

Tax Strategy for UK Entities

The below sets out the Tax Strategy for BORG Automotive UK Ltd. and its subsidiary Electro Steer Ltd. ("The UK Group"), and in making this strategy available the UK Group is fulfilling its responsibilities under paragraph 19 (2), schedule 19 of the Finance Act 2016.

BORG Automotive UK Ltd. is legally owned by BORG Automotive A/S in Denmark and thus part of the BORG Automotive Group. The ultimate owner of the UK Group is the conglomerate Schouw & Co listed on the Danish stock exchange. Based on this ownership the UK Group is according to schedule 19 in the Finance Act 2016 required to publish its tax strategy and update this on an annual basis.

Governance

The responsibility for the overall tax and risk strategy applicable to all companies within the BORG Automotive Group and hence applicable to the UK Group lies with the Group Directors of BORG Automotive Group in Denmark, while the responsibility related to day-to-day management and compliance with UK tax laws and legislation lies with the appointed Managing Director.

Risk Management

The UK Group aim to apply best practise at all times and conduct all transactions in accordance with applicable national and international rules. It is considered that a responsible approach to tax is essential for the sustainability of the business and its continued existence.

To reduce the inherent tax risk of the UK Group and ensure compliance with both national and international tax standards and legislation, assessment and adjustments of internal processes and controls are continuously carried out. Additionally, the UK Group will pay the right amount of tax, at the right rate, in the right place and at the right time, which is ensured by reporting tax affairs in ways that reflect the economic reality of the transactions it undertakes in the course of its trade.

Attitude towards Tax Planning

From the perspective of the UK Group business considerations are always the most important decision making parameter when considering and undertaking a transaction. Thus, the UK Group will seek to take advantage of available tax incentives, reliefs and exemptions in line with applicable UK tax legislation. The UK Group will not engage in any artificial transactions with the sole purpose of reducing UK tax, and neither will the UK Group engage in tax efficiencies if the underlying commercial objectives do not support the position, or if the arrangements have a negative impact on the companies' reputation, corporate or social responsibilities.

Attitude towards Tax Risk

The UK Group considers tax as an expense on par with all other expenses, which are thought minimised, thus always ensuring compliance with both national and international tax legislation.

The UK Group always endeavour to observe the letter of the law and the legislators intention of the law. Where uncertainty over interpretation of tax law arises, the UK Group will consult with HMRC or external advisors as necessary, in order to minimize uncertainty and therefore risk.

Relationship with HMRC

The UK Group operates a transparent, honest and proactive approach to its interaction with HMRC. In particular the UK Group commits to the following:

- Paying the appropriate taxes which are owed, at the right rate, at the right place and at the right time
- Meeting its compliance obligations in a timely manner, making accurate returns and providing adequate disclosure on returns and in relation to specific transactions
- Considering the impact of new legislation and interpretation of tax law related to both national and international
- In case of uncertainties, commit to contacting and discussing tax matters with HMRC to minimize uncertainty and risk
- Ensuring that transactions with related parties are conducted on arm's length terms as set forth in the OECD guidelines and according to UK legislation
- Never undertake transactions that would require notification to HMRC under the Disclosure of Tax Avoidance Schemes Regulations or participate in any arrangement to which it might be reasonable anticipated that the UK's General Anti-Abuse Rule might apply.

Approval and validity

This UK tax strategy covering the UK Group relates to the financial year ending on 31 December 2019 and was approved by the Managing Director Lee John Waterson on 31 October 2019.



Lee John Waterson
Managing Director