with the obligation to provide information on tax schemes"*.

In 2021, the Company did not submit information on tax schemes (so-called MDR).

## **Transactions concluded with related parties**

As at the date of preparing this information, the Company's last approved financial statements are the 2021 financial statements. The sum of the Company's transactions with related parties exceeds 5% of the balance sheet total of assets as determined on the basis of the 2021 financial statements. In addition, the Company presents below transactions of a homogeneous nature with related parties, identified for the purposes of Article 11k of the CIT Act, the value of which exceeded 5% of the balance sheet total of assets in 2021, determined on the basis of the 2021 financial statements.

Subject of the transaction	Related parties to the transaction
Sales of finished goods	Volkswagen AG Audi AG Škoda Auto A.S. Sitech Sitztechnik GmbH (now: Brose Sitech GmbH) Volkswagen Poznań sp. z o.o. Sitech (Shanghai) Automotive Seating Ltd.
Loan	Volkswagen AG

## Planned or undertaken restructuring activities which may affect the Company's tax liabilities

The Company was involved in due diligence by a potential shareholder and further preparations for the introduction of a new shareholder into the Company, which had no impact on the Company's tax settlements.

## Requests for tax interpretations, binding rate and excise information

In the event of ambiguity as to the interpretation of tax laws and doubts as to their application, the Company shall verify current interpretations of tax authorities and judgments of administrative courts in the available sources or request such analysis from external advisers. In the event of further doubts, the Company shall apply for an individual interpretation of the tax law. The Company has not used and does not intend to use tax interpretations to confirm tax avoidance mechanisms.

In 2021, the Company did not apply to the Head of the National Revenue Administration Information Centre requesting individual tax law interpretation.

In 2021, the Company did not apply for a general tax interpretation, binding rate information or binding excise information.

## **Company's tax settlements in territories or countries applying harmful tax competition**

In 2021, the Company did not make tax settlements in the territories and countries applying harmful tax competition indicated in the executive acts issued on the basis of Article 11j (2) of the CIT Act and on the basis of Article 23v (2) of the Personal Income Tax Act of 26 July 1991 and in the announcement of the minister of public finance issued on the basis of Article 86a § 10 of the Tax Ordinance.