

KDPW_CCP S.A.

INFORMATION ON THE IMPLEMENTED TAX STRATEGY

during the fiscal year:

from 1 January 2021 to 31 December 2021

I. General information

KDPW_CCP S.A. (hereinafter: **the Company** or **KDPW_CCP**) is a CCP (central counterparty) within the meaning of Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (EMIR) and clears cash and derivative transactions in organised and unorganised (OTC) trade.

The Company together with Krajowy Depozyt Papierów Wartościowych S.A. form the KDPW group, which provides both typical infrastructure services, such as clearing of transactions on the organised market, the management of a clearing liquidity guarantee system, settlement of transactions, operation of a securities depository, and value-added services which are closely linked to the core business of the Group. The core and value-added services make up a comprehensive offer for Polish and foreign financial market participants operating in Poland. Value-added services include clearing of OTC derivatives, registration of reported trades in all classes of derivatives in the Trade Repository KDPW_TR, issuance of LEI codes and processing of repo transactions.

II. Legal basis

Pursuant to Article 27c(1) of the Corporate Income Tax Act of 15 February 1992 (Journal of Laws of 2021, item 1800, as amended, hereinafter: the **Corporate Income Tax Act**), taxpayers referred to in Article 27b(2)(1) and (2) are obliged to prepare and publish information on their tax strategy for the fiscal year.

In view of the fact that the Company meets the revenue criterion referred to in Article 27b(2)(2) of the Corporate Income Tax Act, the Company publishes this information on the implemented tax strategy for the year 2020 including the scope of data required under Article 27c(2) of the Corporate Income Tax Act.

Fulfilment of the revenue criterion results from the obligation to disclose in the CIT-8 return, as revenue from sources located in the territory of the Republic of Poland, cash received by the Company from the sale of debt securities. Similarly, cash paid to purchase securities is reported as tax-deductible costs.

III. Information on the tax strategy implemented in the Fiscal Year

Information on the taxpayer's processes and procedures for managing and ensuring the proper discharge of its obligations under tax law

The Company's primary objective with respect to taxation is to correctly discharge its tax obligations, including in particular the payment of taxes in the amount and at the time required by tax law.

In view of the above, the Company takes a range of actions aimed at the proper performance of its tax obligations, including the payment of taxes in the amount resulting from the relevant provisions of the tax law, as well as aimed at protecting it from performing its obligations in a way that could expose it to its tax payments being contested by the tax authorities.

In particular, the Company has an appropriate organisational structure which has been adapted to the size and nature of the Company's business and allows for the efficient management and execution of the Company's tax function.

As a consequence of the above approach of the Company to the reliable fulfilment of tax obligations, the Company is also open to cooperation with the tax authorities based on the principles of mutual understanding and partnership.

The Company also seeks to ensure that all tax function mechanisms it has in place (including appropriate procedures) are:

- adequate and therefore adapted to the size, structure and nature of the Company’s business, taking into account the transactions and operations carried out by the Company.
- effective so that they enable the Company to control tax payments and the tax risks associated with them and allow it to improve the taxpayer’s performance in the tax function and oversight of its operation.

Taking into account the above features, the Company has a number of policies in place for the implementation and management of the tax function to ensure that the Company meets its tax obligations in an effective and timely manner.

Due to, inter alia, the materiality of the amounts and the complexity of the obligations, most of them have been issued in writing in the form of formal procedures while others function as schemes of conduct developed over the years of the Company’s operation and in close co-operation with external tax advisors.

Furthermore, the Company’s procedures and processes are subject to review in terms of their compliance with tax law, market principles of business conduct, the current structure of the Company, and the effectiveness of their application, thus maintaining their adequacy and effectiveness.

In addition, the Company makes efforts to ensure that persons responsible for carrying out obligations related to the correct payment of taxes have the knowledge, skills and experience to perform the assigned tasks effectively and efficiently. This is related both to the verification of candidates hired for particular positions and ensuring development of employees’ competences during their work.

The Company uses in its practice a system of training necessary for the persons involved in the execution of the tax function to have the relevant competences, which ensures that the Company has efficient and well-prepared human resources responsible for the proper operation of the tax function. In addition, the competences, experience and professional background of employees are the main criterion for entrusting them with the execution of tasks, which ensures their reliable performance.

Voluntary forms of co-operation with the National Revenue Administration bodies

In 2020, the Company did not participate in any of the voluntary formal forms of cooperation with the National Revenue Administration bodies. In particular, the Company did not enter into an agreement on co-operation in the area of taxation pursuant to Article 20s(1) of the Tax Ordinance Act (Journal of Laws of 2021, item 1540, as amended, hereinafter: **the Tax Ordinance**).

Information on the implementation by KDPW_CCP of tax obligations in the territory of the Republic of Poland including information on tax schemes notified to the Head of the National Revenue Administration

In 2020, the Company fulfilled in a timely manner all its obligations under the tax legislation in force in the territory of the Republic of Poland.

In 2020, the Company did not identify any tax schemes referred to in Article 86a(1)(10) of the Tax Ordinance and, therefore, did not submit any notification of tax schemes to the Head of the National Revenue Administration.

Transactions with related parties

In 2020, the Company did not carry out transactions with related parties within the meaning of Article 11a(1)(4) of the Corporate Income Tax Act, including entities which are not tax residents of the Republic of Poland, the value of which would exceed 5% of the total assets within the meaning of the accounting regulations determined on the basis of the Company's most recent approved financial statements.

A significant amount of the Company's total assets is attributable to the holding of third-party cash (funds and margins securing the clearing of transactions) in the Company's bank accounts.

Restructuring activities

In 2020, the Company did not undertake or plan any restructuring activities which could affect the tax liabilities of the Company or its related parties within the meaning of Article 11a(1)(4) of the Corporate Income Tax Act.

Information on submitted requests for general tax interpretations, individual tax interpretations, binding tax rate information and binding excise duty information

In 2020, the Company submitted the following requests for tax law interpretations referred to in Article 14b of the Tax Ordinance:

- 1) one request for an interpretation of the provisions of tax law regarding VAT;
- 2) one request for an interpretation of the provisions of tax law regarding corporate income tax, and
- 3) one joint application (where the Company acted as an Interested Party and not a party to the proceedings) for issuance of an interpretation of the provisions of tax law regarding corporate income tax and VAT.

The Company did not apply in 2020 for the issuance of any:

- 1) general tax interpretation referred to in Article 14a(1) the Tax Ordinance;
- 2) binding tax rate information referred to in Article 42a of the Value Added Tax Act of 11 March 2004 (Journal of Laws of 2021, item 685, as amended);
- 3) binding excise duty information referred to in Article 7d(1) of the Excise Duty Act of 6 December 2008 (Journal of Laws of 2020, item 722 and 1747, as amended).

Information on tax payments in territories or countries applying harmful tax competition

The Company did not make tax payments in 2020 in any territories or countries applying harmful tax competition listed in the implementing acts issued pursuant to Article 11j(2) of the Corporate Income Tax Act and in the announcement of the minister responsible for public finance issued pursuant to Article 86a(10) of the Tax Ordinance.