



HSS Hire Group PLC, (“HSS”), Tax Strategy – Our Policy

This document, approved by the Board of HSS, sets out the Group’s policy and approach to conducting its tax affairs and dealing with tax risk. The document will be periodically reviewed by the HSS tax team and any amendments will be approved by the Board. It is effective for the year ending 31 December 2018 and will remain in place until any amendments are approved by the Board. Further, this document is being made publicly available in order to meet the legislative requirements contained in Finance Act 2016 for qualifying groups to publish their tax strategies.

Our approach to tax seeks to enable and support our business strategy and balance the various interests of our stakeholders including shareholders, governments, employees and the communities in which we operate. The strategy is adopted and followed consistently across the Group, with clear lines of responsibility and accountability.

HSS is a leading tool and equipment hire business and it is our responsibility to run the business in the long term interests of all our stakeholders. Organising our operations in this way ensures HSS is both competitive and generates sustainable shareholder value, allowing us to grow the business and invest in it.

The key objective of the Tax Policy is to fulfil HSS’s compliance responsibilities and to add value to the business by ensuring that all legitimate reliefs and allowances are efficiently utilised within the framework of a positive relationship with HMRC and within an acceptable level of risk. HSS will pay the right amount of tax required of it under the laws and regulations of the countries in which it operates.

The Board approves HSS’s tax policy and tax strategy, and monitors compliance. It delegates authority to execute against this policy framework to the Group CFO. As such, there is alignment of the strategy with HSS’s overall approach to corporate governance.

Tax Risk

There are four broad categories of tax risk:

- **Compliance Risk:** the risk of additional liabilities or penalties arising through non-compliance or failures in the various tax return processes.
- **Operational Risk:** the risk arising from the operations of the divisions and the extent to which their operations will give rise to unexpected tax costs.
- **Planning Risk:** the risk associated with the implementation of tax planning ideas and opportunities and with any arrangements put in place to make a transaction more tax-efficient.
- **Reputational Risk:** the risk that actions taken could significantly prejudice relationships with the tax authorities or that publicity concerning a transaction adversely affects the Group’s standing with customers or other stakeholders.

Risk Management

- Processes and controls have been implemented and will be maintained to ensure effective operations, compliance with all applicable legislation and to minimise compliance risk.
- Opportunities will be taken to manage the effective rate of tax within the parameters of mainstream tax legislation for the benefit of HSS without adopting an attitude to tax risk that could damage HSS's standing with HMRC.
- Any tax planning propositions received will be individually assessed to identify whether those solutions align with business objectives and HSS's tax policy without exposing HSS to unacceptable risk. Tax planning proposals that have no commercial purpose other than the avoidance of tax, or which are not aligned to HSS's overall strategy will not be undertaken.
- 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 advice will be taken from third party advisers to support the decision making process.
- A regime for the disclosure of tax avoidance schemes is operated by HMRC, which requires the disclosure of arrangements intended to give a tax advantage in specified circumstances. This gives HMRC the opportunity to review and if necessary, amend legislation to block any scheme which the Government considers aggressive and unfair. When measuring tax planning propositions, consideration will be given to whether the proposition has been disclosed to HMRC or whether there is a requirement to disclose.

Our Policy & Commitment

HSS pays tax in accordance with all relevant laws and regulations in the territories in which we operate. Our approach is focused on seven key principles:

- HSS is committed to the effective, balanced and active management of our tax affairs to deliver our business strategy and to create sustainable shareholder value.
- HSS pursues open working relationships with all tax authorities and, as part of this aim, adheres to a policy of disclosure to relevant tax authorities in respect of all tax matters. HSS fosters a constructive and professional relationship with tax authorities based on integrity and collaboration.
- HSS conducts its business on sound commercial principles and, in doing so, takes account of all relevant costs, including tax.
- To the extent HSS undertakes tax planning, it only takes place in countries where HSS has commercial substance and we operate to a high standard of certainty.
- HSS will use incentives and reliefs to minimise the tax costs of conducting its business activities, but will not use them for purposes which are knowingly contradictory to the intent of the legislation.

- Transactions between HSS subsidiaries are conducted on an arms-length basis in accordance with appropriate transfer pricing rules and OECD principles. This ensures that HSS's global profits are taxed where economic activities are performed and where value is created.
- Where appropriate, HSS will express views on the formulation of tax laws either directly or through trade associations or similar bodies.
- For the purposes of this policy, tax is defined as all financial charges or levies (direct and indirect) including corporate income tax, VAT, payroll taxes, stamp duty and other taxes applied by a Tax Authority.

Scope of this Policy

- This Policy applies to all Directors and employees who are involved in or whose actions impact the management of HSS' tax affairs. Non-adherence to the Policy could constitute a disciplinary matter, potentially leading to sanctions.