

Hanon Systems UK Ltd Tax Strategy for the Year Ended 31 December 2018

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This statement is published by Hanon Systems UK Ltd (“Hanon UK”) in order to comply with the duty under para 16(2) Schedule 19 of the Finance Act 2016, and relates to the company’s tax strategy for the year ending 31 December 2018.

It covers all taxes applicable to Hanon UK operations.

1. Compliance to tax laws

Hanon UK is committed to:

- Following all applicable laws and regulations relating to its tax activities.
- Maintaining an open and honest relationship with the tax authorities based on collaboration and integrity.
- Ensuring that the tax strategy adopted is consistent with the company’s overall strategy
- Applying diligence and care in our management of tax risks and ensuring that the tax governance is appropriate
- Tax related matters are under the responsibility of the Managing Directors of Hanon UK, and the European Senior Tax Manager. The company also will utilise external tax experts.
- Tax strategy is reviewed on an annual basis.

2. Risk management and governance arrangements in relation to UK taxation

Hanon UK’s approach is to establish a governance environment that ensures compliance with all aspects of UK taxation legislation and minimises the risks of real or perceived non-compliance.

This is achieved through the internal policies of Hanon Systems and use of professional law and tax consultants to keep the company up-to-date with developments in tax regulations and to assist in remaining compliant.

On a case-by-case basis, the relevance of these changes for the activities of Hanon UK is evaluated.

3. Attitude toward tax planning

Hanon Systems strives to be fully compliant with applicable tax laws and regulations. The company commits to pay its fair share of taxes globally. Taxation, be it direct or indirect, is a consequence of the economic activities of Hanon Systems and its affiliates (the “Group”) in the UK. Transactions are only initiated when consistent with the Group’s core business and have actual economic substance. The Group will consider the tax consequences of the transactions in its planning process and will strive to avoid or reduce the risk on double taxation.

Hanon UK may apply for government incentives or grants where applicable. When applying for these, Hanon UK will engage advisors to reduce and minimize risk around points of technical complexity and legislative change.

4. Attitude to risk in relation to UK taxation

The company's appetite for tax risk is low. Therefore, Hanon Systems seeks to avoid real or perceived non-compliance with UK taxation legislation, so as to minimise the risks of disagreement with tax authorities, financial penalties and damage to the reputation of the company.

In cases where the tax guidance is unclear, the company shall seek necessary expert knowledge of third party experts.

5. Approach to dealings with HMRC

It is Hanon Systems' general policy to be transparent and proactive in all interactions with HMRC.

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