



Tax Strategy of MAG45 (UK) Ltd in FY 2017

The MAG45 Group is an industrial integrator for high tech, advanced electronics, food processing and medical industries. It covers categories such as mechanical components, electr(on)ical components, tools, safety products, commodity components and make-parts. The MAG45 Group provides a wide variety of services such as sourcing, procurement, logistics and inventory- and supply chain management for the supply of industrial components.

A. Our approach to risk management and governance arrangements in relation to UK taxation

In accordance with the corporate social responsibility policy of the Solar Group, headquartered in Denmark, we strive to comply with the applicable laws and regulations and act in an ethically sustainable and socially responsible way in all of our business activities.

The Solar Group's Chief Financial Officer, is ultimately responsible for the tax affairs of the Group with daily operations being handled locally, with support from the Corporate Finance Department, based at our ultimate parent company Solar A/S.

MAG45 (UK) Ltd is part of the wider risk management system of the Solar Group that aims to manage risks across the Solar Group, including tax risks. The Board of Directors in Solar A/S, sets out the framework for risk management. The Corporate Finance Department is responsible for maintaining the global transfer pricing documentations, in line with the OECD Transfer Pricing Guidelines and local laws and regulations.



The initial responsibility for identifying, assessing, managing and, where possible, eliminating tax risks, is anchored with the MAG45 Group's Chief Financial Officer and the MAG45 Group's Financial Controller, in co-operation with the local Financial Controller from MAG45 (UK) Ltd. If necessary, the risks are escalated to the Corporate Finance Department in Solar A/S. If risks are considered material, they are reported to the Board of Directors of Solar A/S, in accordance with the risk management policy of the Solar Group.

Reliance is placed upon external tax advisers where there is a need for specialist guidance and support or where the local activities are insufficient to warrant a full time tax resource for more routine tax matters. However, responsibility for tax and decisions around tax remains with the MAG45 Group Chief Financial Officer.

B. Our approach towards tax planning and tax risk

MAG45 (UK) Ltd accepts the responsibility to act in an ethically sustainable and socially responsible way, by complying with the applicable laws and regulations while also keeping the financial interests of the shareholders in mind.

We consider ourselves a value driven company where the guidelines set forth by the Board of Directors are embedded throughout the company in the way we conduct our day-to-day business. It is the policy of MAG45 (UK) Ltd to pursue active but not aggressive tax planning. That means that decision-making is driven by the commercial needs of the company and that we do not engage in artificial arrangements in order to avoid taxation or to defeat the stated purpose of the legislation. Throughout the Solar Group, taxes are paid in the country in which the value arising from our presence, is created.

When evaluating business decisions, the tax consequences are considered along other specific factors to ensure that the decisions are financially viable and comply with the relevant legislation. When entering into commercial transactions, MAG45 (UK) Ltd may take advantage of tax incentives, reliefs and exemptions where they are available and the factual situation appropriately reflect the conditions stated by tax laws.

C. How much tax risk is MAG45 (UK) Ltd prepared to accept?

Our approach to tax risks follows the same principles that apply to all other business risks. We consider our reputation and corporate social responsibility, as well as purely financial impacts. We are particularly aware of our reputation with the wider population of stakeholders, in matters related to tax, including the tax authorities.

The acceptable level of tax risks in MAG45 (UK) Ltd is determined by the Board of Directors of the ultimate parent company Solar A/S and is evaluated annually. Solar Group is risk averse in compliance matters and this translates to pursuing a conservatively balanced tax risk appetite with a low tolerance for tax risks.

Due to the possible uncertainties in tax laws or differences in the interpretation of facts, it is not possible to completely eliminate tax risks.



Where there is uncertainty surrounding the interpretation of tax laws, MAG45 (UK) Ltd will seek to minimize the risks inherently linked to tax matters, by seeking second opinions from external tax advisers, having established its own understanding of the position, and/or seek to resolve the uncertainty by dialogues with the tax authorities. This warrants additional comfort to ensure that decisions are made to a standard that complies with the Solar Group policies and mitigates tax risks to an acceptable level.

D. Our approach to dealings with HMRC

We maintain a transparent and constructive relationship with HMRC in the UK (and with other tax authorities, wherever we operate). This includes, where appropriate, regular, open dialogue on significant tax issues and developments in the Group's business. We see value in working with tax authorities to agree tax positions and therefore we seek to work with HMRC on a real time basis, where possible.

As a part of our normal way of conducting business, we may try to obtain from the HMRC their opinion or further guidance, prior to taking a position on specific matters if we consider it appropriate in order to avoid unnecessary controversy regarding our interpretation in potentially uncertain situations.

We strive to accommodate enquiries from the tax authorities in a constructive and expedient fashion in order for disputes to be settled reasonably. While we generally aim to comply and cooperate with HMRC, we do recognize that disagreements may arise from differences in interpretation of facts that ultimately would have to be settled by means of arbitration or litigation.

E. Regular update

This statement of tax strategy is effective from financial year 2017 and is subject to an annual update. The UK tax strategy complies with the requirements under Schedule 19 of the 2016 Finance Act.

This tax strategy was approved on 8 December 2017 by Jos Poelman, Chief Financial Officer of MAG45 Group.

