





## TAX COMPLIANCE POLICY

## **GENERAL PRINCIPLES OF ACTION**

The SANDO GROUP's commitment to compliance with the laws and principles on which they are based extends to every one of its areas of activity. It is an essential part of its development in the market under the principles of ethics, transparency and excellence.

GRUPO SANDO, as a benchmark entity in the areas of activity it carries out, is aware of the impact of its tax policy on its reputation. In the same way, it considers that monitoring a fiscal policy aligned with current tax regulations and its spirit is inseparable from its firm commitment to society and its sense of responsibility towards the authorities with which it interacts.

Balanced and transparent fiscal management is considered vital for the expected performance of SANDO's economic activities.

For this reason, SANDO's tax strategy strictly complies with the tax obligations required by the regulations in force as its fundamental pillar in permanent cooperation with the tax authorities.

These principles are fundamental in the legitimate search for fiscal efficiency to create value in the company. The efficiency sought must always be based on strict compliance with the applicable regulations. Implementing artificial or forced operations or practices that do not respond to valid economic reasons other than merely obtaining a tax advantage must be rejected.

Aware of the complexity in the interpretation of some tax regulations and the unique exposure of tax regulations to constant legislative changes, SANDO believes it is necessary to write the tax policy it has been implementing regularly in a code of conduct, reflecting the parameters on which its tax strategy is based and following the recommendations of the OECD on responsible business management (*responsible business conduct*).

Given the above, the general principles that inspire SANDO's fiscal policy are as follows:

- Compliance with applicable tax regulations.
- Establishing rigorous procedures for managing tax returns and documentation, including connecting tax settlement processes with periodic audits of critical processes.
- Ensuring that tax returns are filed accurately, completely and within the legal deadlines.
- The appropriate designation of people with the proper training, experience and knowledge for applying these policies, providing them with the necessary material means, establishing effective

systems for monitoring and monitoring their performance, and providing the necessary tools and resources for updating knowledge.

- The application of due diligence in tax-relevant decision-making.
- The verification and contrast of an economic purpose that can be validated in the market in all corporate operations, regardless of the concurrence of tax advantages or incentives. This will imply ensuring, through the use of the necessary resources, the rejection of acts or transactions in which (a) the actual existence of these could be questioned or (b) the following circumstances are present:
  - That, individually or as a whole, are notoriously artificial or improper for achieving the result obtained.
  - Its use does not result in relevant legal or economic effects other than tax savings and the effects that would have been obtained with the usual or proper acts or businesses.
- The rejection of situations that totally or partially entail the non-realisation of the taxable event, the reduction of the taxable base or the tax debt.
- Maintaining a professional and cooperative relationship with the tax authorities. Transparency, diligence and honesty will govern the relations of all companies belonging to the SANDO GROUP with the tax authorities.
- The rejection of customers and suppliers suspected of non-compliance with their tax obligations.

## **BASIC PROHIBITIONS OF SPANISH TAX LAWS**

Spanish law prohibits and punishes the following behaviours when carried out in connection with non-compliance with tax obligations:

- Defrauding the state, regional, regional or local treasury for a fee of more than 120,000 euros:
  1. Avoiding the payment of taxes.
  2. Amounts withheld or that should have been withheld or payments on account.
  3. Improperly obtaining refunds.
  4. Enjoying tax benefits.
- Defrauding the European Union Treasury above 4,000 euros.

The amounts of €120,000 and €4,000 referred to in the criminal legislation will be calculated per tax or declaration period, except

when these periods are less than twelve months. In those cases, the period will refer to the calendar year.

Notwithstanding the foregoing, fraud will be prosecutable when the quota is provisionally set at greater than 120,000 or 4,000 euros, respectively, provided that the person or entity acts under the guise of an actual economic activity without carrying it out.

- Absolute failure to comply with the obligations of keeping commercial accounts, books or tax records in cases of direct estimation of tax bases.
- Keeping different accounts that hide or simulate the actual situation of the company.
- To stop recording in the obligatory books business, acts, operations or, in general, economic transactions, or to register them with figures other than the true ones.
- Practice fictitious accounting entries in the obligatory books.

## **RULES OF CONDUCT IN THE DEVELOPMENT OF ACTIVITIES WITH A TAX IMPACT**

The harmony between SANDO's tax policy and the fundamental prohibitions of Spanish legislation is reflected in the rules of action that govern the development of activities with a tax impact of SANDO, which complies with each of these rules and ensures they are maintained.

### **1. Company's Ordinary Economic Cycle**

In general, SANDO must comply with the obligations imposed by the tax regulations in force in the geographical area where it carries out its activities. In those cases where the filing of returns, bookkeeping or maintenance of documentation have been outsourced, you must coordinate with the company providing the service to ensure adequate compliance with its tax policy.

In particular, to comply with SANDO's tax obligations, the following are unavoidable criteria for action:

- Submit the declarations promptly under current regulations.
- Keeping up to date and keeping the legally required record books correct and orderly, as well as the invoices and other supporting documentation necessary to fulfil their tax obligations. It is also recommended to have a corresponding backup copy of the information stored in electronic format.
- Submit to external audit, as part of the company's critical processes, the procedures for managing and accounting invoices, and

supporting documentation necessary for compliance with tax obligations.

- Ensure proper compliance with accounting regulations and consistency of the criteria followed in each jurisdiction.
- Monitor possible changes in the applicable tax rules, relevant jurisprudence, or administrative doctrine.
- Ensure that the treatment of the various issues included in a statement submitted is the result of a material decision adopted by the corresponding decision-making body of the organisation, with adequate documentary support of the circumstances taken into account and the legal criterion followed.
- Be sure to consult the criteria of the consolidated jurisprudence or the reiterated doctrine of the Directorate-General of Taxes, the Central Economic-Administrative Court or bodies or equivalents of the jurisdictions in which it operates. When the decision requires it, given its particular complexity, or the lack of clarity of the applicable regulation or resolutions of the bodies mentioned above, or the economic relevance, seek advice or confirmation from external advisors of recognised prestige in the sector on the most reasonable interpretation, constantly weighing the possibilities of successfully defending one's understanding.
- Structure the remuneration policies so that SANDO considers that the corresponding taxes will end up being paid under the literal and spirit of the regulation.
- Avoid promoting or participating in agreements with third parties whose results are contrary to the purpose of tax regulations. Special attention and follow-up will be paid to those business opportunities presented for a notoriously lower price than the market price.
- In the subcontracting of services, request from the entrepreneur or professional with whom it is subcontracted of the corresponding certificate of being up to date with its tax obligations.
- Share past experiences among people responsible for tax management.

## 2. Corporate and financial operations and changes in corporate structure

The guidelines included in this section shall be taken into account, in particular, in the planning and implementation of the following operations (the “**Operations**” ):

- Commencement or completion of potential contracts or relevant businesses.
- The acquisition or sale of businesses is formalised through the acquisition or sale of assets and liabilities and the purchase and sale of shares.
- Financing agreements.
- Debt issuances or asset securities.
- Restructuring and reorganisation of the corporate structure.
- Transactions with an international component.

SANDO’s tax policy must be compatible with the social interest of maximising the value of the company through, among other circumstances, the search for tax efficiency, with the objective of strict compliance with the obligations required by current tax regulations, and, in particular, the pursuit of commercial and business purposes that justify the legal transactions carried out in compliance with the legal and regulatory demands and requirements applicable to them.

In this context, SANDO prioritises business needs over tax planning opportunities so that all transactions carried out have a justification and commercial purpose other than obtaining a mere tax advantage.

That being the objective, the transactional practice may generate situations in which, although alternatives are equally valid to achieve a comparable economic result, some create greater tax efficiencies that present it as more attractive for the interest of SANDO (economy of choice). Analysing and controlling the compatibility of these efficiencies with current tax regulations (and with their spirit and purpose) is essential to reconcile SANDO’s fiscal policy with the optimisation of results.

In particular, and without the intention of exhaustiveness, in addition to the monitoring of the guidelines provided for in paragraph 1 above, the analysis and control mechanisms in this area shall be as follows:

- The necessary involvement of people with management responsibilities in the tax field in planning, implementing and monitoring operations. The participation of these persons should be assessed in each operation according to their degree of responsibility, previous experience in similar matters, and knowledge.

- Prior assessment of the degree of tax risk of the operations is considered, as well as how they are implemented.
- The documentary justification of the decisions taken, including the factual background considered and the technical support assessed. Where circumstances warrant, advice or confirmation of conclusions will be sought from external advisors.
- Special attention will be paid to direct or indirect indebtedness operations with other companies, ensuring the ability to manage the acquired assets and the economic reasonableness of the legal transactions carried out. This will include the analysis of amortisation formulas, projections, expected revaluations, expectations of direct or indirect benefits, etc.
- When it is considered appropriate to incorporate a company in another jurisdiction or to structure a transaction through a foreign company, and a tax advantage is derived from it, the decision must weigh and justify in a reasoned manner whether the incorporation and existence of such company responds to economic reasons. Likewise, SANDO must be effectively managed from its registered office's jurisdiction and have sufficient economic substance.
- Establish the necessary channels to facilitate the involvement of the most suitable people within the organisation in the valuation of operations with related entities. In this context, in the case of transactions relevant to the value of SANDO, the valuation of transactions between associated entities must be supported by the supporting documentation prepared by an independent firm. SANDO will control and supervise the reasonableness of the conclusions reached, the validity of the information used, and the accuracy of the parameters used in the study concerning corporate reality and its context.
- Attributing benefits to a given jurisdiction will respond to the functions, activities, and risks effectively carried out from that jurisdiction.

### **3. Relations with tax authorities**

The collaboration that presides over the relationship of the companies belonging to the SANDO GROUP with the tax authorities with which it relates is mainly reflected in the following guidelines.

- SANDO will voluntarily regularise your tax situation as soon as possible when it becomes aware of a potential breach of your tax obligations.
- Any census variation shall be promptly reported to the competent tax authorities.



- It will maintain an open dialogue with the tax authorities regarding interpreting susceptible matters in its field of activity.
- It will facilitate and cooperate in the verification and investigation tasks of the tax authorities. The obligations arising from such procedures shall be fulfilled with due transparency and honesty. When the management is entrusted in whole or in part to external advisors, it will take the appropriate measures to ensure adequate compliance with these principles.
- In the relations between the Authorities and the client, it will promptly provide the information required (its own or third parties) by the tax authorities, subject to current regulations and constitutional guarantees.
- It will establish the means to ensure the correct reception and processing of any notification received from the tax authorities with which it relates, including double-checking in the case of electronic notifications.
- It will encourage the submission of tax consultations on a binding basis.
- It will report to the tax authorities any practice it is aware of by customers and suppliers which entails non-compliance with tax regulations.

## **OBLIGATED SUBJECTS**

This policy and the rules of conduct it contains are mandatory for SANDO's professionals (administrators, managers and employees are considered such) (the "Professionals"), as well as for other collaborators, consultants, agents or third parties hired, and especially, by those persons who have been assigned competences and responsibilities in the management of activities with a potential impact on the tax settlements to which SANDO is obliged within the organisation. In this sense, SANDO has as an essential element for the proper development of its services the designation of people with the appropriate training and knowledge for the management of these areas of activity, providing them with the necessary material and human resources, and establishing adequate supervision and monitoring systems, as well as dynamic flows of information in these matters.

## **LINKING AND REPORTING OF NON-COMPLIANCE**

The rules of action of this policy are mandatory for SANDO Professionals within their competences and, especially, for those assigned competences and responsibilities in the management of actions and decisions with potential fiscal impact within the organisation.

Failure to comply with the provisions of this policy or any of the rules of conduct contained therein will lead to disciplinary sanctions that, where appropriate, may lead to the termination of the employment or commercial relationship that the offender maintains with SANDO.

Any SANDO employee who becomes aware of an action that violates this policy or constitutes a breach of any of its rules of conduct must report it to the *Criminal Compliance Body* by any of the following means:

- Through the Whistleblowing Channel enabled on the SANDO intranet
- By letter addressed to:

**Criminal Enforcement Body**

Avenida José Ortega y Gasset, 112 – SANDO Building  
29006 – Malaga

All reports of violations of this policy and its rules of conduct will be considered and appropriately investigated.

Such notification will be protected by confidentiality as long as it is given in good faith.

**COMMUNICATION OF THIS POLICY**

This TAX COMPLIANCE POLICY will be communicated to all administrators, directors and employees of SANDO, as well as periodic actions to raise awareness and remind them of its existence.

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**NOTE:** This policy is annexed to the Protocol on the Prevention and Detection of Crimes, approved **by the SANDO Board of Directors at its meeting on April 30, 2021.**