



**INFORMATION ON EXECUTED TAX STRATEGY
IN THE TAX YEAR
FROM 1 JANUARY 2023 TO 31 DECEMBER 2023**

"Nicols Poland" Spółka z ograniczoną
odpowiedzialnością

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1. Introduction and legal basis

The Company, as a corporate income taxpayer with revenues exceeding EUR 50 million, is obliged to prepare and publish information on its tax strategy for the tax year ended December 31, 2023.

This document presents the manner in which the Company implements its tax strategy in the tax year from 1 January 2023 to 31 December 2023 and has been prepared in accordance with Article 27c of the CIT Act, constituting information on the executed tax strategy, prepared for the purposes of the Company's obligation to prepare and publish information on the implemented tax strategy on an annual basis, indicated in the CIT Act.

Information that is covered by commercial, industrial, professional or production process secrets, as well as information to which access is restricted due to applicable laws or contractual obligations or resulting from planned or made business decisions by the Company, may be excluded from the publication obligation.

2. Definitions

Company	"Nicols Poland" Spółka z ograniczoną odpowiedzialnością with its registered office in Trawniki, with NIP 7120168705;
Nicols Group	an international capital group of which the Company is a member
Ord Pod	Act of 29 August 1997. Tax Ordinance (i.e. Journal of Laws of 2023, item 2383);
CIT Act	Corporate Income Tax Act of 15 February 1992 (i.e. Journal of Laws of 2023, item 2805);
VAT Act	Act of 11 March 2004 on tax on goods and services (i.e. Journal of Laws of 2024, item 361);
PIT Act	Personal Income Tax Act of 26 July 1991 (i.e. Journal of Laws of 2024, item 226);
Excise Duty Act	Excise Duty Act of 6 December 2008 (i.e. Journal of Laws of 2023, item 1542);
Accounting Act	The Accounting Act of 29 September 1994 (i.e. Journal of Laws of 2023, item 120, as amended).
Fiscal year 2023	the tax year to which the document relates, started on 1 January 2023 and ended on 31 December 2023.
Accounting Department	a team of experts dealing with financial and tax issues supported in selected areas by the Controlling Department
HR and Payroll Department (PCO)	a team of experts dealing with insurance and tax issues
Controlling Department	a team of experts dealing with financial and tax issues supporting the Accounting Department in selected areas

3. Scope of activities of the Nicols Group and the Company

The Nicols Group is a leading manufacturer of cleaning products, such as bath sponges, kitchen scourers, cloths, air fresheners and toilet products.

The Nicols Group operates from research and development, through production, to the delivery of products to customers, using modern technologies and taking care of the environment. The Nicols Group has three locations: Belgium, France and Poland, and its customers include 18 of the 20 largest retailers in Europe.

The main activity of the Company is the production and sale of cleaning products. Due to the changing market environment, resulting not only from the activities of competitors but also from changing consumer expectations, it is necessary to constantly adapt and improve the products created. Therefore, the Company also operates in the area of research and development projects in order to develop products that respond to market demand.

Detailed information on current activity is available on the [Company's](#) website.

4. Key data about the Company

Name	"Nicols Poland" Limited Liability Company
Headquarters	Trawniki, 21-044 Trawniki
KRS number	0000028658
Tax Identification Number	7120168705
REGON number	430387902
Capital	PLN 5,524,925.00
Date of signing the Articles of Association	1994-01-06
Date of entry in the register of entrepreneurs of the National Court Register	2001-07-17
Number of employees employed under an employment contract (average employment) in 2023	465

5. Tax processes and procedures

Legal basis: pursuant to Article 27c(2)(1)(a) of the CIT Act, the taxpayer provides information on processes and procedures related to the management of the performance of obligations under tax law and ensuring their proper performance

Strategic approach

The key role in the proper fulfillment of the Company's tax obligations is played by the Group, to which the Company belongs. The Group's objective is to conduct its business, including tax settlements, in an ethical and correct manner. The Nicols Group not only supports the Company in making key decisions and setting directions in the tax area, but also plays an important role in ensuring that all actions taken are consistent with the overall group strategies and policies. As a result, the tax processes performed not only meet the individual needs of the Company, but also fit into the broader strategic framework of the Nicols Group.

To achieve this goal, the Nicols Group has adopted high standards related to the ethical dimension of doing business, as reflected in the Code of Conduct ([Code of conduct](#)). This document emphasizes the commitment to an ethical and socially responsible workplace, including all employees, board members and colleagues. It includes principles on responsibility, diversity, equal opportunities, anti-harassment, health and safety at work, protection of company property, responsible use of social media, protection of confidential information, compliance with data protection laws and environmental protection. The Code also promotes a culture of whistleblowing and provides protection from retaliation for those who report suspected violations. In doing so, the Nicols Group is committed to continuously improving its products and processes towards greater environmental friendliness and sustainability. This document applies to the Company, its conduct and all employees, suppliers and contractors.

General assumptions

The tax strategy pursued by the Company is an expression of the concept of the Company's social responsibility through the correct and timely performance of tax obligations under the tax law. The Company's tax strategy is consistent with and results from the tax strategy pursued by the Nicols Group.

Tax function

The Company has implemented appropriate tax processes and procedures, which have been adapted to its organizational structure and the characteristics of the industry in which it operates. These activities were aimed at ensuring proper management of obligations in the field of tax law. The Company strives to systematically improve its tax processes, which allows for accurate identification and reliable and timely fulfillment of the tax obligations imposed on it.

In particular, the Company has implemented structured processes or procedures regarding, among others:

- exercise due diligence in withholding tax,
- verification of contractors' bank accounts in the case of payments – in order to comply with the statutory obligation to verify them in the list kept by the Head of the National Tax Information referred to in Article 96b(1) of the VAT Act, the so-called White List;
- mandatory application of the split payment mechanism, in accordance with Article 108a(1a) of the VAT Act;
- verification of tax identification numbers of contractors, including domestic and foreign ones from the European Union;
- preparation of transfer pricing documentation for the Company,
- counteract non-compliance with the obligation to provide information on tax schemes, and
- closing of individual accounting periods – aimed at ensuring completeness and timeliness of implementation and control over this process.

In addition, the Company has an electronic invoice flow system (workflow), which significantly streamlines and automates the process of verification expenses and documents archiving. This process is an important element of financial management in the company, ensuring transparency and control over the costs incurred. As part of the aforementioned process, the person or people responsible for the expense is obliged to verify and approve or reject it in a timely manner, indicating the reasons for such action. In addition, the Accounting Department has introduced rules for the verification of source documents based on data provided by other departments, which ensure that the Company correctly fulfils its obligations under the tax law, in particular with regard to purchase invoices and documents related to business trips.

Implemented processes enable control over tax issues to ensure compliance with tax regulations and reporting and risk management requirements in this area.

The Company prioritizes exercising due diligence in its tax settlements and minimizing potential tax risks by:

- taking actions aimed at verifying tax settlements by means of appropriate control activities and monitoring processes, including the application of the double-check principle and the use of IT tools,
- implementation of appropriate procedures to standardize internal processes and ensure the proper fulfillment of tax obligations,
- following legislative processes and preparing solutions to adapt the current processes in the Company to the changing legal environment,
- constant monitoring of the approach of tax authorities to key issues for the Company,
- using the support of external tax advisors who exercise constant supervision over the tax settlement process and over the planning and tax classification of economic events related to the Company,
- ensuring adequate substitutability of employees and diversification of duties in the Accounting Department, HR and Payroll Department (PCO) and Controlling Department.

In order to properly meet its tax obligations, the Company uses IT tools tailored to its needs. These tools enable accurate and complete recording of tax data and the proper preparation of tax returns and other tax documents.

The Company employs qualified specialists with extensive tax knowledge, who are responsible for ongoing tax settlements and for reliable and correct fulfillment of tax obligations. In order to ensure the proper functioning of tax processes, the Company places great emphasis on educating and improving the qualifications of employees through participation in tax-related training and courses. In addition, selected tax processes have been entrusted to specialized external entities to ensure proper performance of tax obligations.

Tax risk management

The Company does not engage in aggressive tax activities or create artificial optimization structures. In terms of taxes, the Company avoids tax avoidance activities, focusing on minimizing tax risk and complying with tax law regulations.

The company has a low appetite for risk, and its tax strategy is conservative, focused on the proper performance of all tax obligations and avoiding disputes with tax authorities. In this context, the Company takes steps to effectively manage tax risk and actively monitors changes in tax law and current interpretations of these regulations.

6. Fulfilling tax obligations

Legal basis: pursuant to Article 27c(2)(2) of the CIT Act, the taxpayer provides information on the taxpayer's performance of tax obligations in the territory of the Republic of Poland, together with information on the number of information on tax schemes referred to in Article 86a § 1 item 10 of the Tax Ordinance submitted to the Head of the National Tax Administration, broken down by tax, concerned.

Compliance with tax law and reliable reporting on the part of the Company are reflected in exercising due diligence, collecting and timely submitting all documents and meeting the deadlines for payment of tax liabilities. The Company makes every effort to ensure that the information it provides is complete, up-to-date, clear and understandable, and accurately reflects the facts.

In the 2023 tax year, the Company fulfilled its tax obligations with respect to social security and health insurance contributions on salaries paid to the Company's employees (ZUS), personal income tax (PIT), corporate income tax (CIT) and withholding tax (WHT). In addition, the Company fulfilled its obligations in the area of value added tax (VAT), customs duty, excise duty and real estate tax.

The Company's individual data as a CIT taxpayer have been published on the [website](#) of the Ministry of Finance pursuant to Article 27b(1) of the CIT Act. Selected tax information is also available in the Company's financial statements, which have been approved in a timely manner and submitted to [the National Court Register](#).

7. Voluntary forms of cooperation with the National Tax Administration

Legal basis: pursuant to Article 27c(2)(1)(b) of the CIT Act, the taxpayer provides information on voluntary forms of cooperation with the National Tax Administration

In the 2023 tax year, the Company did not use any voluntary forms of cooperation with the National Tax Administration, within the meaning of Article 27c(2)(1)(b) of the CIT Act. In particular, the Company did not apply for the Cooperative Compliance Program or was not a participant in this Program.

During this period, the Company did not file an application for an Advance Pricing Agreement (APA) in the field of transfer pricing. In addition, the Company did not obtain an opinion on the application of preferences with respect to the collection of withholding tax (WHT).

8. Tax schemes

Legal basis: pursuant to Article 27c(2)(2) of the CIT Act, the taxpayer provides information on the taxpayer's performance of tax obligations in the territory of the Republic of Poland, together with information on the number of information on tax schemes referred to in Article 86a § 1 item 10 of the Tax Ordinance submitted to the Head of the National Tax Administration, broken down by tax, concerned.

In the tax year 2023, the Company did not identify any tax schemes, therefore it was not obliged to provide the Head of the National Tax Administration with information on tax schemes referred to in Article 86a § 1 item 10 of the Tax Ordinance.

9. Transactions with related entities

Legal basis: pursuant to Article 27c(2)(3)(a) of the CIT Act, taxpayers provide information on transactions with related parties within the meaning of Article 11a(1)(4) of the CIT Act, the value of which exceeds 5% of the balance sheet total of assets within the meaning of the accounting regulations, determined on the basis of the company's most recent approved financial statements, including entities that are not tax residents of the Republic of Poland.

The Company analyzes the business relations between it and related parties and transactions concluded with these entities. In such transactions, the Company applies the arm's length principle, i.e. setting prices on terms that would be agreed between unrelated entities.

The company has fulfilled its obligations in the field of transfer pricing. In accordance with the applicable regulations, the Company verified the transactions subject to the documentation requirement for the previous tax year and prepared a local file along with appropriate benchmarking analyses. In addition, the Company submitted a transfer pricing statement (TPR-C form) and a statement on the preparation of local transfer pricing documentation for the previous tax year.

In the fiscal year 2023, the Company was a party to the following transactions, the value of which exceeded 5% of the balance sheet total of assets within the meaning of the provisions of the Accounting Act, determined on the basis of the Company's most recent approved financial statements (i.e. PLN 8,144,807.41):

- Sale of finished products, goods and raw materials to a related entity with its registered office in Belgium,
- Purchase of support services from an affiliate based in Belgium,
- Participation in financing in the form of cash-pooling, managed by a related entity based in Belgium.

10. Planned or undertaken restructuring activities

Legal basis: pursuant to Article 27c(2)(3)(b), taxpayers provide information on restructuring activities planned or undertaken by the taxpayer that may affect the amount of tax liabilities of the taxpayer or related entities within the meaning of Article 11a(1)(4) of the CIT Act.

In the fiscal year 2023, the Company's Management Board decided to transfer the production of one of the sponge categories from the Company to another related entity. This decision was made on the basis of an analysis of the profitability of this activity in Poland.

The Company did not plan or undertake any other restructuring activities in the tax year 2023 that could affect the amount of tax liabilities of the Company or related parties within the meaning of Article 11a(1)(4) of the CIT Act.

11. Applications submitted by the Company

Legal basis: pursuant to Article 27c(2)(4) of the CIT Act, taxpayers provide information on submitted applications for issuance:

- a) general tax interpretation referred to in Article 14a § 1 of the Tax Ordinance,
- b) interpretation of tax law provisions referred to in Article 14b of the Tax Ordinance,
- c) binding rate information referred to in Article 42a of the Value Added Tax Act,
- d) binding excise duty information referred to in Article 7d(1) of the Excise Duty Act.

In the fiscal year 2023, the Company did not submit any applications for the issuance of:

- general interpretation of tax law provisions within the meaning of Article 14a § 1 of the Tax Ordinance;
- individual interpretation of tax law provisions within the meaning of Article 14b § 1 of the Tax Ordinance;
- binding rate information within the meaning of Article 42a of the VAT Act,
- binding excise duty information within the meaning of Article 7d (1) of the Excise Duty Act.

12. Tax reconciliations in territories or countries applying harmful tax competition

Legal basis: pursuant to Article 27c(2)(5) of the CIT Act, taxpayers provide information on the taxpayer's tax settlements in the territories or countries applying harmful tax competition indicated in the executive acts issued on the basis of Article 11j(2) of the CIT Act and on the basis of Article 23v(2) of the PIT Act and in the announcement of the minister competent for public finances issued on the basis of Article 86a § 10 of the Tax Ordinance.

In the tax year 2023, the Company did not make tax settlements in the territories or countries applying harmful tax competition, indicated in the executive acts issued pursuant to Article 11j(2) of the CIT Act and pursuant to Article 23v(2)



of the PIT Act, as well as in the announcement of the minister competent for public finances issued pursuant to Article 86a § 10 item 1) of the Tax Ordinance.

In particular, in these territories/countries, the Company in the 2023 tax year:

- was not registered as an active taxpayer of any tax;
- did not submit tax returns or forms;
- did not collect or pay taxes.

In the event of transactions with entities from such territories/countries or the need to make settlements there, the Company would exercise special caution. If necessary, the Company will use the support of external tax advisors, including local ones, to ensure maximum tax security and full control over the correctness of the settlements conducted there.