

Information on the Tax Strategy Implemented by Valeo Autosystemy sp. z o.o.

Tax Year 2022

This information is aimed at fulfilling the statutory obligation imposed on Valeo Autosystemy sp. z o.o., pursuant to Article 27c of the Polish Corporate Income Tax.

List of abbreviations:

Valeo Group in Poland, the Companies	The Valeo group, which includes the following companies, being obliged to prepare Information on the Tax Strategy implemented in 2022, namely: <ul style="list-style-type: none">• Valeo Autosystemy sp. z o.o., with its registered seat in Skawina;• Valeo Electric and Electronic Systems sp. z o.o., with its registered seat in Czechowice-Dziedzice;• Valeo Service Eastern Europe sp. z o.o., with its registered seat in Warsaw;• Valeo eAutomotive Poland sp. z o.o., with its registered seat in Czechowice-Dziedzice.
Taxpayer, the Company, VAS	Valeo Autosystemy sp. z o.o., with its registered seat in Skawina
VEES	Valeo Electric and Electronic Systems sp. z o.o., with its registered seat in Czechowice-Dziedzice
VSEE	Valeo Service Eastern Europe sp. z o.o., with its registered seat in Warsaw
Shared Service Center	Shared Service Center (Centrum Usług Wspólnych) - an organizationally separate part of Valeo Autosystemy sp. z o.o.
Valeo Group	Valeo Group of companies, conducting the production of car parts in 29 countries
Tax Ordinance	Tax Ordinance (Journal of Laws: Dz. U. z 2022 r., poz. 2651 with later changes)
CIT Act	Act of 15 February 1992 on Corporate Income Tax (Journal of Laws: Dz. U. z 2022 r., poz. 2587)
PIT Act	Act of 26 July 1991 on Personal Income Tax (Journal of Laws: Dz. U. z 2022 r., poz. 2647 with later changes)
VAT Act	Act of 11 March 2004 on Value Added Tax (Journal of Laws: Dz. U. z 2022 r., poz. 931 with later changes)

Excise Duty Act	Act of 6 December 2008 on Excise Duty (Journal of Laws: Dz. U. z 2022 r., poz. 143 with later changes)
Customs Law	Act of 19 March 2004 Customs Law (Journal of Laws: Dz. U. z 2022 r., poz. 2073)
Act on Local Taxes and Fees	Act of 12 January 1991 on Local Taxes and Fees (Journal of Laws: Dz. U. z 2022 r., poz. 1452 with later changes)
Act on Advance Pricing Agreements	Act of 16 October on resolving disputes related to double taxation and concluding advance pricing agreements (Journal of Laws: Dz. U. poz. 2200 with later changes)
OECD Guidelines	OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations
Accounting Act	Act of 29 September 1994 on Accounting (Journal of Laws: Dz. U. z 2021 r., poz. 217 with later changes)
Tax year	The Taxpayer's tax year ended on 31 December 2022

Preamble

Information About the Taxpayer

VAS was established in 1996 and engages in manufacturing and service business operations. It is one of the largest manufacturers of car parts and components in the automotive industry sector in Poland, supplying key manufacturers of passenger cars and trucks worldwide.

The company operates through a production site in Skawina (Poland), focusing on the development and production of engine cooling modules and car wipers. Additionally, at its manufacturing site in Chrzanów (Poland), the company manufactures car lamps for both the original equipment and aftermarket sectors.

Valeo Group in Poland

Valeo Group in Poland comprises the following companies, each obliged to submit this Information on the Implementation of the Tax Strategy for the Tax year:

- VAS, which designs and manufactures engine cooling systems, heating systems, air conditioning systems, car wipers, and lighting systems (including car lamps);
- VEES, which specializes in the design and manufacture of engine systems;
- VSEE, companies with a commercial (distribution) profile;
- VeA, a company with a production profile.

The Companies are legal entities and corporate income taxpayers, subject to unlimited tax liability in Poland, as referred to in Art. 3 Sec. 1 of the CIT Act. The Valeo Group in Poland currently operates 5 production plants located in the southern part of the country (3 in the Małopolska region and 2 in the Silesian region), a Sales and Distribution Center in Warsaw, and a Shared Service Center in Skawina.

Within the Valeo Group in Poland, a business model has been adopted that involves the standardization and centralization of support processes for companies conducting the Group's core (operational) activities. Consequently, financial, accounting, tax, IT, human resource management, and purchasing processes have been centralized in the Shared Service Center, which provides these services to the Companies.

The Companies, as entities conducting business activities in Poland and being both taxpayers and remitters of various taxes, strive to comply with tax law, tax governance, and other internal procedures and guidelines in the field of tax settlements. The Companies ensure accurate tax settlements within the deadlines prescribed by law.

1. Information on the Processes and Procedures Applied by the Taxpayer Regarding the Management of the Performance of Obligations Arising from Tax Law Provisions and Ensuring Their Proper Execution:

To comply with all requirements arising from tax law provisions, and considering the type and wide scale of the Valeo Group's business activities in Poland, VAS has implemented selected procedures and processes for managing tax compliance obligations, hereinafter referred to as "Tax Governance."

The Valeo Group, with its extensive corporate structure, requires the application of internal procedures at almost every stage of its business activity. This includes fulfilling obligations resulting from tax law provisions. These procedures focus on ensuring the correct and timely fulfillment of tax obligations by the Companies and minimizing tax risk.

The aforementioned procedures and processes ensure that all decisions related to tax settlements are based on reliable and properly maintained and collected documentation of economic events, as well as on accounting records.

Tax Governance involves the engagement of employees from Financial departments, and Operational departments with appropriate knowledge, competencies, and key information about economic events that may significantly impact the establishment and amount of the Companies' tax liabilities. Valeo personnel, who influence the tax settlements of the Valeo Companies, are obligated to exercise due diligence in performing their duties.

Additionally, the Valeo Group in Poland benefits from the ongoing support of leading, reputable tax advisory firms. These firms possess the necessary personnel resources to provide professional advisory services to the Companies in matters requiring additional analysis.

The Management Board and senior management staff of the Company strive to ensure effective and adequate control of the organization. This is done from the perspective of fulfilling obligations imposed on the Companies by tax law provisions, in accordance with the Tax Governance implemented within the Company.

2. Information on the Voluntary Forms of Cooperation Applied by the Taxpayer with the National Revenue Administration Bodies:

In the tax year 2022, the Company undertook all necessary forms of cooperation with the tax authorities to duly fulfill its obligations arising from tax law provisions. In the tax year 2022, the Company did not enter into a cooperation agreement with the Head of the National Revenue Administration as mentioned in Art. 20s of the Tax Ordinance.

3. Information Regarding the Taxpayer's Fulfillment of Tax Obligations in the Territory of the Republic of Poland:

The Company takes all necessary measures to correctly determine its tax liabilities and to timely pay tax payments and other public law liabilities. The Company recognizes that fulfilling tax obligations also positively impacts the local community, aligning with the core values of the Valeo Group. VAS understands that paying taxes is a part of its corporate

responsibility, fulfills the role imposed by the Polish legislator, and contributes to the social and economic well-being of the Polish state.

Major taxes under which the Company performed its duties in 2022 are as follows:

- CIT (Corporate Income Tax),
- PIT (Personal Income Tax),
- VAT (Value Added Tax),
- Withholding tax,
- Real estate tax,
- Excise duty,
- Customs duties.

In connection with the investments made (expenses incurred for the expansion of production plants, acquisition of new production lines, machines, robots), and research and development activities, VAS benefits from tax reliefs and subsidies granted by public administration authorities based on the relevant legal and tax regulations.

In particular, VAS benefits from a CIT exemption in respect of a portion of its income for the Tax Year, based on permits to operate in Special Economic Zones (hereinafter referred to as "SEZ Permits") and the Decision on Support (DOW). The eligibility for the tax exemption and its amount were strictly conditional upon the Company incurring the required investment expenditures and creating and maintaining new jobs, as stipulated Investments made under SEZ Permits primarily aimed at increasing the production capacity of the Company's plants while simultaneously optimizing production costs and improving product quality.

4. Information on the Number of Tax Scheme Reports (MDR – Mandatory Disclosure Rules) Submitted to the Head of the National Revenue Administration as Referred to in Art. 86a § 1 Point 10 of the Tax Ordinance, Broken Down by the Taxes They Relate to:

The Company submitted to the Head of the National Revenue Administration information on the following hallmarks, which were subject to mandatory reporting under the provisions related to Mandatory Disclosure Rules (MDR) for the Tax Year:

- A hallmark (MDR-3) related to the application of so-called 'copyright costs' (50%) in Personal Income Tax (PIT) concerning the remuneration of engineers engaged in innovative works (R&D center);
- A hallmark (MDR-1) concerned a planned restructuring (change in ownership structure).

These hallmarks were reported to the Head of the National Revenue Administration.

5. Information on Transactions with Related Entities as Defined by Art. 11a Section 1 Point 4 of the Corporate Income Tax (CIT) Act, Whose Value Exceeds 5% of the Balance Sheet Total of Assets as Defined by Accounting Regulations, Established Based on the Latest Approved Financial Statement of the Companies, Including Entities Not Being Tax Residents of the Republic of Poland:

Sales: VAS sold finished products and semi-finished goods to clients in Spain, France, India, South Korea, Mexico, Turkey, the United States, China, the Czech Republic, the Republic of South Africa, Brazil, Romania, the United Kingdom, Russia, Morocco, Italy, Thailand, Poland, and Belgium.

Purchases: VAS purchased finished products and semi-finished goods from suppliers located in Spain, Japan, France, India, Mexico, Turkey, the United States, China, Romania, Germany, Morocco, Italy, Belgium, Hungary, and the Republic of South Africa.

Financing: The company engaged in a transaction related to obtaining financing (loan) from a counterpart in France.

Cash-Pooling: VAS participated in a group cash-pooling system with a counterpart in France.

Hedging: The company purchased forward contracts (hedging) from a counterpart in France.

6. Information on Restructuring Activities Planned or Undertaken by the Taxpayer That May Affect the Amount of Tax Liabilities of the Taxpayer or Related Entities as Defined in Art. 11a Sec. 1 Pt. 4 of the CIT Act:

In the tax year, the Company did not undertake any restructuring activities that could have impacted the amount of its tax liabilities or those of its related entities, as defined in Art. 11a Sec. 1 Pt. 4 of the CIT Act.

7. a. Information on Applications Submitted by the Taxpayer for General Tax Interpretations as Referred to in Art. 14a § 1 of the Tax Ordinance:

In the tax year, the Company did not submit any applications for general tax interpretations as referred to in Art. 14a § 1 of the Tax Ordinance.

b. Information on Applications Submitted by the Taxpayer for Individual Tax Binding Rulings in the Meaning of Art. 14b of the Tax Ordinance:

In the tax year, the Company submitted two applications for individual interpretations of tax law provisions as referred to in Art. 14b of the Tax Ordinance (hereinafter referred to as "Applications"). These Applications concerned excise tax and fuel surcharge.

c. Information on the Applications Submitted by the Taxpayer for the Issuance of Binding Rate Information Referred to in Art. 42a of the VAT Act:

In the tax year, the Company did not submit any applications for the issuance of binding rate information as referred to in Art. 42a of the VAT Act.

d. Information on the Applications Submitted by the Taxpayer for the Issuance of Binding Excise Information Referred to in Art. 7d Sec. 1 of the Excise Duty Act:

The Company did not submit any applications for binding excise information as referred to in Art. 7d Sec. 1 of the Excise Duty Act in the tax year.

8. Information on Performing Tax Settlements by the Taxpayer in Territories or Countries Applying Harmful Tax Competition as Indicated in the Implementing Acts Issued on the Basis of Art. 11j Sec. 2 of the CIT Act and Art. 23v Sec. 2 of the PIT Act, and in the Announcement of the Minister of Finance, Issued Pursuant to Art. 86a § 10 of the Tax Ordinance:

The Company did not perform any tax settlements in territories or countries applying harmful tax competition, as indicated in executive acts issued based on Art. 11j Sec. 2 of the CIT Act, Art. 23v Sec. 2 of the PIT Act, and in the announcement of the Minister responsible for public finance issued based on Art. 86a § 10 of the Tax Ordinance.

Specifically, in these territories/countries in 2022, the Company:

- Was not registered for tax purposes;
- Did not submit tax declarations or forms;
- Did not collect and remit taxes.

In accordance with Art. 27c Sec. 4 of the CIT Act, this Information on the Implementation of the Company's Tax Strategy for the tax year, spanning from January 1, 2022, to December 31, 2022, has been made available on the Company's website at: <https://www.valeo.com/pl/polska/>.