

**Information on the implemented tax strategy for
the fiscal year 01.04.2021 - 31.03.2022.**

**Denso Thermal Systems Polska
Spółka z ograniczoną odpowiedzialnością [Limited Liability Company]**

List of terms and abbreviations

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

| Abbreviation | Description |
|--------------------------------|---|
| Fiscal Year 2021 | The fiscal year started on April 1, 2021 and ended on March 31, 2022. |
| Company, Denso Thermal Systems | Denso Thermal Systems Polska Spółka z ograniczoną odpowiedzialnością |
| Group, Denso Group | A worldwide group of Denso Companies |
| CIT Act | The Act of February 15, 1992 on corporate income tax (Dz.U. [Journal of Laws] of 2022, item 2587, as amended) |
| Tax Ordinance Act | The Act of August 29, 1997 - Tax Ordinance (Dz. U. [Journal of Laws] of 2022, item 2651, as amended) |

Introduction

This document presents information on the tax strategy implemented by Denso Thermal Systems Polska spółka z ograniczoną odpowiedzialnością (LLC) in the fiscal year ended on March 31, 2022.

Denso Thermal Systems Polska as a corporate income tax payer with taxable revenues exceeding EUR 50 million obtained in the financial (fiscal) year ended on March 31, 2022, is required to prepare information on the tax strategy implemented for the fiscal year ended on March 31, 2022. This information on the implemented tax strategy has been prepared in accordance with art. 27c of the Act of February 15, 1992 on corporate income tax (Dz. U. [Journal of Laws] of 2022, item 2587, as amended).

Denso Thermal Systems Polska

The object of the Company's business is the production and sale of automotive parts and accessories, in particular heating systems (heater cores and air conditioners), dashboards, front end modules and engine cooling modules for cars.

Denso Thermal Systems, as an entity belonging to the structures of the international Denso Group, implements the concept of Corporate Social Responsibility (CSR), i.e. building the image of a trustworthy company which counteracts various negative social phenomena. The implementation of the CSR principles in the business strategy is conducive to creating a long-term competitive advantage and relations with the social environment of Denso Thermal Systems and its stakeholders.

Denso Group

Denso Group, originating from the Japanese city of Kariya, is a leading supplier of advanced technologies, systems and components for the automotive industry and all the world's leading car manufacturers. Their wide range of products, renowned for high quality and the use of advanced technology, includes _ engine components, automotive electronics (starters, alternators, security systems, satellite navigation), as well as heating and air conditioning systems. The Group's activity is based on the Kaizen philosophy, which features continuous, sustainable product development and quality control. Denso focuses on environmentally friendly solutions, embracing the idea of sustainable development.

Currently, the Denso Group operates through entities located in 35 countries, employing over 170,000 employees in all areas serving the automotive industry, i.e. design, product development, manufacturing and sales. Worldwide, the Denso Group operates through 200 entities belonging to the Group. In Europe, the Denso Group has production plants, research and development centers and sales representatives located in 14 countries.

Basic information about the company:

◆ **Company name:** Denso Thermal Systems Polska Spółka z ograniczoną odpowiedzialnością

◆ **Company's registered offices:** ul. Turyńska 100, 43-100 Tychy

◆ **Identification details:** KRS [National Court Register] number: 0000068446,

NIP [Tax Identification] number: 6443012212, REGON [Statistical Identification] number:
276965427

◆ **Initial capital:** PLN 28,500,000.00

◆ **Date of entry in the Register of Entrepreneurs of the National Court Register:**

06.12.2001

Processes and procedures used to manage adherence to the obligations under the tax law and ensuring their proper fulfilment

The company has implemented structured tax processes that were recorded in the form of procedures presenting the individual stages of the processes and the indicating the persons responsible for a given stage of settlements.

Among the key documents regulating the Company's tax issues, the following play an important role:

- Denso Group Global Tax Policy¹, which regulates issues such as: ensuring an appropriate level of necessary knowledge among employees responsible for tax issues, abidance by the international rules in cross-border transactions, effective cooperation with tax authorities and external tax advisors as well as

¹ <https://www.denso.com/global/en/-/media/global/about-us/sustainability/governance/compliance/compliance-doc-tax-policy-en.pdf?rev=b9b98ccf91f04daa87377cd8b237cfd>

- Code of Conduct for Denso Group Associates², which is a set of rules and behaviours that are desirable and accepted among employees and management, also in terms of preparing tax settlements.

In addition to written procedures for tax settlements, the Company also has procedures regulating the conduct in matters related to broadly understood accounting, including specifying the rules for the circulation of accounting documents or the method and period of their storage. Compliance with the adopted accounting standards directly affects the correctness and continuity of the processes related to the Company's tax settlements.

Written procedures are periodically updated to take into account potential changes in the law, including tax law, and changes in the Company's business environment or its organizational structure.

In the Company's opinion, the implemented processes and adopted procedures enable effective meeting of the tax obligations imposed on the Company.

Also, the Company's tax settlements were handled by specialists, adequately prepared to perform their duties in the field of taxes. In order to ensure the correct implementation of tax processes, the Company employees participate in tax training and courses as part of improving their professional qualifications and updating their relevant knowledge.

The Company's accounting and reporting process is organized in such a way as to ensure the compliance of tax settlements with the regulations and to secure the stability of the processes. In addition, the Company's employees responsible for tax settlements use various types of software and IT tools to support and streamline their work. These programs are used, among others, to keep accounting books or generate and verify the correctness of SAF-T files.

The Company's tax settlements are prepared with an appropriate level of control, including the 4 eyes review principle. In its tax settlements, the Company also takes into account the current position and practice of tax authorities and administrative courts in relation to a given issue. In addition, the Company's tax settlements are verified by external tax advisors with whom the Company cooperates. The advisors are employed primarily for periodic inspections of the Company's tax settlements, but also as support in the process of preparing tax calculations.

² <https://www.denso.com/global/en/-/media/global/about-us/sustainability/governance/compliance/compliance-doc-employee-behavior-guideline-en.pdf?rev=1b301ae2fcb34a0d87edc9e092864931>

In the case of ambiguous issues, in order to minimize the negative effects of misinterpretation, the Company confirms and secures its position by obtaining opinions from external tax advisors.

Denso Thermal Systems operates in accordance with tax regulations and at the same time actively promotes compliance with the regulations among its employees. The Chief Financial Officer of Denso Thermal Systems is responsible for overseeing the internal tax system, which includes the introduction, maintenance and improvement of tax compliance structures. The Company also monitors tax risks and manages them in such a way as to prevent their materializing.

Being part of an international group, the company also benefits from the support of group tax specialists.

Information on the Company's tax obligations in the territory of the Republic of Poland

The Company made every effort to submit all tax returns, forms and information on time, as well as to meet tax payment deadlines. In addition, the Company took appropriate actions to ensure that the information provided was complete, up-to-date and faithfully reflected the actual state of affairs.

In the fiscal year 2021, the Company fulfilled its tax obligations in all areas required by tax law, considering the scope of the Company's operations. The main taxes under which the Company fulfilled its obligations were corporate income tax (CIT) and value added tax (VAT). Information on the settlement of corporate income tax, in particular the value of taxable revenues, tax deductible expenses, tax income or tax due, are published on the website of the Ministry of Finance³.

Moreover, the Company fulfilled the obligations of the payer of personal income tax (PIT), withholding tax (WHT), excise duty, customs duties, and also paid social and health insurance contributions from the salaries paid to the Company's employees (Social Security Institution - ZUS) as well as a fee for introducing gases or dust into the air.

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

In the fiscal year 2021, the Company did not use any voluntary forms of cooperation with the authorities of the National Revenue Administration.

³ <https://www.gov.pl/web/finanse/indywidualne-dane-podatnikow-cit>

Information on the information on tax schemes submitted to the Head of the National Revenue Administration, broken down by the taxes they relate to

In the fiscal year 2021 the Company did not identify any tax schemes in connection with which it would be obliged to provide the Head of the National Revenue Administration with information on tax schemes as referred to in Art. 86a § 1 item 10 of the Tax Ordinance Act.

Information on transactions with related parties

In the fiscal year 2021, the Company was a party to transactions whose value exceeded 5% of the balance sheet total of assets, within the meaning of the accounting regulations, as determined on the basis of the company's last approved financial statements. These transactions included:

- purchase of raw materials, materials, semi-finished products for production from Italian entities;
- purchase of the license rights from an entity from Italy;
- liquidity management transactions (cash-pooling) with an entity from the Netherlands.

Moreover, the Company complied with its transfer pricing obligations in a timely manner. In accordance with the applicable regulations, the Company verified the transactions subject to the documentation obligation in the fiscal year and prepared the Local File along with relevant comparative analyses.

Furthermore, the Company submitted, on time, the information on transfer prices (TPR-C form) and a statement on the preparation of local transfer pricing documentation.

Information on restructuring activities planned or undertaken by the Company that may affect the amount of tax liabilities of the Company or related parties

In the fiscal year 2021, Denso Thermal Systems did not undertake restructuring activities that could affect the amount of the Company's tax liabilities or those of its related parties within the meaning of Art. 11a par. 1 item 4 of the CIT Act, and did not plan to undertake such actions in the future.

Information on the taxpayer's tax settlements in territories or countries applying harmful tax competition

In the fiscal year 2021, the Company did not make tax settlements in territories or countries applying harmful tax competition as specified in executive acts issued pursuant to Art. 11j par. 2 of the CIT Act and pursuant to Art. 86a §10 item 1) of the Tax Ordinance Act. Specifically, in terms of these territories/countries, in the fiscal year 2021 the Company:

- was not registered for tax purposes;

- did not submit tax returns or forms;
- did not collect nor paid any taxes.

Information on applications submitted by the Company

In the fiscal year 2021 the Company did not submit any applications for issuing a general tax interpretation, binding rate information, individual tax interpretation or binding excise tax information.