



TAX GOVERNANCE FRAMEWORK

1. Preliminary remarks

This document is the tax governance framework of the Berenberg Group. It serves as a binding guideline, the principles of which are to be considered in the actions and decision-making processes of each individual employee of our company.

It also serves as a source of information for all stakeholders to gain an insight into the tax objectives and underlying tax values of the Berenberg Group in the context of its national and international activities.

The tax governance framework is a strategic related document of the Berenberg Group, issued by the management of our bank and subject to an annual review. It is implemented through various regulations, instructions, and processes.

2. Responsibilities and scope

2.1. Responsibilities

Fundamentally, the responsibility for the fulfilment of tax obligations lies with the management. Responsibility is delegated to the Tax department via in-house regulations.

The Tax department is independent of the other business areas and reports directly to the management to control and implement tax issues for the entire Berenberg Group. The Tax department plays a fundamental role and has the authority to issue guidelines in relation to tax issues for all departments.

The Tax department employs qualified staff to ensure the bank's competent understanding of its own tax matters. If necessary, our internal experts consult external tax advisors.

2.2. Active obligations of information and cooperation

The management and the tax department require active participation of all employees for the proper fulfilment of tax obligations:

- It is mandatory to inform and involve the Tax department in all relevant tax matters of the Berenberg Group.
- The duty to inform and report can be delegated to employees with the appropriate expertise. These are to be reported to the Tax department.

In particular, all themes, templates, etc., which

- are brought to the management's attention,
- conceptual, strategic, corporate or miscellaneous plans, developments and arrangements,

which may have tax relevance in any way, must be coordinated in advance with the Tax department.

2.3. Material scope

This tax governance framework is binding for the entire Berenberg Group, and therefore for:

- Joh. Berenberg, Gossler & Co. KG,
- Branches,
- Affiliated companies and
- All companies in which the Bank directly or indirectly holds more than 50% and wields a controlling influence

3. Tax governance framework

3.1. Tax compliance culture

The tax compliance culture of our company is based on the existing Code of Conduct and is understood as an extension of it. This means in particular:

- **Respectful treatment:** Berenberg considers itself obliged towards all clients, contractual partners and competitors, as well as towards its own employees, and in particular towards the tax authorities in Germany and abroad, to always act in a way that Berenberg as a company expects to be treated. The partners are aware of the growing importance of taxation as a component of corporate strategy. The Tax department therefore has an elementary function and has guideline competence regarding tax matters for all departments.
- **Respect for the law:** Berenberg respects the law in all areas in which we operate. This includes open and transparent dealings with all relevant authorities, tax authorities, etc. We want to reflect the tax position as it is dictated by the business. In doing so, we deliberately avoid purely tax-driven artificial arrangements in the Group and in our products. The Bank's tax burden is optimized exclusively through legally compliant arrangements.
- **Transparency:** Berenberg attaches great importance to the highest possible transparency in its business activities. We maintain an open and transparent relationship with the tax authorities.

3.2. Fulfilment of tax obligations

The tax governance framework is a fundamental guideline for all types of domestic and foreign taxes, tax returns and tax filings, and other statutory tax obligations. The main relevant tax types and legal obligations for the Berenberg Group are as follows:

- Income tax
- Value Added Tax (VAT)
- Customer and product taxes
- Transfer Prices

Berenberg ensures timely and accurate tax fulfilment on all tax obligations. National and international tax obligations, in particular recording, reporting, documentation and declaration obligations, are fulfilled on an ongoing basis.

Berenberg ensures material correctness of the tax position determined within the framework of the annual financial

statement and the tax declaration.

We strive to act in accordance with applicable tax calculation and reporting laws as well as international treaties and tax guidelines (OECD) to ensure that we pay the right amount of taxes at the right time in the countries in which we operate.

3.3. Relationship between tax authorities, public institutions, and annual auditors

We maintain a fair and cooperative relationship with public institutions, local tax authorities and our auditors. We strive to be proactive, transparent, professional, courteous and timely in our dealings with tax authorities. We endeavor to establish and maintain good working relationships with them.

This means that we constantly aim to provide complete, accurate and timely information to all relevant tax authorities. To this end, we have defined binding guidelines, process flows to be followed, and control processes.

3.4. Avoidance of tax evasion

Tax evasion is illegal and counters our corporate culture, values and beliefs. Our policies strictly prohibit any form of tax evasion, abetting or inciting it.

In our actions and decisions, we always consider the meaning and purpose of tax laws, the social environment in which the bank operates, and the bank's reputation among the public, tax authorities, regulators and political representatives.

The tax governance framework applies to the assessment of all banking products, to all business activities and to the whole risk management. Insofar as foreign regulations provide for more extensive requirements regarding tax compliance, the more stringent regulations apply in each case.

3.5. Criteria of tax planning

We do not engage in tax evasion, artificial or high-risk tax transactions. We do not use tax havens to avoid taxes. Any tax planning is done responsibly and is neither abusive nor aggressive.

We do not use tax schemes or offshore entities whose sole purpose is to create a tax advantage and which lack business purpose and economic substance. Similarly, we do not use hybrid instruments and entities that result in tax avoidance, double deduction or double non-taxation.

We manage our bank's tax affairs in a manner that appropriately balances the tax values of our business activities with the economic, regulatory and commercial values of those activities, considering the potential views of the relevant tax authorities.

In conducting our business, establishing and structuring our operations and commercial activities, we consider, among other factors, the tax requirements of the jurisdictions in which we operate with the goal of creating sustainable value.

In addition, we do not accept confidentiality agreements designed to preclude disclosure or reporting to tax authorities, nor do we accept incentive compensation agreements that are determined by the amount or occurrence of tax benefits.

3.6. Transfer pricing

As an internationally operating company, we cooperate properly and transparently with all relevant tax authorities. Our principle is that we pay tax on our corporate revenue in the countries in which they were generated, while at the same time consider double taxation.

This excludes tax-motivated, phoney arrangements and structures that contradict the above principle. To ensure maximal transparency, we maintain continuously updated transfer pricing documentation that complies with international requirements for verifiability and traceability. This includes in particular:

- documentation of all internal service relationships
- documentation of the transfer pricing method used
- documented relevance checks as part of new product processes

Transfer pricing management is the central responsibility of the Tax department. All activities in this context are carried out by employees specialized in this area. In addition, our company maintains long-standing relationships with renowned consulting firms, which we consult when necessary.

3.7. Tax compliance management system

The Berenberg Group has introduced a Tax Compliance Management System (Tax CMS) to ensure lawful conduct within the tax area. The aim is to minimize or completely remove the financial risks as well as penal risks and reputational risks that could arise from possible violations of the law.

To this end, a tax compliance function was created as an independent unit within the Tax division. Regular communication takes place between the Tax division's manager and the responsible general director.

The design of the tax compliance management system used at Berenberg is based primarily on the requirements arising from the IDW auditing standard PS 980. The system is subject to continuous validation and further development by the Tax Compliance organizational unit. This unit was created specifically for this purpose and works in cooperation with Internal Audit, Group Compliance and our auditors.

Based on this model, we possess a clearly defined framework in which tasks and responsibilities for various types of tax are clearly specified to ensure that we meet our tax obligations.

3.8. Tax risk management

Our business activities are exposed to numerous risks, including tax risks. In order to actively manage these and reduce them to an acceptable level, our company makes great efforts which affect the actions of each individual employee and have a concrete influence on the organizational structure and processes.

The identified tax risks are presented in the form of a risk control matrix. This contains an individual assessment of the individual risk in terms of its probability of occurrence and the extent of the damage. This is supplemented by an allocation of the specific measures taken to minimize the risk.



The structure of the risk monitoring system at Berenberg is based on the three lines of defense (TLoD) model. This is presented as follows:

- First line of defense
Departments and groups: Group Tax and Transaction Tax as operative tax management
- Second line of defense
Group Tax Compliance as monitoring and support of the first line of defense
- Third line of defense
Internal Audit/ Audit department as an independent body that evaluates risk management

In addition, external auditors such as annual auditors and tax consultants are used as external instances to monitor or support the internal departments.

In order to further develop the tax internal control system IKS, it is subject to continuous review by the compliance staff.

The statements contained in this report are based on publicly accessible sources and only serve information purposes. No claim is made as to the completeness and accuracy of these statements. In no case should investors rely on this document in making an investment decision, without first obtaining advice and forming their own opinion. All the assumptions on which these statements are based are subject to constant change, and could therefore prove to be incorrect in the future. Consequently, we assume no liability for direct or indirect losses incurred as a result of acting on individual statements. Insofar as the present strategy paper contains statements about legal and tax-related aspects of specific investments, you should always consult your tax advisor or lawyer before making any investment decision.

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