

PHILIPS DOMESTIC APPLIANCES POLSKA sp. z o. o.

Information on tax strategy
implemented from 1 January 2021 to 31 December 2021
drawn up pursuant to Article 27c of the Act on Corporate Income Tax

A. Introduction

Philips Domestic Appliances Polska sp. z o.o. („**Philips DA**” or „**the Company**”) is part of the international Philips Domestic Appliances group ("**Philips Group**"). The Company's business in 2021 was primarily in the field of the sale of household appliances (devices), including kitchen appliances, coffee makers, deep fryers, irons, steam stations, steamers (also referred to as "domestic appliances").

This document provides information about Philips DA's tax strategy for the fiscal year running from 1 January 2021 to 31 December 2021, and the principles, values and objectives and goals that guide Philips DA in its activities to ensure its compliance with tax law.

The purpose of this document is to comply with the obligation under Article 27c of the Corporate Income Tax Act ("**CIT Act**").

B. The Company's tax strategy

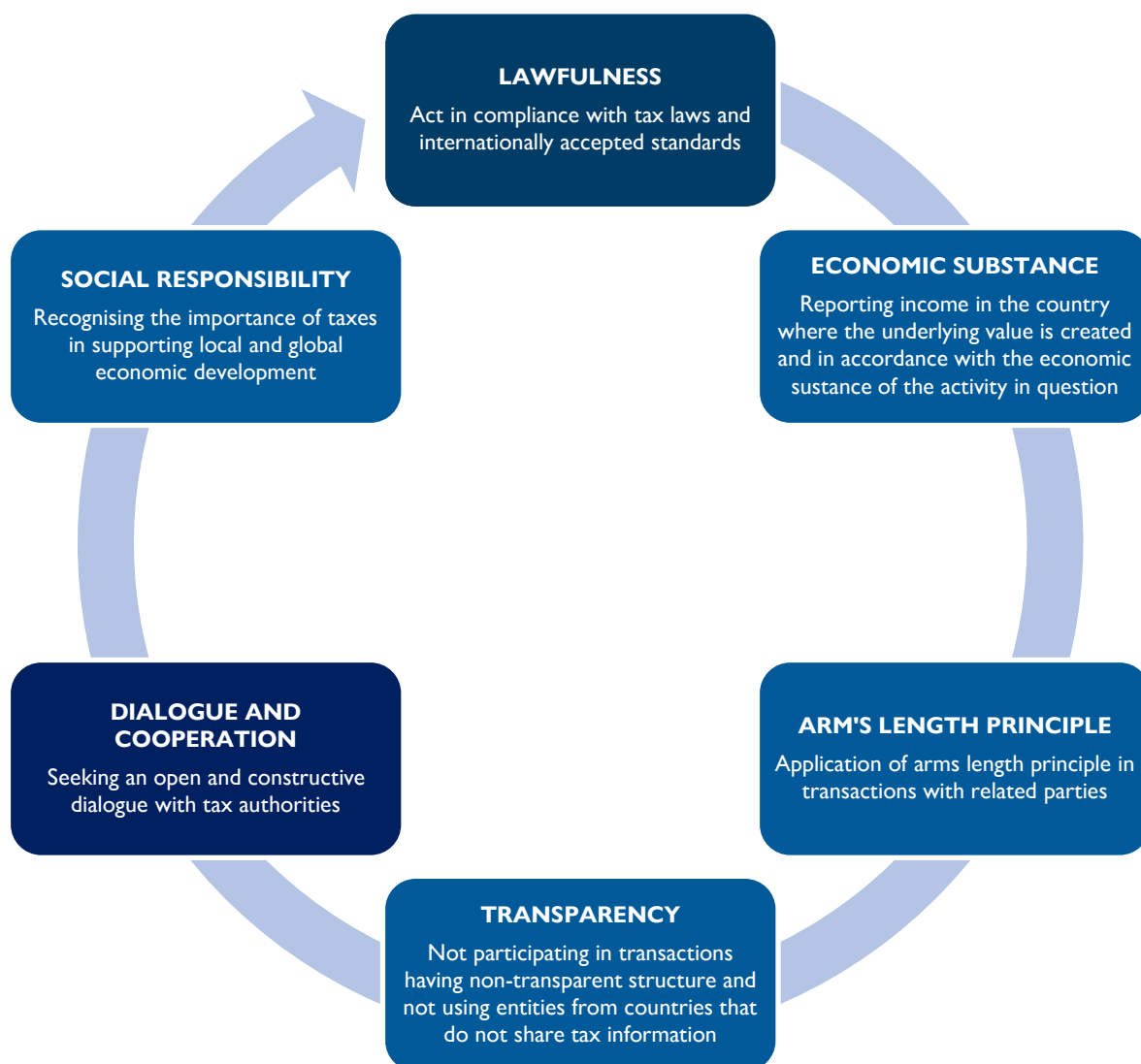
In pursuance of its business goals and strategy, Philips DA's priority is to properly perform its tax obligations. The Company's tax strategy is an inherent part of its business strategy, since from the Company's perspective, ensuring full tax compliance is not only a legal

Philips Domestic Appliances Polska Sp. z o.o.

Al. Jerozolimskie 195B, 02-222 Warszawa, Polska www.philips.com, Sąd Rejonowy dla m.st. Warszawy w Warszawie, XIV Wydział Gospodarczy Krajowego Rejestru Sądowego pod numerem KRS 0000830304, NIP 5272921998, REGON 385623719, kapitał zakładowy 66.005.000,00PLN

obligation, but also an element of its corporate social responsibility policy, which is one of the core values of Philips DA.

The Company's tax strategy is based on the following core values:



The principles followed by the Company in the area of taxation are aimed primarily at ensuring **reliability, accuracy, completeness, and transparency of the Company's tax reporting.**

Furthermore, the Company's tax strategy envisages the mitigation of tax risk for Philips DA. The Company has **zero tolerance towards any unlawful tax avoidance or evasion practices**, as well as any other activities resulting in tax law violations.

The tax strategy is implemented by the Company through:

- 1) Application of procedures and good practices in the field of tax compliance
- 2) Entrusting the performance of tax duties to highly qualified personnel
- 3) Implementation of IT tools to optimize processes related to the performance of tax obligations
- 4) Involvement of people from different departments within the Company and external advisors in tax compliance processes
- 5) Application of a multi-level system of control and supervision in the performance of tax obligations
- 6) General supervision of the management board of Philips DA's over the implementation of the Company's tax strategy

C. Information on processes and procedures applied by the taxpayer to manage and ensure compliance with tax law obligation

The Company has procedures and good practices in place aimed at ensuring accurate, timely, and transparent tax reporting. The procedures are applicable to almost every level of discharge of tax obligations – from collecting and reviewing source documentation, to establishing pricing and terms of cooperation, preparing and drawing up tax reports, to verifying the accuracy of the reports and making corrections, if any.

In 2021, the Company applied procedures and good practices in the following areas:

- 1) Corporate income tax (CIT)
- 2) Value added tax (VAT)
- 3) Withholding tax (WHT)
- 4) Customer verification
- 5) Transfer pricing (TP)
- 6) Personal income tax (PIT)
- 7) MDR.

The Company ensures that all individuals involved in the implementation of these procedures and practices carry them out with due diligence.

Tax procedures and good practices constitute business information of an organisational nature and are treated as confidential within the Company and the Philips Group. As such, they are classed as trade secrets and are not subject to public disclosure.

D. Information concerning the taxpayer's compliance with its tax obligations in the territory of the Republic of Poland

D.1. Corporate income tax (CIT)

Philips DA is a tax resident in Poland. The Company is subject to corporate income tax (CIT) on its entire income, irrespective of where it is earned.

The Company filed the annual corporate income tax return for 2021 in the CIT-8 form within the time limit arising from applicable law. The Company also timely paid the tax reported in the annual tax return as well as it has timely paid tax advances (CIT) during the year.

Corporate income tax paid by the Company in 2021 amounted to PLN 7,163,124.

D.2. Value added tax (VAT)

Philips DA is an active VAT payer. The Company is also registered for intra-Community VAT transactions and has a VAT-EU number.

The Company submitted JPK_V7M files containing monthly returns for VAT on time within the time limits resulting from the applicable legislation. The Company also paid the VAT due resulting from its monthly tax returns on time.

In 2021, Philips Polska paid a total of PLN 55,018,033 in VAT to the State budget.

D.3. Personal income tax (PIT)

In 2021, the Philips DA employed an average of 170 employees. The Company, as a payer of PIT advances, calculated, collected and paid to the account of the relevant tax office PIT advances on salaries paid to employees.

The Company timely filed the annual declaration of advances for income tax in the PIT-4R form and provided the employees and the relevant tax offices with information about the income earned by the employees and the advances for personal income tax collected from these incomes in PIT-11 forms.

In 2021, the Company collected and paid to the account of the relevant tax office advance payments for PIT in the total amount of PLN 3,804,442.

D.4. Other taxes

In 2021, the Company paid tax on civil law transactions on the acquisition of an organized part of the enterprise.

E. Information on voluntary forms of cooperation with the National Revenue Administration (NRA)

In 2021, the Company did not engage in any voluntary forms of cooperation with the NRA, except for duly complying with its tax obligations, responding to any summons, inquiries, or any other communication sent to the Company by tax authorities in due time, and providing appropriate records when requested by tax authorities.

F. Information on the number of tax scheme disclosures referred to in Article 86a § 1 point 10 of the Tax Ordinance submitted to the Head of the National Revenue Administration by tax type

Philips Domestic Appliances Polska Sp. z o.o.

Al. Jerozolimskie 195B, 02-222 Warszawa, Polska www.philips.com, Sąd Rejonowy dla m.st. Warszawy w Warszawie, XIV Wydział Gospodarczy Krajowego Rejestru Sądowego pod numerem KRS 0000830304, NIP 5272921998, REGON 385623719, kapitał zakładowy 66.005.000,00PLN

In 2021, the Company did not disclose any information on tax schemes to the Head of NRA.

G. Information on applications submitted by the taxpayer for general tax rulings, individual tax rulings, binding tariff information, binding excise information

In 2021, the Company applied for three individual tax rulings with regard to corporate income tax and value added tax (VAT) regulations. As a result of filing these applications, the Company received two individual tax rulings in 2021 and one individual tax rulings in early 2022.

At the same time, in 2021, the Company did not apply for a general tax ruling, binding rate information or binding excise information.

H. Information on related party transactions within the meaning of Article 11a sec. 1 point 4 exceeding 5% of the total assets within the meaning of accounting regulations, established based on the most recent approved financial statements, including with non-residents of the Republic of Poland for tax purposes

In 2021, Philips DA made the following transactions with related parties within the meaning of Article 11a sec. 1 point 4 of the CIT Act.:

Type of transaction	Related party name
Purchase of goods	Philips Domestic Appliances Nederland B.V.
Purchase of support services	Philips Domestic Appliances Romania S.R.L.
Sales of support services	Philips Domestic Appliances Nederland B.V. Philips Domestic Appliances Switzerland AG PH Domestic Appliances Germany GmbH Philips Domestic Appliances Spain S.L.U. Philips Domestic Appliances France SAS

Philips Domestic Appliances Polska Sp. z o.o.

Al. Jerozolimskie 195B, 02-222 Warszawa, Polska www.philips.com, Sąd Rejonowy dla m.st. Warszawy w Warszawie, XIV Wydział Gospodarczy Krajowego Rejestru Sądowego pod numerem KRS 0000830304, NIP 5272921998, REGON 385623719, kapitał zakładowy 66.005.000,00PLN

	Philips Domestic Appliances UK Ltd PH Hellas DA Single Member S.A Philips Domestic Appliances Italy S.r.l. Philips Domestic Appliances Norway AS Philips Domestic Appliances Sweden AB Philips EV Aletleri Ticaret A.S Philips Domestic Appliances Baltics SIA Philips Domestic Appliances Hungary Kft Philips Domestic Appliances Romania S.R.L. Philips Domestic Appliances Česká republika s.r.o
--	--

The total value of transactions with related parties carried out by the Company in 2021 exceeded 5% of the Company's total assets.

I. Information on the taxpayer's planned or actual restructuring measures which may have an effect on the amount of tax liability of the taxpayer or its related parties within the meaning of Article 11 sec. 1 point 4.

A reorganization took place in 2021, as part of which the Philips DA acquired an organized part of an enterprise intended for the sale of household appliances (domestic appliances) from a related party within the meaning of Article 11a sec. 1 point 4 of the CIT Act. The reorganization was part of a project at the level of the entire Philips Group aimed at separating the domestic appliances business within the Group structure.

At this point, the Company is not planning any restructuring activities that may affect the taxpayer's or related parties' tax liabilities within the meaning of Article 11a sec. 1 point 4 of the CIT Act.

J. Information on the taxpayer's tax settlements in territories or countries engaged in harmful tax competition as specified in secondary legislation adopted pursuant to Article 11j sec. 2 of the Corporate Income Tax Act of 15 February 1992 and pursuant to Article 23v sec. 2 of the Personal Income Tax Act of 26 July 1991, and in the announcement of the Minister with

Philips Domestic Appliances Polska Sp. z o.o.

Al. Jerozolimskie 195B, 02-222 Warszawa, Polska www.philips.com, Sąd Rejonowy dla m.st. Warszawy w Warszawie, XIV Wydział Gospodarczy Krajowego Rejestru Sądowego pod numerem KRS 0000830304, NIP 5272921998, REGON 385623719, kapitał zakładowy 66.005.000,00PLN

responsibility for public finance pursuant to Article 86a § 10 of the Tax Ordinance

In 2021, Philips Polska did not make any tax settlements in territories or countries engaged in harmful tax competition as specified in secondary legislation adopted pursuant to Article 11j sec. 2 of the CIT Act of 15 February 1992 and in the announcement of the Minister with responsibility for public finance pursuant to Article 86a § 10 of the Tax Ordinance.