

# TAX POLICY



TAX



**PORR**

## Alignment with group strategy

PORR takes responsibility for its actions in all countries where PORR operates. Paying taxes plays an important role in all economic and social relationships and this is part of our commitment for sustainable, fair and co-operative behavior. PORR's tax strategy is derived from PORR's group strategy and is at all times aligned with it. The board of directors of PORR AG as well as all directors of all PORR group entities are aware of their tax responsibilities and the aim to comply with all tax regulations.

Compliance with tax regulation protects PORR's assets and reduces risk for all directors and employees who are involved in tax related processes. The following tax strategy was developed by PORR Group Tax and approved by the board of directors of PORR AG.

## Tax Organisation

The group executive board is responsible for tax. According to the board's allocation of duties, taxes are governed by PORR's group CFO. He is therefore responsible for tax guidelines, processes and controls according to this policy HR includes personnel related taxes such as wage tax and is allocated to PORR's group CEO.

Group wide operating execution of tax guidelines, processes and controls is delegated to the group tax department, which is based in Vienna and directly reports to the group CFO. Together they develop internal standards, profiles and aims for tax responsible persons in PORR group. Local tax responsible persons implement these standards in their geographic area and are responsible for compliance and controls there. As far as group wide standards concerning payroll taxes and contributions are necessary, group HR department is responsible.

## Tax Compliance

PORR group is a multinational construction company which is confronted with various and complex tax regulations, which are partly applicable to construction business. Taxation of construction business and of their employees is complex and compliance challenging. PORR pays taxes where value creation occurs. Additionally, to corporate income tax, PORR is a substantial taxpayer for payroll related taxes, environmental taxes, value added taxes, customs and duties. PORR's tax obligations are as follows:

- Determination of tax due
- Withholding and filing of taxes
- Liability for third party taxes
- Filing of tax returns
- Keeping books and records
- Tax reporting, provision of tax information to stakeholders
- Providing documents and documentation

PORR admits to Tax Compliance, thus to fulfill all tax duties and comply with all tax regulations in all countries where PORR operates. Particularly, PORR's aim is to avoid tax fraud and evasion. PORR ensures that

- The basis for taxation is determined in a correct and timely manner and taxes are filed correctly and timely.
- Risks of noncompliance are detected timely and prevented



Transfer pricing or offshore structures are not used to reduce tax burden. The decision to establish or acquire subsidiaries follows business reasons only under consideration of operating needs. Purely tax driven structures are not implemented.

Intercompany transfer pricing is not used for tax structuring. Intercompany prices are determined following objective criteria and the arm's-length-principle. Guidelines are determined in PORR Transfer Pricing Guideline. PORR does not apply any structuring involving base erosion or profit shifting.

## **Tax Guidelines**

Compliance with tax regulation is embedded in the framework of PORR's group Code of Conduct and involves Group Tax. Aim is to ensure tax compliance in all areas, providing relevant information and/or being subject to tax regulation.

PORR group tax guidelines are the framework for tax compliance in PORR group. They are the basis for more specific country guidelines and work instructions, e.g. PORR Transfer Pricing Guidelines.

## **Risk management and Governance**

PORR implemented a tax control system to enforce tax compliance, to control and mitigate tax risks. These risks include financial risk in form of interest and penalties on the one hand and on the other hand reputational risk or to adversely affect relationships with authorities. Additionally, denial of subsidies or losing access to public tenders are risks involved. Aim is to mitigate these risks with appropriate measures.

On the basis of documented processes tax risks are identified and appropriate control processes established. Risk and control activities are documented in a risk-control-matrix. This matrix includes risks identified and concrete actions which are supposed to mitigate these risks (process control). Group Tax and local tax responsible persons regularly evaluate effectiveness of these controls, which are adapted accordingly.

## **Economic efficiency**

PORR interprets tax regulations in a favorable way and uses tax advantage as far as foreseen by tax regulations (e.g. tax grouping) to reduce tax costs. PORR does not use aggressive or abusive tax planning schemes.

The aim of tax planning is to support business aims within legal and internal regulation framework. There is special focus on support of business processes rather than adversely affecting these by tax structuring. The benefit should be always higher than the risk involved.

## **Co-operation and involvement of stakeholders**

PORR fully acknowledges co-operation with all (tax) authorities and emphasizes professional respectful relationships. This does not exclude to have dissenting opinion on the interpretation of tax laws and to defend this in tax litigation with tax authorities by using relevant legal instruments such as appeals.

PORR supports OECD's and UN's role as international tax standard setters and gets constructively involved in new regulation ideas on national and international level. This happens in a transparent way via national interest groups by participating in public discussions and consultations.

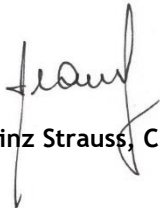
In all relationships with business partners, employees and other stakeholders PORR emphasizes and enforces tax compliance.

## Tax code of conduct

PORR acknowledges its economic, environmental and social responsibility and acts following the five PORR principles: shoulder to shoulder, reliability, pioneering spirit, appreciation and passion. For the Tax Policy this means:

- **Shoulder to shoulder:** tax function co-operates and communicates with all PORR entities and provides tax information timely and understandable.
- **Reliability:** there is no room for any non-complying practices in PORR. Therefore PORR adheres to all tax regulations and tax compliance.
- **Pioneering spirit:** we use technology and innovative ideas when fulfilling our duties and structuring our processes to increase effectiveness and efficiency.
- **Appreciation:** co-operation and collaboration with all internal and external stakeholders such as tax authorities, shareholders, business partners and employees of PORR are of utmost importance. We live respectful exchange and relationships.
- **Passion:** tax function contributes to PORR's success and acknowledges corporate responsibility. We continuously train and learn tax issues and regulation.

Vienna, 20 June 2022

Handwritten signature of Karl-Heinz Strauss in black ink.

Karl-Heinz Strauss, CEO

Handwritten signature of Klemens Eiter in black ink.

Klemens Eiter, CFO

Handwritten signature of Josef Pein in black ink.

Josef Pein, COO

Handwritten signature of Jürgen Raschendorfer in black ink.

Jürgen Raschendorfer, COO