

Tax Strategy of Siltronic



Code of Conduct and Tax Strategy

Siltronic AG has established a code for Siltronic Group - also known as the Code of Conduct - which provides a binding framework for responsible and compliant behavior. The Code is publicly accessible on the Siltronic website and every Siltronic employee is required to follow it.

Siltronic makes explicit reference to taxes in its Code of Conduct:

„In our worldwide activities, numerous rules of national and international tax law must be observed. Siltronic is aware of its social responsibility in fulfilling its tax obligations. Based on an active exchange of information, we ensure that there is no unauthorized reduction of taxes or violation of cooperation obligations. We observe all applicable laws, rules, regulations and disclosure obligations and ensure that no tax evasion takes place. We establish professional and trusting working relationships with tax authorities and government agencies and ensure timely payment of all due taxes and tax debt.“

The Code makes it clear that there is no room in Siltronic's tax strategy for tax evasion or lack of cooperation in relation to tax authorities or for disregarding of tax regulations or for tax avoidance.

Corporate Culture and „Tone from the Top“

The basic precondition for the successful implementation of our tax strategy is a corporate culture in which compliance with tax obligations is a corporate responsibility. According to the prevailing opinion in the relevant literature, the "tone from the top" is an important signal of the culture dominating the company.

Experience has shown that the tone from the top determines the basic attitude and thus the behavior of people working in the Group. The Executive Board of SAG shares the prevailing opinion. This ensures that all relevant regulations are taken into account and that Siltronic's tax obligations are fulfilled in all respective countries.

When business decisions are made, the tax consequences are known. The consequences are accepted when they materialize.

Implementing the tax strategy

The three main elements used by Siltronic to ensure its control strategy are listed below.

1 Compliance with tax regulations

Expert involvement

Tax regulations are often complicated and in some cases require interpretation. Developments on an international level increase the complexity. Against this background, one pillar of Siltronic's tax strategy is that tax issues are handled by experts.

Siltronic uses internal and external experts. The internal tax experts are centralized in special departments.

The involvement of tax experts is intended to provide higher assurance that

- taxes are filed properly,
- tax returns are filed on time,
- tax returns are based on correct and complete information,
- record-keeping and retention obligations are observed and that
- tax debts are paid on time.

In order to achieve and maintain the necessary level of expertise,

In order to achieve and retain knowledge at the necessary level, Siltronic employees working in the tax department regularly visit trainings. Internal tax experts are in contact with external experts on technical questions.

Use of tax guidelines

The tax department of Siltronic AG has published tax guidance that are binding for all employees.

The purpose of the tax guideline is to define responsibility and to raise awareness among employees of tax issues at Siltronic AG and in Siltronic Group. In addition, tax guidelines help to ensure treat similar topics in an aligned way within the organization.

Application of OECD Standards

Due to its foreign entities in Europe, Asia and the US, the Group has large supply and service transactions into various tax jurisdictions.

Siltronic's tax strategy includes ensuring that each transaction within the Group complies with the arm's length principle in accordance with OECD standards. This covers appropriate pricing mechanisms and appropriate documentation.

2 Risk management

Via risk management, Siltronic wants to ensure that tax uncertainties and risks are identified at an early stage.

This includes financial risks from interest on tax payments, fines or penalties as well as reputational losses or long-term adverse relations with authorities. Siltronic's goal is to mitigate tax risks as much as possible by taking appropriate measures.

Risk management comprises a process for reporting tax risks. Tax risks in the group are to be reported to the tax department of Siltronic AG.

3 Relationship to tax authorities

Siltronic pursues an open and proactive communication style with tax authorities. This includes the timely submission of tax filings and tax returns.

If uncertainties arise from a tax topic, an assessment should be asked for from tax authorities as far as this is reasonable and possible.