

## **KOSTAL UK Limited – Tax strategy 2017**

In compliance with section 161 and schedule 19 of the Finance Act 2016, KOSTAL UK Limited, Goldthorpe, United Kingdom, is publishing its tax strategy for the year ending 31 December 2017.

This tax strategy was approved by the Board of KOSTAL UK Limited on 20.09.2017 and will annually be reviewed and adopted, if necessary.

### Risk management and governance arrangements

We want our tax affairs to be transparent and compliant with tax legislation. Our tax strategy is based on reasonable care and materiality. We understand the importance of tax compliance and that managing tax risk is increasingly complex.

Within our company, there are strong internal controls in order to substantially reduce tax risk to materially acceptable levels. Our internal structure ensures that the business portrays a positive view towards tax compliance and the importance of meeting these obligations.

To keep under review how we meet our tax obligations and how we manage our relationship with tax authorities, we work together with professional tax advisors and, furthermore, we invest in training with our staff.

### Attitude towards tax planning

We have clearly defined lines of responsibility for our tax affairs.

We will consider undertaking a transaction in a way that gives rise to tax efficiencies provided that this is aligned to our business purpose and complies with tax legislation. The economic benefits associated with tax planning must never override compliance with all applicable tax laws.

We ensure that tax arrangements are simple, well-understood and based on soundly researched techniques. We do not enter into artificial arrangements in order to avoid taxation or to defeat the stated purpose of the legislation.

To ensure to be in line with UK tax laws, we regularly seek professional advice.

### Attitude towards level of tax risks

We recognize that we have a responsibility to pay an appropriate amount of tax in each of the principal jurisdictions in which we operate.

We want our tax affairs to be fully compliant with tax legislation and understand this as key to managing our tax risk. We ensure that, where tax law is unclear or subject to interpretation, our adopted tax position is at least more likely than not to be allowable under applicable tax laws.

We understand our responsibility to minimize our tax risk and our exposure to negative publicity through non-compliance of the tax law.

### Relationship with HMRC

We seek to have a transparent and constructive relationship with HMRC.

We ensure that, when submitting tax computations and returns to HMRC, we disclose all relevant facts and that HMRC is kept aware of significant transactions and changes in the business and seek to discuss any tax issues arising at an early stage. Our aim is to avoid unnecessary disputes with HMRC.

In all of the dealings with HMRC, our approach is to be open, to co-operate fully with their enquiries in a timely manner and to be proactive in raising any significant issues or uncertainties.

Lüdenscheid, September 2017  
The KOSTAL UK Board of Directors