



Hilti (Gt. Britain) Limited – UK tax policy

Scope

This strategy applies to Hilti (Gt. Britain) Limited ('Hilti GB' or 'the Company') in accordance with paragraph 19 of Schedule 19 to the Finance Act 2016 ('the Schedule'). The strategy is published by Hilti GB in accordance with paragraph 19(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This strategy applies from the date of publication until it is superseded.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 Company has legal responsibilities.

Background

The Hilti group of entities ('Hilti' or 'the Group') with its headquarters being Hilti AG located in Liechtenstein was founded in 1941 by Martin Hilti in Schaan, Liechtenstein. The Group is now a global leading manufacturer and supplier of technology and solutions to the construction industry and related sectors. Hilti is present in over 120 countries and has more than 25,000 employees worldwide. Hilti GB is the UK operation of the Group, established in 1950.

Hilti GB considers corporate responsibility to be integral to its business and this is reflected within its core corporate values of integrity, courage, teamwork and commitment.

The Company is committed to full compliance with all statutory obligations and full disclosure to relevant tax authorities. Hilti GB's tax affairs are managed in a way which takes into account its wider corporate reputation in line with its overall high standards of governance.

The Company's tax strategy is in line with the overall tax strategy for the wider Group.

Governance in relation to UK taxation

- Ultimate responsibility for Hilti GB's tax strategy and compliance rests with its Board of Directors ('the Board')
- Executive management for tax matters of the Company is delegated by the Board to the Company's Finance Head
- Day-to-day management of Hilti GB's UK tax affairs is delegated to the UK General Ledger Team Leader and the UK finance team. The General Ledger Team Leader reports to the Company's Finance Head and provides regular tax updates to senior management
- Specialist tax support is provided by the Group's global tax team. The global tax team is in regular contact with Hilti GB and physically visits the Company at least once per year to discuss tax-relevant developments, tax compliance matters and risks
- The Company together with the global tax team also reports key financial decisions and information (including tax) into the Group's Finance Board, consisting of the Group's senior management for finance (including tax) matters

Risk Management

- The Group maintains an enterprise-wide risk management process which involves a complete risk inventory with different risk owners assigned to manage all known strategic, financial and occurrence-oriented risks of the Group.
- As part of this, Hilti GB together with the global tax team and, if appropriate, supported by external consultants operates a system of tax risk assessment and controls as a component of the overall internal control framework applicable to its financial reporting system
- Hilti GB 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 Group's global tax team cascades information, including updates on tax legislation, on a regular basis to Hilti GB's management and finance team
- An annual tax review is undertaken by the Group's global tax team. As part of this review, consideration is given to expected tax risks and legislative changes which are expected to arise in the coming year
- Advice is sought from external advisers where appropriate, who are also used to provide updates and training as required for key staff
- The Group's global tax team also provides an internal audit function for Hilti GB, regularly reviewing the integrity of the Company's tax controls
- Appropriate training is provided by the global tax team to Hilti GB's management and staff

Attitude towards tax planning and level of risk

Hilti GB manages tax risks to ensure compliance with legal requirements in a manner which generates payment of the right amount of tax.

Hilti GB does not undertake tax planning unrelated to its commercial transactions. The level of risk which the Company accepts in relation to UK taxation is consistent with its overall objective of achieving certainty in its tax affairs. At all times Hilti GB 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, supported by the global tax and the UK finance team, 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. The Company's Board and executive management align, therefore with the global tax team, the Group's Finance Board and external advisors, if needed.

Relationship with HMRC

Hilti GB does not have a formal, dedicated point of contact at HMRC therefore the majority of its communication with HMRC relates to obligatory filing requirements. Above and beyond this Hilti GB seeks to be cooperative with HMRC as far as possible and seeks to develop relationships with HMRC wherever possible.

Inadvertent errors in submissions made to HMRC are fully disclosed as soon as reasonably practicable after they are identified with full consideration given to the circumstances of those errors to facilitate remedial action.

Date approved: 14th December 2017