

Siltronic tax strategy

Code of Conduct and tax strategy

Siltronic AG has established a code for the Siltronic Group - also known as the Code of Conduct - which provides a binding framework for responsible and law-abiding behavior. The Code is published on the Siltronic website and is mandatory for every Siltronic employee.

In the Code of Conduct Siltronic explicitly refers to the topic of taxes:

„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 debts.“

The Code clarifies that there is no room in Siltronic's tax strategy for tax shortages or lack of cooperation obligations in connection with tax administrations or disregard of tax regulations or avoidance of taxes.

Company culture and „tone from the top“

The basic requirement for the successful implementation of our tax strategy is a corporate culture in which the fulfillment of tax obligations is a central corporate task. According to prevailing opinion in the literature, the "tone from the top" is an important sign of the prevailing culture in the company.

Experience has shown that the tone from the top determines the basic setting 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 met in all relevant countries.

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

Implementation of the tax strategy

With the following three main elements Siltronic ensures its tax strategy.

1 Compliance with tax regulations

Consulting of tax experts

Tax regulations are often complicated and in some cases require interpretation. International tax developments increase this complexity. Given this background, one pillar of Siltronic's tax strategy is that tax issues are managed by experts.

Siltronic engages internal and external experts. The internal tax experts are grouped in departments.

The engagement of tax experts ensure a higher degree of certainty that

- taxes are correctly filed,
- tax returns are filed on time,
- tax returns are based on correct and complete information,
- record-keeping and storage obligations are fulfilled, and
- tax liabilities are paid on time.

In order to achieve and retain knowledge at the necessary level, Siltronic employees in the tax department regularly attend training events. Internal tax experts interact with external experts on special tax topics.

Tax guidelines

The tax department of Siltronic AG has published tax guidelines that apply to all employees.

The purpose of the tax guideline is to define responsibility as well as to raise employee awareness of tax issues at Siltronic AG and within the Siltronic Group. In addition, tax guidelines ensure that standardized practices are applied within the organization.

Application of OECD standards

Due to its foreign entities in Europe, Asia and the USA, the Siltronic Group has extensive supply and service relationships in various tax jurisdictions.

Part of Siltronic's tax strategy is to ensure that every transaction within the Group complies with the arm's length principle in accordance with the OECD standard. This includes the application of appropriate pricing mechanisms and adequate documentation.

2 Risk management

Siltronic uses risk management to ensure that tax uncertainties or risks are identified at an early stage.

This refers to financial risks in the form of interest on tax payments, fines or penalties, as well as reputational damage or sustained damage to relations with authorities. Siltronic's aim is to minimize tax risks as far as possible by taking appropriate measures.

Risk management includes a process for reporting tax risks. Siltronic AG's tax department is the reporting point for tax risks in the Group.

3 Relationships with tax authorities

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

In the case of uncertain tax matters, and to the extent that this is reasonable and possible, tax rulings are obtained from the tax authorities.