



## **Henkel UK tax strategy**

Approved by the Board on 27 September 2018.

### **Introduction to the Henkel Group**

Henkel operates globally with a well-balanced and diversified portfolio. The company holds leading positions with its three business units in both industrial and consumer businesses thanks to strong brands, innovations and technologies. Henkel Adhesive Technologies is the global leader in the adhesives market – across all industry segments worldwide. In its Laundry & Home Care and Beauty Care businesses, Henkel holds leading positions in many markets and categories around the world. Founded in 1876, Henkel looks back on more than 140 years of success. Henkel employs more than 53,000 people globally – a passionate and highly diverse team, united by a strong company culture, a common purpose to create sustainable value, and shared values. As a recognised leader in sustainability, Henkel holds top positions in many international indices and rankings. Henkel's preferred shares are listed in the German stock index DAX.

### **How we manage tax risks**

The policy of Henkel UK is to comply with all relevant laws, rules, regulations, reporting and disclosure requirements and to pay the amounts of tax legally due.

Tax risk management is proactively managed through a clear internal governance framework, together with system controls and processes. The UK Finance Director is responsible to the UK Board and the Henkel Group European Head of Finance for the management of our UK tax affairs and is also our Senior Accounting Officer. The UK Finance Director is supported in this function by the UK Head of Tax and the Henkel Group Head of Indirect Taxes.

Henkel UK works continuously with the Henkel group to review and enhance tax systems, processes and controls in support of our tax returns and compliance obligations. Indirect tax systems, processes and controls are reviewed by the Henkel group Head of Indirect Taxes and the UK Head of Tax. Direct tax systems, processes and controls are reviewed by the UK Head of Tax. Tax risks identified during our reviews are reported to the UK Head of Finance.

Henkel UK obtains professional advice from suitably qualified external advisors when the tax treatment of specific items is uncertain and our annual Corporation tax returns are reviewed for accuracy and completeness by both the UK Head of Tax and external advisors before submission to HMRC.

### **Our attitude to tax planning**

Henkel UK makes tax decisions which support and are consistent with the Henkel Group's overall strategy to generate profitable growth and to drive excellent sustainable financial performance. In making such decisions we will always consider our company's reputation, brand and corporate and social responsibilities.

Henkel UK takes account of tax costs and risks before key business decisions are implemented and we use incentives and reliefs to minimise our tax cost. We will consider alternative approaches to business activities which may result in different tax outcomes. However, Henkel UK will not use incentives and reliefs in a way which is knowingly contrary to the intentions of parliament.

### **Our tax risks**

Henkel UK aims to comply with all relevant tax laws and to interpret tax laws in a reasonable way and in a way that is consistent with their intention. Henkel UK does not engage in aggressive tax planning schemes.

Henkel UK's procedures and controls are designed to eliminate the risk of significant errors in tax returns. We attempt to resolve issues in real time and before returns are filed if possible.

### **Working with HMRC**

Henkel UK is committed to maintaining a transparent, open and honest relationship with HMRC. We engage in open and early dialogue to discuss tax risks and significant transactions and we disclose any significant uncertainty in relation to tax matters. We respond to requests for information in a timely manner and keep HMRC informed about how issues are progressing. We make fair, accurate and timely disclosures in our tax returns and other correspondence.

Henkel UK works proactively with HMRC to resolve any disagreements over tax that may arise by agreement where possible.

On behalf of the Henkel UK Board:



Peter Budden  
Finance Director



Sutinder Bhandal  
Legal Director