

## Tax Strategy

*This document outlines the most important aspects with respect to the tax strategy of the Datwyler Group. This document is prepared and published in accordance with Schedule 19 of the UK Finance Act 2016.*

We are to comply with the UK requirements for businesses to publish a corporate tax strategy. The publication of a clear tax strategy enables stakeholders to better understand the approach a company takes to taxation and creates a platform for more informed and productive discussions on this topic, helping to build trust and confidence.

The Datwyler Group is a focused industrial company with leading positions in global and regional market segments. With its technological leadership and customised solutions, the Group delivers added value to customers in the markets served. Datwyler splits its business into two divisions, Sealing Solutions and Technical Components. With more than 50 operating companies, sales in over 100 countries and more than 7'000 employees, the Datwyler Group generates annual revenue of more than CHF 1.2 billion. Datwyler's headquarter is based in Switzerland where the company was originally founded 100 years ago. Key leadership roles are based in Switzerland. In addition, the Group finance and treasury functions and related activities are also centralised at the headquarters in Switzerland.

Datwyler has implemented a Group Tax Strategy that sets out strategic goals, objectives and principles that apply to all Group companies including the UK operations.

Business operations in the United Kingdom represent less than 1 % of gross turnover and generated employment for less than 100 full-time equivalent employees. The UK activities comprise services for distributing a broad range of electronics components through online channels (digital marketing; product and supplier management; and inventory management and purchasing). Our Group Tax Strategy was approved by the Audit Committee of Datwyler Holding Inc. on 5. December 2017. The Group Tax Strategy together with our Business Code of Conduct apply to all of our global operations including our business activities in the UK. The most pertinent elements that are relevant to our UK operations are set out below:

- Datwyler takes its social responsibility seriously. Therefore Datwyler takes a conservative approach towards tax planning. The Group will only engage in tax planning that is aligned with commercial and economic activity. This includes making use of available tax incentives and reliefs to ensure that the business operations are undertaken in an efficient manner, compliant with all legal and tax law requirements.
- Our risk appetite is governed by a set of decision criteria based on professional judgement obtained in-house and through specialist guidance and support from advisers, where appropriate. A Group Risk Management system is applied across the Group (including UK) as described in the Corporate Governance Report published annually. Group Risk Management system provides a framework, embedded into management processes, for the early identification of risks and implementation of appropriate corrective measures. Final responsibility in assessing risks lies with the Board of Directors. The tax processes managed by the Tax team are fully within scope of the Group Risk Management system.
- From time to time we will engage tax advisers to provide specialist expertise, to provide second opinions on significant transactions, to help us understand new legislation or to provide us with insight on industry practice. In addition, we engage tax advisers (and others) to undertake tax compliance work if it is more cost-efficient or operationally sensible to do so.
- Our dealings with HMRC as the UK tax authority are based on mutual respect and trust. We openly engage and meet formally with HMRC, if appropriate to review our business activities and tax compliance obligations. Due to the nature of our business and the size and extent of our group structure around the

globe, our business operations can be perceived as complex. We aim to ensure these are fully explained to HMRC whenever UK tax implications are concerned.

- Each year our Chief Financial Officer signs off the Senior Accounting Officer obligations. Material items concerning the UK are reported to the group audit committee and, where applicable, the board of directors.