

Group Tax Strategy

January 2025

Introduction

The tax strategy below describes the HOERBIGER Group's fundamental approach to taxes. It was drawn up under the primary responsibility of the CFO and approved by the Group Executive Board and the Board of Directors.

Tax Code of Conduct

The HOERBIGER Group is a responsible taxpayer that pays the taxes due in each country in accordance with local laws and internationally recognized principles.

We have a great responsibility – also in our dealings with countries and their tax authorities. We are committed to not engaging in aggressive tax practices and not supporting tax avoidance models of third parties.

In this way, the Group fulfils its social responsibility as a taxpayer and contributes to the social, economic and societal functioning.

Tax Policy

All business activities of the HOERBIGER Group follow the principle of “tax follows business”. HOERBIGER Group pays income taxes, withholding taxes, excise duties and customs duties along its value chain in all countries in which the Group operates. VAT, sales taxes and personal taxes are also collected and paid. A part of our global strategy is to pursue the goal of minimizing overall costs. Therefore, we manage our tax operations in an efficient way. We also take advantage of available incentives and exemptions provided by governments for eligible capital investments, R&D and similar expenditure. In accordance with OECD guidelines, and in line with our operational guidelines, all intra-group transactions are conducted on an arm's length basis to ensure that the results of our operations reflect the value created in the country of operation.

Risk management

The tax law framework in globalized business transactions is subject to regular changes and is often complex. The need for interpretation by the authorities and the management carries an inherent risk. As a multi-national group, we also make significant cross border intra-group charges which are monitored to ensure compliance with transfer pricing regulations.

The centralized Group Tax function, reporting to the CFO, ensures a robust tax control environment, implements risk management initiatives and supports local management on tax matters. The tax function ensures in cooperation with the business, that any commercial changes are aligned with tax laws and regulations. Tax risks are regularly analyzed and reduced through appropriate measures. The primary objective is to identify all risks in advance, to fully analyze their potential consequences and to avoid their occurrence as far as possible. To this end, recommendations for action are obtained internally and/or externally depending on the situation, the possibility of coordination with the tax authorities aimed at legal certainty is explored and utilized, and the appropriate course of action is selected based on this in each individual case.

Tax Compliance

The HOERBIGER Group is organized in such a way that current regulations in the countries in which the group operates are complied with. Changes to the relevant tax laws, directives, regulations, reporting and disclosure obligations are monitored on an ongoing basis and prompt implementation measures are taken.

In case of ambiguities, we analyze and respect the purpose of the laws and the objective pursued by the legislator. If the legal opinions adopted on this basis are not accepted by the tax authorities due to differing interpretations, we defend our interests and, if necessary, take legal action to enforce our legal position.

Communication with Tax authorities

We maintain a constructive dialogue with tax authorities and work transparently and collaboratively to resolve any disputes.