

Bruker's approach to tax

Introduction

Bruker produces high-performance scientific instruments and high-value analytical and diagnostic solutions which enable scientists to explore life and materials at molecular, cellular and microscopic levels. Bruker enables scientists to make breakthrough discoveries and develop new applications that improve the quality of human life.

Today, more than 6,000 employees worldwide are working on this permanent challenge at over 90 locations on all continents. Bruker is one of the world's leading analytical instrumentation companies which develops state-of-the-art technologies and innovative solutions for today's analytical questions.

Bruker maintains a "Business Conduct Policy" that is solidly aligned and consistent with Bruker's values. It is founded on Bruker's mission of "Innovation With Integrity". It contains strict and unambiguous prohibitions against artificial and false records, which extends to tax filings and information shared with tax authorities. Each employee, including tax staff, must certify that he or she will abide by the code of conduct.

Consistent with its Business Conduct Policy, Bruker is committed to aligning its positions with the local tax authorities in each relevant jurisdiction it operates and to having open and constructive relationships with those local tax authorities. Bruker follows a policy of full disclosure in its dealing with the tax authorities worldwide.

Our commitment is underpinned by the following principles:

1. Tax strategy

a. Tax planning

Bruker does not engage in artificial tax arrangements, i.e. those without business or commercial substance. Rather, Bruker considers tax outcomes that support its business model and aligns with its commercial and economic activities. Bruker has a responsibility to its shareholders to be financially efficient and deliver a sustainable tax rate.

Many governments encourage innovation by offering tax incentives to companies that develop new technologies. Bruker uses legitimate tax exemption and reliefs accruing to it by virtue of its high level of research and development. Bruker currently benefits from R&D tax credits offered by UK, France and the United States. An R&D credit will be claimed in Bruker UK Ltd.'s 31 December 2018 tax computation. A large portion of Bruker's products are developed in Switzerland, where the government might offer incentives for companies to invest in Switzerland. Specifically, Switzerland has introduced legislation for a Patent Box incentive, which may allow companies to benefit from a lower corporate income tax rate beginning in 2020.

b. Relationship with tax authorities

Bruker seeks to build and sustain relationship with tax authorities that are constructive and based on mutual respect. Bruker works collaboratively whenever possible with fiscal authorities to answer queries and provide relevant information in a timely manner. Such collaboration extends to closing tax audits. Bruker's tax team is always open to discussion.

c. Transparency

Bruker supports the principle behind multilateral initiatives towards greater transparency that increase understanding of tax systems and build public trust. Arm's length principles are applied in the pricing of all intra-group transactions of goods and services in accordance with OECD guidelines.

2. Tax risk management**a. Governance and control environment**

Bruker's Vice President of Corporate Tax, appropriately guided by management and the board of directors, is accountable for our approach to tax. The Vice President of Corporate Tax is also responsible for ensuring that policies and procedures that support the approach are implemented, maintained and consistently applied around the world. Furthermore, the Vice President of Corporate Tax ensures that Bruker's tax staff has the appropriate skills and experience to sustain the approach.

Bruker is subject to tax in many different jurisdictions. Bruker employs professional tax managers and takes appropriate advice from reputable firms.

b. Risk assessments

Bruker is routinely subject to tax audits and reviews. Such examinations can take long to conclude. Provision is made for known issues based on management's interpretation of country-specific legislation and the likely outcome of negotiations or litigation. The assessment and management and of the risks are regularly reviewed by senior management and the Audit Committee of Bruker Corporation's board of directors.

Our published global tax strategy applies to all UK subsidiaries of the Bruker group and covers all UK taxes. It satisfies Schedule 19 of the UK Finance Act 2016 in respect of the period ending 31 December 2018.