

## **Hempel UK Ltd. Tax Strategy December 2017**

### **Introduction**

This document set out Hempel UK Ltd.'s' policy/strategy and approach to conducting its UK tax affairs and dealing with tax risk.

Hempel UK Ltd. are committed to acting with integrity and transparency in all tax affairs as part of our corporate responsibility.

The Hempel UK Ltd. will at all times act in accordance with national and international tax laws and disclosures and act with due and professional care.

### **Management of tax risk**

Tax risks are managed on several levels throughout Hempel UK and the Hempel Group, including local finance team, Group Tax and Group Internal Audit. The tax risk management is carried out through 1) strong technical knowledge; 2) clear explanations and documentation of facts; 3) establishing and maintaining relationships with authorities; 4) strong compliance procedures.

The primarily responsibility for managing tax risks is the responsibility of the Hempel UK finance team. The teams to monitor changes in relevant tax law and practice and undertake regular training in order to assess any consequences, and make sure that systems and controls are in place. The team also engage and collaborate with the Group Tax department.

We will ensure that all staff having a direct impact on the quality and accuracy of tax matters have received and will continue to receive the appropriate level of ongoing training and support.

As IT processes and automation continue to be an increasing part of modern business, we have a clear strategy of automating through IT systems the adherence to relevant tax requirements.

### **Attitude towards tax planning and level of risk**

We are transparent in our approach to tax and we communicate in a timely, transparent, and clear manner.

We utilise tax reliefs and allowances available in the manner in which intended by HMRC. There will, however, be circumstances where there is room for interpretation. In these cases, we will use our best judgement in determining the appropriate course of action, using available reliefs and incentives where possible and liaising with HMRC where appropriate.

An element of tax risk and uncertainty is inevitable in the current international environment; however, we reduces this risk by following the OECD Guidelines for Multinational Enterprises and the Base Erosion and Profit Shifting (BEPS) initiative from the OECD.

Where necessary we will proactively seek advice in respect of any potential tax risk areas from reputable professional firms.

We do not

- take tax positions that are not defensible under full disclosure



- we do not engage in tax evasion, artificial or high risk transactions
- adopt tax schemes, based on form without commercial substance
- use offshore entities that lack business purpose and substance
- use hybrid instruments and entities that result in tax avoidance and double deductions

### **Working with HMRC**

It is Hempel UK Ltd.'s policy to be transparent and proactive in all interactions with tax authorities. We undertake all such dealings in a professional, courteous and timely manner.

Compliance with all relevant legal disclosure and approval requirements will be adopted and all information will be clearly presented to the tax authorities or other relevant bodies, as appropriate. Openness, honesty and transparency will be paramount in all dealings with the tax authorities and other relevant bodies.

The finance department will pro-actively manage the relationship with the tax authorities with the aim of minimising the risk of challenge, dispute or damage to the Hempel UK Ltd.'s credibility arising when tax matters are inadvertently incorrect.

The key to this relationship with the tax authority will be clear 2-way communication.