



Tax Governance Framework

1. Preliminary remarks and objectives

This document sets out the Berenberg Group's Tax Governance Framework. It serves as a binding guideline, the principles of which must be taken into account in the actions and decision-making processes of every single employee of our company. It also serves as a source of information for all stakeholders, providing 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 strategy-oriented document of the Berenberg Group, which was issued by the management of our company and is subject to an annual update process. It is specified and implemented through various regulations, instructions and processes.

2. Responsibilities and scope

2.1 Responsibilities

In principle, responsibility for fulfilling tax obligations lies with the management. Responsibility is delegated to the Tax department via internal regulations.

The Tax department is independent of the other business areas and reports directly to the management in order to be able to control and implement tax issues for the entire Berenberg Group in the best possible way.

The Tax department plays a fundamental role and has the authority to issue guidelines on tax matters for all specialist areas. The Tax department employs qualified staff to ensure that the Bank always takes a well-founded position on its own tax matters. Where necessary, our internal experts consult external tax advisors.

2.2 Active duty to inform and cooperate

However, in order to properly fulfil its tax obligations, the management and the Tax department require the active cooperation of all employees:

- There is an obligation to inform and involve the Tax department in all relevant tax matters of the Berenberg Group.
- The duty to provide information and report may be transferred to employees with the appropriate expertise. These employees must be notified to the Tax department.

In particular, all topics, documents, etc. that

- are brought to the attention of management,
- conceptual, strategic, corporate law or other plans, developments and arrangements

that may be relevant to taxation in any way must be coordinated with the Tax department in advance.



2.3 Material scope

This Tax Governance Framework is binding for the entire Berenberg Group, including

- Joh. Berenberg, Gossler & Co. KG,
- its permanent establishments,
- group companies and
- all companies in which the Bank holds a direct or indirect stake of more than 50% and exercises a controlling influence.

3. Tax Governance Framework

3.1. Tax compliance culture

Our firm's tax compliance culture is based on the existing Code of Conduct and is understood as an extension of it. In particular, this means:

- **Respectful conduct:** Berenberg is committed to treating all clients, contractual partners and competitors, as well as its own employees and, in particular, the tax authorities in Germany and abroad, in the same way that Berenberg expects to be treated as a company. The partners are aware of the growing importance of taxation as part of corporate strategy. The Tax department therefore plays a fundamental role and has policy-making authority with regard to tax matters for all specialist areas.
- **Respect for the law:** Berenberg respects the law in all areas in which we operate. For us, this also includes open and transparent dealings with all relevant authorities, tax authorities, etc. We want to present our tax position as it is determined by our business. In doing so, we deliberately refrain from purely tax-driven artificial arrangements within the Group and in our products. The Bank's tax burden is optimised exclusively through arrangements that comply with the law.
- **Transparency:** Berenberg attaches great importance to the highest possible level of transparency in its business activities. In particular, we maintain an open and transparent relationship with the tax authorities.

3.2. Fulfilment of tax obligations

The Tax Governance Framework serves as a fundamental guideline for all domestic and foreign types of tax, tax returns and tax declarations, as well as other statutory tax obligations. The types of tax and statutory obligations that are particularly relevant to the Berenberg Group include:

- Income taxes
- Value added tax
- Customer and product taxes
- Transfer pricing

The timely and proper fulfilment of all tax obligations is a matter of course for us. National and international tax obligations, in particular recording, reporting, documentation and declaration obligations, are fulfilled on an ongoing basis.

Ensuring the material accuracy of the tax position determined in the annual financial statements and tax returns is also our goal.

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



3.3. Relations with tax authorities, public institutions and auditors

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

This means that we always want to provide all relevant tax authorities with complete, accurate and timely information. To this end, binding guidelines and processes with control procedures have been defined.

3.4. Prevention of tax evasion

Tax evasion is illegal and contrary to our corporate culture, values and beliefs. Our guidelines strictly prohibit any form of tax evasion, as well as aiding or abetting it.

In our actions and decisions, we always take into account the spirit and purpose of tax laws, the social environment in which the bank operates, and the bank's reputation among the public, tax authorities, supervisory authorities and political representatives.

The Tax Governance Framework applies to the assessment of all bank products, all business activities and all risk management. If foreign regulations impose more stringent requirements with regard to tax compliance, the stricter regulations apply.

3.5. Tax planning criteria

We do not participate in tax evasion, artificial or high-risk tax transactions. We do not use tax havens to avoid taxes. All tax planning is carried out responsibly and is neither abusive nor aggressive.

We do not use tax schemes or offshore companies 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 such a way that the tax consequences of our business activities are appropriately aligned with the economic, regulatory and commercial consequences of those activities, taking due account of the potential views of the relevant tax authorities.

In conducting our business, establishing and structuring our business activities and commercial activities, we take into account, among other factors, the tax requirements of the respective jurisdictions in which we operate, with the aim of creating sustainable value.

Furthermore, we do not accept confidentiality agreements that aim to exclude disclosure or reporting to the tax authorities, nor do we accept performance-based remuneration agreements that are determined by the amount or occurrence of tax benefits.

3.6. Transfer pricing

As an internationally active company, we work fairly and transparently with all relevant tax authorities. In doing so, we adhere to the principle that we pay tax on our company results in the countries in which they were generated, while at the same time avoiding double taxation.

This excludes tax-motivated, artificial arrangements and structures that contradict the above principle. To ensure maximum transparency, we maintain transfer pricing documentation that is continuously updated in accordance with international requirements for verifiability and traceability. In particular, this includes:

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



Responsibility for transfer pricing management lies centrally with the Tax department. All activities in this context are carried out by employees who specialise in this area. In addition, our company maintains long-standing relationships with renowned consulting firms, which we consult as needed.

3.7. Tax compliance management system

To ensure compliance with tax laws, the Berenberg Group has introduced a Tax Compliance Management System (Tax CMS). The aim is to minimise or completely avoid financial, criminal and reputational risks that could arise from any violations of the law.

A tax compliance function has been created as an independent unit within the Tax division. Regular communication between the Head of Tax and the responsible Managing Director takes place on an active basis.

The design of the Tax Compliance Management System used at Berenberg is largely based on the requirements of IDW auditing standard PS 980. The system is subject to continuous validation and further development by the Tax Compliance organisational unit, which was created specifically for this purpose, in cooperation with the internal audit department, Group Compliance and our auditors.

Based on this model, we have a clearly defined framework in which the tasks and responsibilities for different 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 risks and reduce them to an acceptable level, our company makes great efforts that affect the actions of each individual employee and have a concrete influence on the structural and procedural organisation.

The identified tax risks are recorded in a risk control matrix. This matrix contains an individual assessment of each risk in terms of its probability of occurrence and the extent of damage it could cause. This is supplemented by an allocation of the specific measures taken to minimise risk.

The structure of Berenberg's risk monitoring system is based on the model of multiple lines of defence ("Three lines of defence", TLoD). This is presented as follows:

- First line of defence
Specialist departments and groups Group Tax and Transaction Tax as operational tax management
- Second line of defence
Tax Compliance group as monitoring and support for the first line
- Third Line of Defence
Internal Audit Department as an independent body that evaluates risk management

In addition, external auditors such as statutory auditors and tax advisors are used as external bodies to monitor and support the internal departments.

To ensure its further development, the tax ICS is subject to continuous review by compliance staff.

Joh. Berenberg, Gossler & Co. KG · Überseering 28 · 22297 Hamburg · Germany
Telephone +49 40 350 60-0 · www.berenberg.de · info@berenberg.de