

# **TAX STRATEGY**

**LG Energy Solution Wrocław Spółka z ograniczoną odpowiedzialnością**

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## **List of terms and abbreviations**

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

<b>Abbreviation</b>	<b>Description</b>
the Company, LG Energy Solution Wrocław	LG Energy Solution Wrocław spółka z ograniczoną odpowiedzialnością
Group	LG Group
Managing Body	Management Board of the Company
Senior Management	Employees on positions from Manager (Director) and higher
NRA	National Revenue Administration

**Preamble**

This document describes the tax strategy of LG Energy Solution Wrocław, presenting in particular the Company's approach to tax settlements and tax planning. The strategy takes into account the assumptions of the Group in the above scope, as well as clarifies the policies and procedures adopted by the Group globally, while taking into account the specificity of the activities conducted by the Company. The strategy reflects the Group's business and tax values and principles.

The Company relies on the values of honesty and transparency as well as on the best market practices in all areas of its activity, including tax matters. The company makes every effort to act in accordance with the best interests of employees, local community and shareholders.

Each employee of LG Energy Solution Wrocław involved directly and indirectly in the Company's tax settlements is required to read and apply this document. The above obligation covers, in particular, the Management Board of the Company and senior management.

The strategy applies to all taxes and fees that apply to the Company.

**Who is LG Group**

The LG Group is a leading global manufacturing company in the electromobility and electronic sectors. The Group consists of the parent company LG Energy Solution based in Seoul, South Korea, and related entities located in Asia, Europe and North America. The Group is one of the technology leaders in the production of batteries used in electric cars.

**Who is LG Energy Solution Wrocław**

LG Energy Solution Wrocław deals with the production of batteries for electric cars, including all their components - electrodes, cells and modules, as well as battery technical service. The production plant in Biskupice Podgórne is the only plant of this type in Europe.

Selected areas of business activity conducted by the Company are subject to specific regulations or licensing. Taking into account the importance of the regulated areas for the local community and the natural environment, in order to ensure compliance with the provisions and guidelines of regulatory entities, the Company treats regulated areas as a priority. In particular, the Company constantly develops and implements solutions to ensure the highest standards of safety and environmental protection in order to provide a sustainable added value to both customers and the whole society.

**Tax vision and tax mission as well as long-term tax goals**

The main mission of the Company in the field of taxes is to comply with all applicable laws, regulatory requirements, rules and standards to ensure appropriate taxation in Poland, taking into account the available tax reliefs and exemptions.

The company makes decisions based primarily on economic and business considerations, and not on tax considerations. The company strives to improve the processes of management, control and settlement of taxes, enabling the correct and timely fulfillment of tax obligations. These goals are set taking into account the nature of the Company's operations, the specificity of the manufacturing industry, and the size of the business.

In terms of taxes, as well as in terms of production, the Company wants to belong to the group of companies that operate in a sustainable and responsible manner, efficiently using available resources.

Company employees are required to comply with the laws and internal guidelines that apply to their area of responsibility, including compliance with the highest ethical standards. Employees are required to follow the group guidelines indicated, inter alia, in the [Code of Ethics](#), which defines the fundamental values and principles of conduct applicable throughout the LG Energy Solution Group in the field of compliance with the law, avoiding corruption, respecting human and labor rights, taking precautionary measures to protect the environment, health and safety.

The Company expects that the indicated values and principles will be a guide for all business partners who will act in accordance with them and will enforce appropriate attitudes in their own supply chains. In addition, business partners are required to comply with the [Supplier Code of Conduct](#) and the [Responsible Supply Chain Policy](#) specifying, inter alia, rules of conduct in the field of social, environmental and energy management issues.

**Involvement of the Management Body in the decision-making process in the field of tax planning**

The Management Board recognizes the importance of proper management of tax matters and tax risk that may occur in the business activities conducted by the Company. The Management Board attaches importance to conducting tax matters in accordance with the adopted strategy.

Management understands the importance of tax compliance and how this goal is achieved through internal processes, procedures and best practice.

The Management Board is involved in issues related to tax settlements by supervising compliance with the processes in force in the Company and supervising employees who prepare tax settlements. The member of the Management Board responsible for financial matters takes part in consulting and making decisions on key matters that may be associated with a tax risk significant for the Company.

The detailed scope of involvement of the Members of the Management Board in the tax matters of the Company is described in Tax Order of LG Energy Solution Wrocław.

**Ensuring compliance with the provisions of tax law**

The basic principles of proceeding in tax matters of the Company are based on tax regulations, group guidelines and generally accepted good practices in this area. The basic principles of the Company's conduct in tax matters include:

1. Compliance by the Company with tax obligations. The company strives to meet the deadlines set out in tax regulations regarding the submission of tax returns and payment of taxes and any other tax liabilities.
2. Refraining from activities that could lead to tax avoidance and evasion.
3. Cooperating with tax authorities by fully and fairly submitting all information and tax documentation required by the said authorities and by other regulatory authorities within the required deadlines.
4. Ensuring that the activities of the Company, which may have tax consequences, are taken on the basis of economic and business considerations.
5. Limiting tax risk through a thorough analysis of the Company's operations and its impact on tax issues. The company makes decisions on tax matters with the aim of minimizing the tax risk.
6. Compliance with tax obligations related to transactions between related entities, by maintaining a responsible transfer pricing policy in accordance with the arm's length principle.
7. Verifying contractors in order to reduce the risk of concluding transactions with entities participating in the process of tax avoidance or tax fraud.

8. Be especially careful when entering into transactions with entities established in territories recognized as tax havens or in territories with low or no taxation.
9. Active monitoring of tax law provisions in terms of legally available and permitted tax reliefs and exemptions in order to use them in current operations.

The rules of conduct in tax matters are consistent and harmonized with the values followed by the Company and its employees in the implementation of the strategy and business goals.

In order to standardize the rules of proceeding in tax matters and to ensure the correctness of tax settlements, the Company also uses the Group's support. The Group's involvement in the Company's tax issues is aimed at improving the handling of the most demanding transactions and issues and ensuring a consistent approach to tax issues throughout the Group.

**General  
approach to tax  
risk**

The Company takes steps to identify tax risk through appropriate inspections and monitoring, and then its elimination or reduction. The risk level is assessed on the basis of internal expert knowledge and support provided by consulting companies. When implementing the assumed tax goals in the field of reducing tax risk, the Company takes into account tax regulations, practice and the approach of tax authorities to a given issue.

The Company, taking care to ensure due diligence in its tax settlements and minimizing potential tax risk, monitors the approach of tax authorities to issues important to the Company, monitors legislative processes and has appropriate processes aimed at the proper fulfillment of tax obligations.

The complexity and variability of tax law provisions as well as interpretative and judicial lines may create a risk that the Company's position will not always be fully consistent with the interpretation of provisions adopted by tax authorities and courts. In case of doubts, the Company argues its position by analyzing the content of the law, taking into account the goal pursued by the legislator when introducing the given legal norms. In the event of ambiguous issues, the Company confirms and secures its position by obtaining opinions from external tax advisors and individual interpretations of tax law.

LG Energy Solution Wrocław employs a permanent staff of qualified employees who have the required skills and competences, as well as provided support to effectively and properly perform the tasks assigned to them. The company

also makes sure that the employees involved in the tax settlement process are substantially prepared to perform their duties. Employees are given the opportunity to participate in appropriate training and self-education, which in turn translates into more effective identification and management of tax risks in the Company.

**Principles of cooperation with tax authorities**

Transparency and trust are inherent in the business principles and organizational culture of LG Energy Solution Wrocław, and therefore play an important role in the manner in which the Company engages in contacts with tax authorities.

The company cares for good cooperation with tax authorities and strives to maintain positive relations with them. The company conducts an active and constructive dialogue and transparent cooperation with tax administration authorities in order to resolve any possible disputes and doubts. All requests for information and requests from the tax authorities are processed in a timely manner, with due accuracy and diligence.

The rules governing the Company's contacts with tax administration authorities have been written down in Tax Order of LG Energy Solution Wrocław.

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**Tax reporting, submitting declarations, strategy for paying tax**

In its activities, the Company focuses on reliable reporting and compliance with regulations, including timely submission of tax declarations, forms and information as well as meeting tax payment deadlines. The company makes every effort to ensure that the information provided is complete, up-to-date and understandable.

Detailed obligations in this respect specified in the Tax Order LG Energy Solution Wrocław and other internal documents of the Company regarding, inter alia, distribution of roles, tasks and responsibilities among employees of the Tax Part.

## **liabilities**

### **Supervision and monitoring**

Control and monitoring of tax processes and settlements are important elements ensuring the compliance of tax settlements with tax regulations. The results of the conducted controls and verifications are analyzed and implemented in order to improve the efficiency and consistency of processes and tax settlements.

The company uses the support of consulting and auditing companies to verify the compliance of tax settlements with the regulations. In particular, selected elements of tax settlements indicated by the Company are consulted with external tax advisors.

The Company encourages employees and business partners, as well as all knowledgeable persons, to provide information on any perceived misconduct. Detailed information in this regard is provided in the [Group Compliance Guidelines](#).

### **Outsourcing**

In order to achieve centralization, consistency and effectiveness of the functions performed, tasks related to tax matters may be outsourced by the Company to external entities. However, this does not release the Company from the obligation to apply the rules of conduct indicated in this document and other documents binding the Company within the Group.

Outsourcing selected elements of functions and tasks in the field of tax issues to external service providers is primarily aimed at ensuring compliance of tax settlements with tax regulations and securing the stability of processes. The external service provider is obliged to provide service by personnel with appropriate knowledge and experience in the field of services provided.

The rules of cooperation with external companies in the field of outsourcing elements of the tax function are each time specified in a written agreement between the Company and the service provider.

### **Principles of revising the Tax Strategy**

The tax strategy is subject to an annual review, during which the validity of the strategy is verified in relation to changes taking place in the Company and its environment, as well as its appropriate adaptation to the identified changes.

The Tax Part of LG Energy Solution Wrocław is responsible for the review and update of the Strategy.

Any changes to the content of the tax strategy require the approval of the Management Board of the Company, which monitors and controls the implementation of this document, taking into account its usefulness and effectiveness in ensuring the correctness of tax settlements.

