

# Corporate Social Responsibility

## **Lisi Group UK Tax Strategy for financial year ending 31<sup>st</sup> December 2017.**

This strategy applies to all UK entities within Lisi Group

### **Background**

LISI Group is an international leader, whose activity is focused on the design and manufacture of high value-added assembly solutions. The Group's international dimension, its capacity for innovation and above all the performance of its production base, allow for solutions tailored to the requirements of its major clients. The Group develops its solutions everywhere where the problems are complex and bring added value and innovation. Hence over the years, LISI has won leadership positions in its three areas of activity: aerospace, automotive, and medical. As of 31 December 2016, the Group had a total of 44 industrial sites in 13 different countries and 4 continents, employing over 11,500 employees.

### **Commitment to Compliance**

Lisi Group aims to be a responsible corporate citizen. Each year the business generates significant profits and consequently a variety of taxes. We collect and pay the right amount of tax at the right time in the right place in all of the countries in which we operate. We operate in a responsible tax efficient manner claiming reliefs and incentives where available. We believe it is important to ensure compliance and we are open and honest in all dealings with the tax authorities disclosing all relevant facts and circumstances and we pay our fair share of tax in accordance with all relevant laws and regulations, including those in the UK.

### **Responsible attitude toward tax planning**

In structuring our commercial activities we will consider, among other factors, the tax laws of the countries within which we operate with a view to maximising value on a sustainable basis for our shareholders. Any tax planning that is undertaken must:

- Genuinely support our commercial and economic activity;
- Be structured in such a way that the tax generated is not inconsistent with the underlying economic benefits;
- Be compliant with generally accepted custom and practice, in addition to the law and the intentions of parliament;
- Be of a type that the tax authorities would expect;
- Be consistent with, and be seen to be consistent with, the Group's purpose and values; and
- Have regard to the potential impact on our reputation and broader goals.

We will not undertake tax planning that is contrived or artificial. The Group will, therefore, when necessary, engage external tax advisors to help us manage our tax position when there is significant uncertainty or complexity relating to a particular issue.

## **Effective risk management and the level of tax risk accepted**

It is acknowledged that tax risks will arise from time to time in relation to our interpretation of tax law and the nature of our tax compliance arrangements, given the size and nature of our business. While the Group does not have a set level of acceptable tax risk, tax risks when they have been identified are evaluated, managed and monitored on a case by case basis to ensure they remain in line with the Group's overall approach of maintaining a "low" tax risk. Where there is significant uncertainty or complexity in relation to a risk, external support and advice may be sought from our professional advisors and if necessary it will also be discussed with HMRC to ensure transparency and compliance in our approach.

## **Constructive approach to working and dealing with HMRC**

We will engage with HMRC on the basis of openness, honesty, integrity, respect and fairness intending to reach a state of co-operative compliance. Whilst we will not deliberately create a tax risk we will defend our position if necessary. We will seek to resolve any disputed matters through pro-active and transparent discussion and negotiation with HMRC.

## **Approach to tax risk management and governance arrangements**

This strategy is approved, owned and overseen by the Lisi Group Board of Directors. The governance of tax risk follows tax accounting controls which ensures that significant tax related decisions are subject to review and approval by appropriately qualified and experienced staff and that all UK tax obligations are met. Local UK management will be responsible for oversight of day to day tax matters with Group management having ultimate responsibility for compliance and execution of the strategy.

The publication of this strategy statement is regarded as satisfying the statutory obligation under Para 19 Schedule 19, Finance Act 2016 to publish its Group tax strategy in the current financial year for all the UK companies within the Lisi Group.