STARK GROUP POLICIES

TAX POLICY

Version 2.0 – July 2023

Introduction

As a leading building materials distributor in Northern Europe, STARK Group has a responsibility to address current global challenges and act on them, which is why we are committed to building a more sustainable tomorrow. Our corporate sustainability framework ensures that programmes are in place to boost social, economic, and environmental sustainability, while actively supporting our growth and improving employee pride and engagement.

We act sustainably also when it comes to our tax affairs and acknowledge that taxes constitute important contributions to society. For us, this means that STARK Group pays its fair share of tax contributions wherever we operate, that we have a strong governance around managing our tax affairs and that we are transparent about our approach to tax.

Our Tax Policy establishes the main principles for how our tax affairs are managed and is based on good corporate practice in the area of tax management and tax transparency, while balancing the interests of our stakeholders.

Scope

The objective of this tax policy is to provide clear rules of conduct and guidelines to all STARK Group employees who deal with tax matters directly and indirectly.

While individual business units may have additional policies and manuals to comply with local laws and regulations, the fundamental principles of this policy apply globally to all our operations. The policy applies to the handling of all types of taxes, including but not limited to Corporate Income Tax, Withholding Tax, VAT, Payroll Tax, Custom Duties and Energy Tax.

STARK GROUP'S APPROACH TO TAX & OUR PRINCIPLES

1. **We are determined to fulfil our global tax obligations**

   Fulfilling our global tax obligations means operating in compliance with all local and international tax laws, as well as OECD guidelines. It also means ensuring that tax returns and forms are submitted correctly and accurately within the applicable deadlines in each country in which we operate and have filing obligations.

   When considering a position, we take into account both the letter and the spirit of the law. This means that we take reasonable steps to determine the intention of the legislature and we interpret tax rules consistent with that intention, in light of the statutory language and relevant, contemporaneous legislative history.

2. **We do not engage in aggressive tax planning**

   Any tax planning is based on sound commercial reason, and no business decisions or structuring are made primarily to obtain tax benefits that are disproportionate with what is commonly understood as being the intention of the law. This applies, for instance, when we consider our use of tax incentives, our corporate structure, the prevention of double taxation, potential presence in low-tax jurisdictions, or in countries that are considered tax havens.

   We follow OECD Transfer Pricing Guidelines and the arm's length principle when determining terms and prices for intercompany transactions. Additionally, we closely monitor and adhere to local Transfer Pricing requirements.

3. **We use tax incentives when appropriate**

   We find it appropriate to use tax incentives made available by governments when we live up to all formal requirements, when the substance of our business correspond to the intentions with the incentives offered, and when the incentives are generally offered to all relevant taxpayers and applied in a transparent manner.

   We do not accept incentives or preferential tax regimes that we do not believe we qualify to use, and we do not use incentives to unduly reduce our tax liability.

4. **Our corporate structure supports the business**

   We strive to keep our structure as simple as possible. We continuously monitor our corporate structure and actively seek to eliminate dormant and non-operational entities where there is no business reason to keep these entities.

   When structuring new acquisitions, we consider the associated tax costs and risk of double taxation, e.g., by using appropriate debt financing and holding companies. When deciding on the acquisition structure, we will only consider structures that have commercial and business substance.

STARK GROUP'S APPROACH TO TAX & OUR PRINCIPLES

5. Presence in low tax jurisdictions and tax havens

Our geographic focus of the business means that we have almost no presence in low tax jurisdictions and in jurisdictions commonly viewed as tax havens. Where we do have presence in such jurisdictions it will solely be for operational purposes in line with our business strategy, e.g., because we have established or acquired a branch. We will however not accept the use of structures in low tax jurisdictions and tax havens with the purpose of moving taxable income from other jurisdictions or to otherwise avoid paying our fair share of tax.

6. We cooperate with the tax authorities

We aim to maintain an open and transparent working relationship with all relevant tax authorities. In this context, employees engaged with our tax affairs must establish and maintain a constructive dialogue with governments and tax authorities on all aspects of taxation.

In the course of conducting business globally, there may be disagreements with tax authorities over the interpretation of laws. Regardless of the issue, the involved employees and supporting functions must actively seek dialogue and involvement with tax authorities to resolve the issue whenever possible.

If disagreements remain on the interpretation of tax laws, we will, as a last resort, seek a resolution in the courts of law.

7. We have a low appetite for tax risk

We seek a high degree of legal certainty in our tax positions and that we take a cautious and conservative approach to legislative interpretation where uncertainties exist. We seek to always have processes and procedures in place to ensure that there is a low risk of non-compliance and issues going undetected.

To ensure compliance with this policy we have implemented a tax risk management framework. This includes performance of annual risk assessment activities as well as implementing, monitoring and testing of mitigating controls. Such controls are processes implemented at various levels and designed meaningfully to reduce the likelihood of problematic behaviour.

8. We encourage tax transparency

We are as transparent as can reasonably be expected about our tax affairs, as we want to contribute to building trust around how we manage our taxes and are committed to gradually increasing the level of tax transparency. We believe that transparency on tax matters builds trust and that trust builds the future.

Starting with FY22 we will publish an annual Tax Impact Report where we elaborate on the principles set out in this tax policy and present an overview of our total tax contributions on a country-by-country basis.

Roles & responsibilities

Roles & responsibilities	Accountable
Policy approval	Board of Directors
Policy owner	Group CFO
Policy compliance	The Board's Audit Committee oversees the implementation of this policy, and the Chair has the overall responsibility for compliance with this policy

Deviations

All deviations must be approved by the policy owner. Such requests must be made in writing to the policy owner. In the event of any discrepancies between the English version of this policy and a translated version, the English version will be binding.

Whistle blower system

We encourage all stakeholders to speak up about any misconduct such as business crime or human rights violations. All information is kept strictly confidential, and all concerns can be raised without fear of retaliation:
STARK Group - Speak Up (whistleblowernetwork.net).

Contact

For more information, please contact Group Head of Tax

Policy Revision History

Review cycle: Annually
It may be amended at any time with the approval of Board of Directors

Version 2.0 July 2023