



Approach to Tax

This document is Dialog's Approach to Tax. It tells you about how we conduct our tax affairs and deal with tax risks.

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Introduction

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Dialog creates and markets highly integrated, mixed signal integrated circuits, optimised for personal, portable, hand-held devices, low energy short-range wireless, LED solid-state lighting and automotive applications. Our strategy aims to generate profitable revenue streams and create long-term value for our shareholders. Our approach to tax supports this strategy.

We are a global business, operating in various countries throughout the world. We pay corporate income taxes in the countries in which we operate in accordance with local laws and international guidelines. Our tax contribution in these countries also includes many other taxes, including employment taxes, social security, VAT and other sales-based taxes and property taxes. Our wider contribution to the generation of economic value for these countries may include job creation, the enhancement of local skills and knowledge, and sourcing from local suppliers.

Dialog's Code of Business Conduct, which applies to all Dialog employees and to every business decision, defines the way we do business worldwide. We conduct business ethically, honestly, and in full compliance with applicable laws and regulations. Our approach to tax aligns with our Code of Business Conduct.

This document¹, approved by the Board of Directors of Dialog Semiconductor Plc on 31 October 2019, sets out Dialog's approach to how we conduct our tax affairs and deal with tax risks. It is effective for the year ending 31 December 2019.

**Sincerely,
Jalal Bagherli**

¹ This document is prepared on behalf of all qualifying entities in the Dialog group pursuant to Paragraph 16(2) Schedule 19, Finance Act 2016.

1. Dialog Tax Principles

Dialog conducts its tax affairs in accordance with the following key principles:

- In full compliance with applicable laws and regulations.
- Acting ethically, honestly and with integrity in line with the Dialog Code of Business Conduct.
- Consistent with the Group's overall business strategy and approach to risk management.
- Utilising available and legitimate tax incentives and reliefs to minimise the tax cost of conducting our business.

2. Tax Planning

Dialog's tax activities aim to support our business strategy and the creation of long-term value for our shareholders by ensuring that the Group's affairs are carried out in a tax efficient manner whilst remaining in full compliance with applicable laws and regulations.

Dialog considers various relevant costs, including tax, in execution of the business strategy. The tax team therefore provides input into key business proposals to ensure business decisions are made with a clear understanding of the tax consequences.

Dialog engages in tax planning aligned to commercial and economic activity and, as a result, the Group's profits are generated and taxed where there is commercial substance and where value is created.

3. Governance and Tax Risk Management

Dialog is committed to maintaining high corporate governance standards to protect the interests of all stakeholders. Dialog is incorporated in the UK and listed in Frankfurt and, as such, is not required to follow the UK Corporate Governance Code. However, in line with Dialog's commitment to maintaining high standards of corporate governance and oversight, the Board of Directors of Dialog has decided to follow the UK Code to the extent it considers it beneficial to the good governance of Dialog. The Board of Directors of Dialog has overall responsibility for Corporate Governance and risk management.

The Board of Directors and the Audit Committee are responsible for the Company's process of internal control and risk management and for reviewing its continuing effectiveness. They are supported by the Risk Management Office, whose role is to improve the identification of risk, assessment of probability and impact, assignment of owners to manage mitigation activities and reporting of key risks and mitigating actions to the Executive Team and the Board of Directors.

3. Governance and Tax Risk Management (continued)

The Board of Directors recognises that tax is a complex area where laws and their interpretation are changing regularly, leading to the risk of unexpected tax exposures. The Chief Financial Officer and the Senior Director Global Tax, who are responsible for tax risk management as part of Dialog's wider process of internal control and risk management, regularly report to the Audit Committee on Dialog's tax position and tax developments relevant to Dialog.

Dialog has clearly defined lines of responsibilities for its tax affairs.

The level of tax risk which Dialog is prepared to accept is considered on a case by case basis, taking into account scale of impact and the interests of relevant stakeholders. Dialog proactively engages with advisors and tax authorities to strive for clarity or achieve certainty on our tax position where the tax guidance is unclear.

4. Relationships with Tax Authorities

Consistent with our Code of Business Conduct, Dialog conducts its dealings with tax authorities with openness, integrity and with respect and courtesy.

We work collaboratively with tax authorities to resolve disputes and to achieve early agreement and certainty.

Further Information

Questions regarding this Approach to Tax can be addressed to jose.cano@diasemi.com.