

Tax strategy

DAU

Draexlmaier

Automotive

UK Limited

Tax strategy **DAU Draexlmaier Automotive UK Limited**

1. General

DRÄXLMAIER Group is a successful global company with a leading position in development and manufacture of modern wiring harness systems, exclusive interiors and central electrical and electronic components, with a clear focus on the premium automotive segment.

The tax strategy of DRÄXLMAIER Group is mandatory for all group entities and is therefore also applicable for group entities located in the UK.

In our case, DAU Draexlmaier Automotive UK Limited is a limited company registered in England and Wales and wholly owned by Lisa Dräxlmaier GmbH and therefore a group entity of the DRÄXLMAIER Group.

Thus, the tax strategy of the DRÄXLMAIER Group applies to DAU Draexlmaier Automotive UK Limited in accordance with paragraphs 16 and 19 of Schedule 19 to the Finance Act 2016. The strategy has been published in accordance with paragraph 16(4) of the Schedule.

This strategy applies from the date of publication until it is superseded. References to "UK Taxation" are to the taxes and duties set out in paragraph 15(1) of the Schedule which include Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax, and Stamp Duty Land Tax. References to "tax", "taxes" or "taxation" are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which the Group has legal responsibilities.

2. Tax strategy of DRÄXLMAIER Group

2.1 Key note

The tax strategy of the DRÄXLMAIER Group sees compliance with the applicable laws and the optimization of the tax rate as central elements of the tax activities.

2.2 Tax Compliance as maxim of activities

- The best possible fulfillment of all tax regulations is a maxim of the DRÄXLMAIER Group (Tax Compliance). Tax compliance is thus an integral part of the corporate strategy.
- Within the framework of tax compliance, it is necessary to exclude liability risks and criminal-law risks as well as to avoid possible penal surcharges, interest or delay fees.

- Within the framework of a Tax Risk Management, attention is paid to the careful handling of tax risks.

2.3 Optimization of the tax rate of the Group and the shareholder

- The tax activities of the DRÄXLMAIER Group are aligned on the achievement of a competitive and stable tax rate as well as on the optimization of EBIT.
- Tax related options and designs outside of the group's business model and the business perspectives must be prevented ("Tax follows Business").
- Tax needs of the shareholders have to be considered in the context of the Group tax strategy.

3. Implication for DAU Draexlmaier Automotive UK Limited

Based on the tax strategy of DRÄXLMAIER Group, DAU Draexlmaier Automotive UK Limited is committed to full compliance with all statutory obligations and full disclosure to relevant tax authorities. The group's tax affairs are managed in a way which takes into account the group's wider corporate reputation in line with DAU Draexlmaier Automotive UK Limited's overall high standards of governance.

4. Governance in relation to UK taxation

- Ultimate responsibility for DAU Draexlmaier Automotive UK Limited's tax strategy and compliance rests with the Board of Lisa Dräxlmaier GmbH.
- The responsibilities for significant tax fields are delegated in single internal regulations to the managing directors.
- The respective managing directors have delegated tasks within their function and area. This delegation is part of the organization of the tax function within the DRÄXLMAIER Group.
- A central Group Tax department is also implemented in the group's headquarter in Germany, owning various central functions and providing relevant support to DAU Draexlmaier Automotive UK Limited.
- Day-to-day management of DAU Draexlmaier Automotive UK Limited's tax affairs is delegated to the Commercial Director, who reports in such topics to the Central Tax Department.

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- The DAU Draexlmaier Automotive UK Limited finance team is staffed with appropriately qualified individuals.
- The Board ensures that DAU Draexlmaier Automotive UK Limited's tax strategy is one of the factors considered in all investments and significant business decisions taken.
- When entering into commercial transactions, DAU Draexlmaier Automotive UK Limited seeks to take advantage of available tax incentives, reliefs and exemptions in line with, and in the spirit of, tax legislation. DAU Draexlmaier Automotive UK Limited does not undertake tax planning unrelated to such commercial transactions.

5. Risk Management

- DAU Draexlmaier Automotive UK Limited is implementing a Tax Compliance Management System (TCMS) in alignment to the TCMS of the group, as a component of the overall internal control framework applicable to the group's financial reporting system.
- DAU Draexlmaier Automotive UK Limited, with the assistance of the Central Group tax function, seeks to reduce the level of tax risk arising from its operations as far as is reasonably practicable by ensuring that reasonable care is applied in relation to all processes which could materially affect its compliance with its tax obligations.
- The Central tax function will therefore provide appropriate input as part of the approval process for business proposals to ensure a clear understanding of the tax consequences. The tax function will also ensure accurate consideration in tax returns and accounts.
- Appropriate training is carried out for staff outside Tax team who manage or process matters which have tax implications.
- Advice is sought from external advisers where appropriate.
- The level of risk which DAU Draexlmaier Automotive UK Limited accepts in relation to UK taxation is consistent with its overall objective of achieving certainty in the group's tax affairs. At all times DAU Draexlmaier Automotive UK Limited seeks to comply fully with its regulatory and other obligations and to act in a way which upholds its reputation as a responsible corporate citizen. In relation to any specific issue or transaction, the Board with the assistance of the central tax function is ultimately responsible for identifying the risks, including tax risks, which need to be addressed and for determining what actions should be taken to manage those risks, having regard to the materiality of the amounts and obligations in question.

6. Attitude towards tax planning and level of risk

- DAU Draexlmaier Automotive UK Limited manages risks to ensure compliance with legal requirements in a manner which ensures payment of the right amount of tax.
- DAU Draexlmaier Automotive UK Limited ensures that HMRC is kept aware of significant transactions and changes in the business and seeks to discuss any tax issues arising as an early stage. When submitting tax computations and returns to HMRC, DAU Draexlmaier Automotive UK Limited discloses all relevant facts and identifies any transactions or issues where it considers that there is potential for the tax treatment to be uncertain.
- Any inadvertent errors in submissions made to HMRC are fully disclosed as soon as reasonably practicable after they are identified.

7. Tax authority relationships



Fritz Dräxlmaier
CEO & Chairman of the board



Roland Polte
Head of Global Human Resources