



Corporate Group Tax Strategy and Policy Short Version

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1. Approach

According to our value proposition "Inventing success together" and in the awareness of our responsibility it is our aim to contribute to sustainable economic growth and social development.

We believe that appropriate taxation is the fundament for any functioning society.

SFS Group therefore endeavours to fully comply with the tax laws in the countries it operates and to be perceived as a reliable and transparent partner by government, customers, suppliers, employees and the general public.

SFS Group's Tax Approach is based on the following five interdependent principles:

- **Tax compliance**
- **Tax risk management**
- **Tax transparency, accounting and reporting**
- **Manage Tax Costs**
- **Operational efficiency**

All companies controlled directly or indirectly by SFS Group in all jurisdiction SFS Group operates in must comply with the principles above.

2. Tax compliance

The dynamically changing global tax environment is leading to more and more compliance requirements that need to be met. Against that background SFS Group is committed to the following:

- We comply – not only literally, but also to the spirit of the law – in all conscience with the legal requirements in the countries we operate. This applies not only to tax laws but also to filing and reporting obligations as prerequisites for a reliable database.
- Unlawful tax advantages for the SFS Group itself, its employees, customers or partners are strictly prohibited.
- Due to our international core structure, the pricing of transactions concluded between SFS Group's legal entities and branches (Transfer Pricing) is of great importance. SFS Group's inter-company transactions are carried out for economic reasons and are not tax motivated. Pricing of such transactions is based on OECD Guidelines as well as domestic Transfer Pricing laws and regulations.

SFS Group's Tax Function:

- Ensures that the competent authorities are provided with the necessary information in a correct, complete, and timely manner.
- Cooperates with the tax authorities to facilitate a proper assessment of its local and international business operations.
- Supports other SFS Group's departments in tax matters which are not under the mandate of the Group tax function.
- Strives to foster awareness regarding tax compliance within SFS Group's organization to establish a sustainable, tax-sensitive corporate culture.

3. Tax risk management

SFS Group's business activities entail numerous risks relating to the determination and assessment of SFS Group's tax liabilities. These can be accompanied by different uncertainties regarding the facts themselves, the standard of documentary evidence, the application and interpretation of tax law and practice as well as the functioning of the systems.

To counteract these risks, defend the positions taken and avoid subsequent adjustments, additional costs and potential reputational damage SFS Group adheres to the following:

- All business decisions should be well-considered and documented in the necessary depth. For an early identification of tax risks and the examination of possible alternatives, SFS Group's Tax Function is appropriately involved in business decisions at an early stage.
- Intercompany transactions stick to a third-party comparison to avoid inappropriate profit allocations and the following discussions with the tax authorities.
- Global and domestic tax developments are closely monitored and assessed with respect to their risks.
- Where possible, tax risks should be minimized with the use of tax rulings.
- External advisors are consulted as required.

4. Tax transparency, accounting and reporting

SFS Group is aware of its responsibility in society and strives to be a trustworthy partner for all its stakeholders guided by the following principles:

- SFS Group's relationships with the competent tax authorities are based on mutual trust, understanding and transparency. Misunderstandings or even disputed matters should preferably be solved in cooperation to achieve early agreements.
- SFS Group meets the requirements of Action 13 Transfer Pricing Documentation of the OECD Base Erosion Profit Shifting (BEPS) project and fulfills its mandatory disclosure obligations under the Fifth Amendment of the EU Directive on Administrative Cooperation (DAC6) and the OECD's Mandatory Disclosure Rules.
- Tax related disclosures are based on applicable law, standards and the SFS Group Financial Reporting manual.

5. Manage tax cost

SFS Group recognizes the importance of taxes as a source of revenue for each tax jurisdiction and pays its taxes where its business is done. Nevertheless – guided by the main goal of the business and following the intention of the legislature – it is essential to keep the tax cost under control:

- SFS Group may seek beneficial tax treatments within the limits of the law.
- Disagreements with the tax authorities should be resolved by mutual exchange and agreement whenever possible.
- Decisions are based on strategic business priorities and commercial justification.
- SFS Group's Tax Function constantly monitors developments in tax legislation in regular exchange with local business associations and external consultants.

6. Operational efficiency

The constant and rapid growing tax-related requirements are in a tense relationship with the operational efficiency SFS Group strives for. This conflict is addressed as follows:

- SFS Group's Tax Function constantly tries to simplify existing tax processes.
- SFS Group's Tax Function searches for digital solutions for tax matters and assesses their suitability based on various factors such as quality, efficiency, effectiveness, local specification, and costs involved.
- We believe that tax issues can be handled most efficiently and effectively through teamwork based on continuous bilateral und multilateral communication, information sharing, mutual respect and trust. This includes the integration of a tax mindset into business decisions and a close relationship between SFS Group's Tax Function and business responsables.

7. Organisation and responsibilities

The responsibilities in various tax topics are recorded in the SFS Group's Tax Strategy. They are divided in both local level and corporate level, which makes a steady, clear and open communication between the two levels indispensable.

Special attention is paid to the process of a Tax, Transfer Pricing or Value Added Tax Audit. Such audits may lead to significant additional efforts and costs and generally require particular care and close cooperation between various responsible parties.

Each local finance department should have sufficient tax/VAT knowledge to fully comply with its respective duties and responsibilities. Stakeholders must be informed as early as possible about developments within the local and international tax environment.

The SFS Group's tax strategy is annually reviewed and if necessary updated.