



SCHMOLZ + BICKENBACH's Tax Principles

This document is on behalf of all qualifying entities in the group pursuant to Paragraphs 19(2) Schedule 19, Finance Act 2016 and is intended to comply with all other obligations within Schedule 19 Finance Act 2016.

Our businesses pay a significant amount of tax in various jurisdictions to local and national governments including corporate taxes on profits, withholding taxes, wage taxes and social contributions on employment, taxes on property and on the transfer of such property, customs and value added taxes or sales taxes on the delivery of goods and on the rendering of services and environmental taxes. Our taxes are paid in full and on time.

The principles governing the management of our tax affairs are fully aligned with the group's wider commercial, reputational and business practices and are consistent with our commitment to corporate responsibility.

The before mentioned tax principles consist of the following:

- SCHMOLZ + BICKENBACH AG, whose shares are listed on the SIX Swiss Exchange, is the parent company of the SCHMOLZ + BICKENBACH group. SCHMOLZ + BICKENBACH AG is and will remain a Swiss resident company.
- SCHMOLZ + BICKENBACH group is committed to ensuring that shareholders are able to understand the important elements of our global position and that the information we provide is complete, fair and accurate.
- We comply with applicable tax laws, rules, regulations and disclosure requirements as well as interpretations of said laws and rules by the respective local tax authorities. In order to ensure ongoing awareness regarding tax compliance and relevant regulatory changes group wide and in the local entities tax training concepts are developed and executed. Control mechanisms are implemented including a four-eye principle, checklists including sign-offs, access for responsible individuals to all relevant documents and data as well as compliance spot checks.
- We pay the right amount of taxes based on the tax laws, rules and regulations of the territories in which we operate.
- We interpret tax law using relevant guidance issued by the local tax authorities. In case we take a different interpretation of the tax laws and regulations based on the local jurisdiction and/or on the view of the professional literature or based on professional external advice we inform the local tax authorities of such interpretation of the law and regulations in a timely manner in order to enable the local tax authorities to take the different approach into account when assessing the taxes.



- We manage our tax affairs so as to enhance shareholder value whilst ensuring the wider reputation of the group is not compromised.
- We only undertake tax planning which is based on commercial rationale and we refrain from the implementation of genuinely tax driven and artificial tax structures; we respond to tax incentives and exemptions granted by governments on reasonable grounds and have operations in countries that offer favorable tax treatments, where their location is predominantly justified by sound commercial consideration. Such low taxed entities are generally subject to the German CFC rules which are applicable due to the fact that the shares in said low taxed entities are held by a German intermediate holding company.
- In accordance with our tax strategy all transfer of goods delivered and services rendered between companies within the group are conducted on arm's length basis. The pricing of such transactions between group companies is based on fair market terms and reflects the commercial nature of the transactions. The same is true with regard to intra-group services like marketing, procurement, debt finance, management services and IT services.
- We seek to have constructive and transparent working relationships with the tax authorities of the territories in which we operate on mutual respect and trust.

Before mentioned principles relate in particular to our UK based subsidiary acting as a sales company in the organization and distributing the group's and external products. Our UK subsidiary has a limited risk and function profile. The UK tax principles are based on the group-wide effective Code of Conduct approved by the Board of Directors of SCHMOLZ + BICKENBACH AG and on our Transfer Pricing Policy adopted by the Group Executive Board and published on the intra-group homepage.