

Report on the tax strategy for 2020
by **STALMAG sp. z o.o. (Limited Liability Company)**
NIP 526-27-25-801

STALMAG sp. z o.o. is an entity operating in the wholesale of metal and iron-alloy ores, registered in the National Court register under the number 0000174994, having its registered office in Ruda Slaska. This sale is carried out both on the territory of Poland, as well as to foreign counterparties from the whole world, so the activity is carried out on a large scale, but there are no transactions with related parties. The company did not undertake restructuring measures that could have an impact on the amount of tax liabilities. There were also no settlements in territories or countries applying harmful tax competition. The management board of STALMAG sp. z o.o. is aware of the sources of tax risk, both external and internal to its organizational structures. External factors such as the changing tax law in Poland, the heterogeneity of tax interpretations and market changes generate the management's vigilance in the area of business decisions. In order to continuously minimize tax risks arising from external factors, the managing authority shall cooperate on an ongoing basis with external entities specialized in areas such as accounting, tax advice and administrative and economic law. In the event of interpretative doubts regarding the application of tax law provisions, the managing authority shall be aware of the possibility of requesting an individual interpretation of tax law provisions or a request for binding rate information from the national tax administration. This makes it possible to refer a specific economic event to the provisions of tax laws. During 2020, a request was made for an individual interpretation of the tax consequences of the dividend payment to entities other than the beneficial owner of the dividend paid.

Tax risks caused by internal factors, such as insufficient knowledge of the company's employees in the field of taxes, unclear division of duties or lack of formalized tax procedures, are also minimized by a number of measures taken. The source of knowledge and the main support in the field of taxation is an external entity specialized in this field, which, on the basis of the agreement, maintains the company's trade books and other tax records, calculates the tax base and the amount of tax due, submits declarations and information on behalf of the company to the competent tax authorities and constantly provides advice in this regard. In turn, the company has created an appropriate internal structure, thanks to which the division of duties of employees at all levels is clear, both in terms of business contacts, social contacts and in terms of duties for timely regulation of tax liabilities. The definition of clear tasks, responsibilities and responsibilities facilitates the smooth and correct circulation and control of documents. Contacts with the national tax administration are proceeding smoothly and with due respect on both sides. In these contacts an important role is played by the tax advisor, who is the representative of the company. The managing authority shall ensure that it provides all answers and clarifications to the tax authorities as quickly and clearly as possible. It is also fully aware that the checks and verification activities carried out serve the proper functioning of the enterprise, as well as contribute to the transparency of decisions and actions taken in the economic field. Referring awareness of the existing tax risk to the so-called. risk appetite it

should be noted that the management body of the company strives for the most advantageous tax solutions, which may require additional explanations before the national tax administration, but these actions are taken on the basis of the tax law in force in the country. As already mentioned, doubts are dispelled through expert advice and existing tools in the form of requests for individual interpretations.

The managing authority shall be involved at the highest level in the tax planning decision-making process and decisions and activities shall be appropriately reported. Both the management body and the professional representatives of the company are always ready to dialogue with the authorities of the national tax administration, to accept reservations and to clarify any doubts without delay. The managing authority also takes due care to verify the reliability of its counterparties through systems such as vies and the list of taxpayers registered as VAT taxpayers, which significantly reduces the potential risk of fiscal criminal liability. Before signing the contract, each entity - both the buyer and the recipient of STALMAG sp. z o.o. - is verified in the available databases and business intelligence. The verification shall take into account the tax aspects of the transaction as well as the obligations under the anti-money laundering and terrorist financing act. The decision-making process when signing contracts is multi-stage. It shall take into account the economic aspects under the control of the management body and the staff; the tax aspects of transactions under the control of the tax advisory office; or the legal aspects under the responsibility of the law firm working with the company. Many years of experience in the metal ores trading market facilitates the identification of operators for their integrity and legality of their actions. The diagram below illustrates the process described.

The process of acceptance of external invoices involves the following stages: verification in terms of substance-consisting in examining the conformity of the document with the actual state and the concluded contract, and verification in terms of accounting and formality. Sales invoices are subject to a similar process. The company on the territory of Poland pays current advances on corporate income tax and – being an active VAT registered entity – pays the due tax on goods and services.

The tax strategy of sp. z o.o. takes into account all the significant risks and uncertainties that are significant for the financial condition of the company for a period of 12 months. Any action taken by the management body shall be aimed at achieving specific business objectives while maintaining transparency and compliance at all stages with applicable tax law.

