



PENTHOL GOVERNMENT ENGAGEMENT AND TAXATION POLICY

PENTHOL GROUP OF COMPANIES PENTHOL GOVERNMENT ENGAGEMENT AND TAXATION POLICY

1. PURPOSE AND SCOPE

Our global marketing and sales operations bring in revenue through taxes and fees for governments all over the world. The taxes and fees we pay play a key role in the development of countries where we operate. We know that taxes and fees provide social security for countries. Governments use these taxes and fees for the funding of basic public services like education, healthcare, transportation and infrastructure.

This Penthol Government Engagement and Taxation Policy (**“Policy”**) sets out the guiding principles and mandatory requirements for the fulfillment of our payments to governments obligations in all countries in which we operate. It also establishes a consistent means by which to reliably report on our payments to public authorities, with the aim to improve transparency and reduce the corruption risk in cooperation with these governments.

As Penthol Group of Companies (**“Penthol”**), we strive to comply with all applicable laws and regulations including taxation on a national and international basis and act as a responsible global corporate tax citizen, in line with the UN’s Sustainable Development Goals.

This Policy is aligned with our Code of Conduct which also includes information on our approach to anti-corruption, anti-bribery and anti-money laundering. Our business and financial practices refer to Penthol Anti-Bribery & Anti-Corruption and Anti-Money Laundering Policy and Penthol Code of Conduct.

This Policy applies to all Penthol Group of Companies. Our employees and managers within the countries in which we operate are obliged to act in accordance with this Policy.

We also expect our business partners to uphold these principles and urge them to adopt similar taxation policies and strategies within their own businesses.

2. DEFINITIONS

Business Partners: Our suppliers, customers, contractors, all sorts of representatives, subcontractors and consultants, institutions/organizations with which we do business with including any other third parties.

Payments to Government: An organization can calculate payments to governments as all of the organization’s taxes plus related penalties paid at the international, national, and local levels. Organization taxes can include corporate, income, and property. Payments to government exclude deferred taxes, because they may not be paid. If operating in more than one country, the organization can report taxes paid by country, including the definition of segmentation used.¹

¹ GRI 201: Economic Performance 2016, GRI Standards, Global Reporting Initiative (GRI), Amsterdam, The Netherlands.

3. GENERAL PRINCIPLES

As Penthol, we strive to ensure confidence in all the existing or potential state-owned entities that we are doing business with. We have established a taxation strategy focused on objective, compliant, transparent, reliable and sustainable principles. We fulfill our tax-related financial obligations completely and on time in all countries where we operate under the supervision of an Accounting Director. Besides, our tax governance activities globally are managed through our tax governance advisors.

Our Top Management has fulfilled its legal obligations on time in the areas of declaration, taxation and legislation. They are responsible for developing a culture of tax risk management and managing tax affairs.

We maintain internal policies and procedures to support our tax control framework and employ professionals with experience in the identification and management of tax risk. This is further supported by robust accounting systems to deliver timely and accurate returns, declarations, payments, and claims.

We follow the tax regulations on a regular basis and up-to-date in all countries in which we operate. Independent audit firms verify and audit all of our financial statements and financial data independently. We make the accrued payments to our Group regularly through bank orders, internet banking and interactive tax offices.

We publicly disclose our audited financial statements on an annual basis through our Sustainability Report.

In order to defend the public policy on taxation, we terminate our business relations with our suppliers who do not fulfill their tax obligations correctly.

Tax Audit: In order to check conformity with tax law, the Tax Authorities perform a tax audit and an evaluation. As Penthol, we are taxed and audited only in accordance with International Tax Laws. Our financial statements and related processes and documents are reviewed and checked quarterly by our certified public accountant (CPA) within the scope of a full certification audit and by independent audit companies within the scope of independent audit. Our Top Management is informed at all stages of the taxation process.

4. IMPLEMENTATION, REVIEW AND ENFORCEMENT

Our Policy was published on 30.11.2023 with the approval of our President. Our Accounting Department shall examine this Policy on a regular basis, taking into account the current requirements and changes to our operating conditions. After approval of our President on the basis of a recommendation by our Accounting Department, amendments considered to be necessary shall take effect. In order to ensure that this Policy is observed and regularly followed-up on possible violations and suspicious situations identified as part of improvements, our President shall be in charge at the highest level.

This Policy shall be made available to all our business partners and stakeholders, including employees, through our company website and intranet site.