



## GPA TAX MANAGEMENT POLICY

### 1. OBJECTIVE

Define operating parameters and sound professional practices so that activities entailing the calculation and payment of taxes by GPA's legal entities in Brazil comply with the existing tax legislation and are sustainable, given that paying funds into the public offers in the form of taxes contributes to societal development.

### 2. SCOPE

This document applies to all GPA employees, its business units and associated companies/institutions. This document also underpins commercial and corporate relations with suppliers, service providers, clients, social institutions and partners.

### 3. GLOSSARY

**Taxpayer:** The party subject to a tax obligation. Any party - both individuals or legal entities - that pays taxes (in the generic sense) into the public coffers of the Government, States, Municipalities and/or Distrito Federal.

**Tax authority:** Nomenclature commonly used when referring to authorities tasked with planning, implementing, monitoring and evaluating activities related to taxation, audits, collections and payments for federal, state and municipal taxes.

**Tax:** We are using the term tax generically to mean any and all amount paid into the public coffers of the Government, States, Distrito Federal and Municipalities.

**Anti-Tax Avoidance Practices** Measures which aim to unfairly reduce the tax burden that contravene the existing legislation.

#### **Tax categories:**

- **Taxes:** used to finance public policies, which cannot be earmarked, except where provided for in the Federal Constitution.
- **Social Contributions:** revenue is earmarked to specific social policies. It can only be used by the federal government.
- **Contributions for Intervention in the Economic Domain:** Regulatory taxes (extrafiscal), whose revenue is earmarked for specific purposes. It can only be used by the federal government.
- **Fees:** remunerate the exercising of leasing power or effective or potential use of specific and divisible public services, provided or made available to taxpayers.

#### **Main taxes:**

- **ICMS:** Value added Tax on Goods and Services.



- **PIS:** Social Integration Program.
- **COFINS:** Tax for Social Security Financing.
- **IPI:** Excise Tax.
- **ISS:** Services Tax.
- **IRPF:** Individual Income Tax.
- **IRPJ:** Corporate Income Tax.
- **CSLL:** Social Contribution on Net Income.
- **INSS:** Contribution to the National Social Security Institute.
- **IPTU:** Municipal Real Estate Tax.
- **IPVA:** Vehicle Tax.
- **ITBI:** Property Transfer Tax.
- **IOF:** Tax on Financial Transactions.

#### **Tax Classification:**

- **Goods and services (or consumption):** Payable on the production, sale and circulation of goods/produce and the provision of services (e.g.: ICMS, PIS, COFINS, IPI and ISS).
- **Income:** Payable on income from work or capital (profits, interest, rent etc). Income taxation is usually progressive (e.g.: IRPF, IRPJ and CSLL).
- **Payroll:** Payable on employee earnings. They are usually earmarked to social security financing and less progressive than income tax (e.g.: INSS).
- **Property:** Payable on ownership of certain types of assets and equity transfers (e.g.: IPTU, IPVA and ITBI).
- **Financial operations:** Payable on certain categories of transactions or financial operations. They do not exist in all countries (e.g.: IOF).

## **4. GENERAL GUIDELINES**

### **4.1 Background**

Without shadow of a doubt, Brazil's tax system is the most complex in the world. This is not just because of the huge tax burden on companies and individuals or the sheer number of taxes, but rather the inordinate number of laws, rules, regulations and case law that seek to articulate the relations between State and Society.



This complex environment creates huge legal uncertainty and makes the calculation and payment of taxes an arduous task.

The commitments set out below accordingly highlight GPA Brazil's responsibility in relation to adopting the best tax practices, in order to progressively enhance relations between the taxpayer and the tax authority, as well as playing its role in building a fairer and more equal society, through the proper payment of taxes.

#### **4.2 Responsibilities and governance**

GPA Brasil is committed to all governance issues in tax management.

We know that adopting best practices for tax calculations, complying with tax obligations (for example submitting tax returns), cooperating with audits and inspections, paying/offsetting taxes, filing lawsuits against assessment notices as plaintiff and defendant, all contribute to the Company's sustainable growth.

Our tax management is founded on the pillars of transparency, accountability, social equity and full compliance with tax and non-tax regulations.

### **5. SPECIFIC GUIDELINES**

#### **5.1. GPA's commitments**

**5.1.1. Awareness of GPA Brazil's social role:** we are aware that taxes are used by the federal government, states and municipalities in social programs, to build hospitals and schools, public security, culture etc., which is why GPA Brazil strives for compliance with all tax obligations, as well as legal deadlines.

**5.1.2. Integrity:** GPA Brasil is striving for transparency and ethical relations with all tax authorities, at any hierarchical level and sphere, such as regulatory agencies and other public sector entities. Any type of interaction with government representatives takes place through official channels (corporate email or corporate telephones) or in official locations (Company head office or headquarters of the tax authority). The services are also provided jointly by at least two professionals of GPA Brasil, who strive to achieve integrity of all parties involved.

**5.1.3. Transparency:** we understand that acting transparently in relation to our tax practices is a way of nurturing the trust of employees, shareholders and society in GPA Brazil. Information is missing about financial statements... "All information about taxes paid by the Company is presented in the financial statements published annually in accordance with best market practices" (something like this or CVM regulations)

**5.1.4. Risk management:** GPA Brazil takes extremely seriously any simple or complex tax topics, meaning that whenever it learns of controversial issues which could jeopardize the Group's entities, it consults renowned consultancy and law firms to obtain clarification about the best practices to be followed to minimize any tax exposure. Also note that external/independent auditors tasked with reviewing the Company's Financial Statements assess and express opinions on GPA Brazil's tax practices.



**5.1.5. Regular training program:** GPA Brazil's professionals participate in regular internal and external training programs, in order to constantly keep up with changes in the tax legislation, as well as emerging professionals that directly or indirectly deal with topics related to calculating and paying taxes.

**5.1.6. Anti-Tax Avoidance Practices:** we have adopted initiatives to avoid the improper reduction of tax payments by entities comprising GPA Brazil, such as the need for approval at multiple internal levels and by independent third parties of practices which could reduce the level of tax payments. Including for topics not yet clearly defined in the legislation, it shall file legal proceedings seeking fairer taxation in these cases, where any opportunity is subject to individual or collective decisions, in the case of wide-reaching case law issued by the Supreme Federal Court (STF)/Superior Court of Justice (STJ) on the matter. We lastly point out that the commitments established here by GPA Brazil include: (i) not transferring value created to low tax jurisdictions, (ii) not using tax structures with no commercial substance, (iii) adopting transfer pricing based on the arm's length principles and (iv) not sending funds to tax havens.

**5.1.7. Participating in external forums to exchange experiences:** We actively participate in forums with trade entities and institutions in order to enhance, streamline and make transparent Brazil's tax system, as we believe in the positive impact this could have for the State and society.

## 6. PENALTIES

Employees witnessing a violation of any of the above rules must immediately report this to our Ombudsman Channel. The nonperformance of rules and guidelines established in this document can be considered serious misconduct, subject to disciplinary measures based on our *Ethics Committee Management Policy*, *GPA Code of Ethics* and *Disciplinary Measures and Consequences Policy*.

## 7. REFERENCES

- GPA Code of Ethics
- GPA.PL.01.01.0001 – Anti-corruption Policy
- GPA.PL.01.01.0004 – Policy for Donations, Contributions and Sponsorship
- GPA.PL.01.01.0002 – Conflicts of Interest Policy
- GPA.PL.01.04.0003 – Ombudsman Triggering and Investigation Policy
- GPA.PL.01.01.0003 – Gifts, Travel and Entertainment Policy
- GPA.PL.01.03.0001 – Ethics Committee's Management Policy
- GPA.PO.15.02.0001 – Procedure for Relations and Agreements with the Government
- GPA.PO.15.02.0002 – Procedure for Cooperating with Inspections and Handling official documents
- GPA.PO.01.03.0002 – Service Provider Risk Analysis Procedure



**8. APPENDICES**

Not applicable.

**9. REVISION HISTORY**

Revision Number	Date Published	Description of Alteration	Approved by (Name/ Position)	Alternate Responsible (Name/ Position)
00	August/2022			