Tax Strategy

Why we need a Tax Strategy

The Tax Strategy defines **principles** and **objectives** adopted by Mundys S.p.A. and its subsidiaries (hereinafter Mundys or Group) for managing taxation of the Group and represents the commitment of the Board of Directors to a responsible and fair approach to taxation, supported by the implementation of an internal control system to ensure that the regulatory, financial and reputational risks associated with taxation are fully identified and monitored (Tax Control Framework or “TCF”).

Mundys ensures that the Tax Strategy is recognized and applied within the **Group**. To this end, with reference to the main Group companies: (i) the Tax Strategy has been progressively approved, according to materiality criteria, by the respective Boards of Directors; (ii) issues which may expose the Group to significant tax risks or conflict with the Tax Strategy are considered important matters of Board of Directors oversight and risk management.

The **Tax Control Framework** implemented by Mundys is fully aligned with the international framework issued by the OECD and adopted by the Italian Tax Authority and by the tax authorities of the main Countries in which the Group operates. Therefore, the TCF is a component of the broader internal control system that assures the accuracy and completeness of the tax returns and of all tax filings and disclosures owed by Mundys.

On an annual basis, a Tax Compliance Report is presented to the **Board of Directors** through the Control, Risk and Sustainability Committee, in which, the results of the monitoring activity and the adequacy of the TCF are reported. The Tax Compliance Report is therefore submitted to the Italian Tax Authority under the Italian Cooperative Compliance Regime to which Mundys adhere.

Mundys shall apply the following **strategic guidelines** in managing taxation:

Tax Compliance	*Commit to applying the tax rules provided for in treaties, EU regulations and laws of the jurisdictions in which the Group operates, ensuring compliance with both the letter and spirit of the tax laws.* *Should the legislation give rise to significant tax uncertainties, Mundys shall adopt a reasonable interpretation to be disclosed in advance to the competent Tax Authority.*
Tax Fairness	*Ensure to pay the amount of taxes due according to the law and at the right time, without necessarily choosing to pay the highest amount. Therefore, Mundys is committed:* • *towards the affected communities in which the Group operates to pay taxes as significant source of government revenue to their sustainable developments.* • *towards its stakeholders, not to pay more taxes than is due under the law, ensuring in any event that it takes advantages of any legitimate tax savings and permitted tax benefits.*
Aggressive Tax Planning	*Adopt an approach to taxation that excludes the use of artificial constructions and the localization of profits in tax havens with the sole purpose of obtaining undue tax advantages in contrast with the purposes or the spirit of the provisions or of the relevant tax system.* *Monitor tax compliance with the key principles established in the Tax Strategy.* *Declare and remit taxes in the jurisdictions in which the Group has economic substance and carries out its effective economic activity.*
Tax risk Management	*Adopt a Tax Control Framework, for tax risks management, continuously updated and in line with OECD recommendations and the criteria adopted by the Italian Tax Authority, to monitor the risk of incurring the violation of tax regulations or the abuse of principles and purpose of the tax system.* *Extend gradually the Tax Control Framework to the most relevant entities of the Group.*

Arm's length principle	*Apply the arm's length principle for setting intercompany transactions in accordance with the OECD guidelines (Model Tax Convention and Transfer Pricing Guidelines).*
Tax Authority engagement	*Ensure transparency and accuracy in relations with Tax Authorities, promoting adherence to cooperative compliance regimes for Group companies, that integrate the requirements set by the relevant domestic regulations and adhering to the provisions on the transfer pricing documentation.*
Tax Reporting and Sustainability	*Considering that tax matters fall under sustainability impacts, risks, and opportunities, present an annual publicly available Tax Transparency Report that provides investors with information to evaluate the adequacy of the established Tax Strategy, tax risk management processes implemented and the tax contribution to the jurisdictions where the Group operates (both in terms of taxes paid - Taxes Borne - and in terms of taxes collected - Taxes Collected).*
Soft Controls	*Encourage tax compliance culture and awareness of the value of compliance in the Group.* *There must be no management incentive schemes linked to undue reductions in the tax burden.*
Whistleblowing	*Fully implement a global whistleblowing procedure, which provides anonymous channels for reporting any unlawful or justifiably suspicious conduct, including in tax matters, as well as for communicating any tax findings. Set up a special committee for the analysis and management of whistleblowing reports, with protections for the whistleblower and compliance with national and EU regulations.*