

**LEONI AG**

**“UK Group” Tax Strategy**

**2018**



## **SECTION 1: “UK GROUP” OVERVIEW**

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This document approved by the Board of LEONI AG (parent company), sets out the tax strategy of its UK subsidiaries, which include LEONI Wiring Systems UK Ltd, LEONI Temco and LEONI Tailor-Made (the “UK Group”). In making this strategy available to all shareholders the UK Group is fulfilling its responsibilities under Schedule 19 of the Finance Act 2016.

This tax strategy applies to all UK taxes applicable to the UK Group and the document is owned by the Board of Directors of LEONI AG. This document will be reviewed annually, updated as appropriate and approved by the Board of Directors.

The Board of Directors is responsible for setting and monitoring the strategy. The finance teams of the UK Group are accountable to the Board for the implementation of the tax strategy and the management of tax and related risk.

## **SECTION 2: TAX STRATEGY STATEMENT**

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LEONI AG’s policy is to comply with, as a minimum, all relevant laws, rules, regulations, reporting and disclosure requirements and to pay promptly the amounts of tax legally due. This is achieved by operating an effective tax control framework to identify key tax risks and to manage those risks through appropriately designed and operated controls.

The UK Group makes tax decisions which are aligned with business strategy, and supports the Group’s approach to corporate governance and risk management.

It is important that all areas of the Group feel supported from a tax point of view to enable LEONI to successfully achieve its commercial objectives. This includes managing tax risk but is also about making good investment decisions with the knowledge of all future associated tax costs.

## **SECTION 2: TAX STRATEGY STATEMENT (CONTINUED)**

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The company may consider different tax outcomes when considering how to structure commercially motivated transactions, but does not undertake aggressive tax planning for the purpose of tax avoidance. The company understands the importance of corporations not willfully engaging in tax schemes that go against or undermine the intention of legislative authority.

## **SECTION 3: CODE OF CONDUCT**

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The UK Group Tax Code of Conduct (COC) outlines the principles setting out how LEONI’s employees are expected to operate with respect to tax matters in support of the Groups policy.

### **1. Compliance with Laws, Rules and Regulations**

The Group is committed to comply with all applicable laws, rules and regulations as outlined in the tax strategy statement above. Importantly, both the parent company and the divisions tax teams, will collaborate with the UK Group’s businesses to provide advice and guidance that ensures compliance. There are clear management responsibilities, backed up by regular monitoring and review, carried out by members of the tax team with the necessary experience and skill set.

### **2. Consistency with Group Strategy**

Tax decisions will be made at all times in a manner which is consistent with, and compliments the Group’s overall strategy. Where alternative routes exist to achieve the same commercial result the most tax efficient approach in compliance with all relevant laws should be considered. However, the company will always aim to pursue its primary objective of promptly paying all tax legally due, and maintaining a strong reputation with HMRC and other tax authorities.

### SECTION 3: CODE OF CONDUCT (CONTINUED)

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#### **3. Governance, Assurance and Tax Risk Management**

Responsibility and accountability for the UK Group’s tax affairs is clearly defined in role responsibilities, and all business decisions will be taken at an appropriate level. Diligent professional care and judgement will be employed to assess tax risks in order to arrive at well-reasoned conclusions on how the risks should be managed. Where there is uncertainty as to the application or interpretation of tax law, appropriate written advice evidencing the facts, risks and conclusions may be taken from appropriate third party advisors to support the decision making process.

#### **4. Relationship with Tax Authorities**

The company aims to be honest, fair and truthful in all of its dealings, and these principles of integrity are reflected in the company’s relationship with the tax authorities. In addition to operating with integrity, where possible and appropriate the UK Group seeks to be proactive with tax authorities to ensure the efficient resolution of any issues as they arise. The UK Group strives to follow HMRC’s published draft outlining a “Framework for Co-operative Compliance in the UK”, which promotes best practice regarding the relationship between HMRC and large businesses. In particular the UK Group commits to:

- An open and collaborative relationship with HMRC at all times;
- Engaging in full, open and early dialogue with HMRC in relation to tax planning, strategy and risks;
- Making fair, accurate and timely disclosures in correspondence and returns;
- Interpreting the relevant laws in a reasonable way, and ensure transactions are structured consistently with a co-operative relationship.