

## **Tax Strategy for Nilfisk UK - Financial Year 2017**

Nilfisk is a leading global provider of professional cleaning products and services, headquartered in Denmark.

Our business is based on procuring, producing, selling, distributing and offering aftermarket services in most parts of the world. The nature of our business and global presence imply that a various number of direct, indirect and collected taxes apply on a global basis. Nilfisk recognizes that these taxes contribute importantly in the countries in which we do business, and we are committed to pay taxes in accordance with global standards, accurately and in a timely manner, where our business activities generate value.

This strategy sets forward the principles by which Nilfisk Group manages its tax affairs in a compliant and responsible manner.

The following statement of our tax strategy is aimed at meeting the requirements set out in schedule 19, para 16 of the Finance Act 2016. The ta

### **1. Approach of the business to tax risk management and governance**

Nilfisk makes best efforts to comply with the tax legislation in the countries we operate in and in accordance with current OECD guidelines and arm's length principles.

To proactively manage our tax position, the Corporate Tax Department must continuously have relevant tax processes, tax controls and tax operational guidelines in place, which keep the tax department updated about Nilfisk activities inside and outside Denmark. The Global Tax Department is involved in all significant business developments to support the business decisions as well as fully assess any potential tax consequences of the decisions in advance.

The Global Tax Department of Nilfisk A/S, reporting to Head of Financial Reporting & Control, is responsible for all global corporate tax and indirect tax management, including but not limited to transfer pricing, disputes with tax authorities, tax in relation to structure and planning, etc.

Compliance with all local corporate, indirect and payroll taxes as well as social charges in the Group's subsidiaries rest with the local management team. All local tax risks, tax audits/inquiries as well as uncertain tax positions must be reported without delay to the Global Tax Department to secure coordination and alignment on the approach to be taken.

The tax position for Nilfisk Group, including significant tax risks, is reported by the Global Tax Department to Nilfisk Audit Committee on a regular basis. The Tax Strategy will on an annual basis be reviewed by the Audit Committee.

### **2. Level of risk prepared to be accepted**

The combination of increased complexity and compliance requirements within the tax area and the Nilfisk business structure demand a dedicated focus on tax management; a focus that respects international tax principles and local tax law, as well as strikes the appropriate balance with managing the tax cost and tax risk of Nilfisk Group.

Nilfisk acts with a transparent and consistent approach to all tax matters, with the aim that the tax position reflects the underlying business reality of the transaction at hand.

### **3. Attitude of the business towards tax planning**

Tax is a cost of doing business in line with other costs of the Group. Nilfisk seeks to optimize the return for our shareholders whilst considering the interests of wider stakeholders, including the communities and economies upon which we depend for future growth, in line with the requirements of the Nilfisk Code of Conduct. Nilfisk purely considers business-driven tax optimization and monitors the risk position, including reputation, of the Group to limit the impact on our business. Nilfisk will not undertake any tax planning which could be considered aggressive by tax authorities.

Nilfisk strives to obtain the benefits of incentives introduced in some countries to encourage an economic activity to the extent such incentives are available to our commercial business structure and transfer pricing setup. Intercompany transactions are undertaken on an arm's length basis, in line with transfer pricing policies which are based on OECD guidelines.

#### **4. Approach towards dealing with tax authorities**

We seek a constructive relationship with tax authorities and strive to maintain an open dialogue to resolve uncertainties. This means that we cooperate in tax audits and work proactively to avoid double taxation. When needed, Nilfisk seeks support to clarify uncertainties by involving external advisors and by taking a justifiable position in accordance with international tax principles and in alignment with our Business Code of Conduct.