

Kingspan Group Approach to Tax

December 2019

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Our Group Approach to Tax

Group Approach to Tax

The Group is committed to the effective, balanced and active management of our tax affairs to deliver our business strategy and to create sustainable shareholder value while ensuring all business arrangements reflect commercial and economic activity and appropriately mitigate tax risk.

Our Group Code of Conduct provides that all business decisions and actions must comply with the law and all applicable statutory or other governmental regulations. We are committed to fully complying with the legal and regulatory requirements of all the countries in which we operate.

Kingspan considers this document to satisfy the conditions set out in part 2 of Schedule 19 to the UK Finance Act 2016.



Group Approach to Tax

Overview

- > Kingspan has over 15,000 employees spread over more than 160 manufacturing facilities and 70+ countries. As a result, our businesses generate a substantial amount and variety of taxes globally. We take our responsibility to collect, report and discharge our tax compliance obligations very seriously.
- > Our centralised tax team is part of the Group's finance function led by our CFO and they are responsible, with the support of local business units and a network of advisors, for ensuring that the Group satisfies all of its tax compliance obligations globally.

Core Principles

- > Protect our reputation as a responsible taxpayer by ensuring compliance with all relevant tax laws globally.
- > Committed to the effective, balanced and active management of our tax affairs to deliver our business strategy and to create sustainable shareholder value while ensuring all business arrangements reflect commercial and economic activity and appropriately mitigate tax risk.
- > Maintain appropriate systems, processes and controls to support the effective management of our global tax compliance obligations.
- > Establish and maintain proactive, collaborative and transparent working relationships with all international tax authorities.

Governance & Tax Risk Management

- > As set out in our Code of Conduct, we are committed to acting responsibly in our business and maintaining high standards of ethics and integrity in all of our dealings with stakeholders – which include international tax authorities.
- > The Board has ultimate responsibility for identifying, evaluating and managing any significant risks faced by the Group on an ongoing basis.
- > The Board has delegated responsibility to the Audit Committee to monitor and review the Group's risk management and internal control processes including financial, operational and compliance controls.

- > The Audit Committee reviews and approves the Group's annual internal audit plan which includes tax audit procedures. The internal audit plan is risk based with all divisions audited every year, and all new businesses audited within 12 months of acquisition.
- > Tax risk is monitored on an ongoing basis to ensure it is aligned and calibrated with the Group's internal risk management framework.

Approach to Tax Planning

- > We only enter into transactions and arrangements which reflect and support the commercial and economic activities of our businesses.
- > Consistent with our innovation and product differentiation strategies, we invest heavily in R&D projects annually. We avail of tax incentives such as R&D tax credits, capital allowances, etc, enshrined in the tax codes of those jurisdictions in which the R&D activities are performed.
- > Transactions between Kingspan subsidiaries are conducted on an arm's length basis in accordance with international transfer pricing legislation and globally accepted OECD Transfer Pricing Guidelines thereby ensuring our global profits are taxed where the economic activities are performed and where value is created.

Engagement with International Tax Authorities

- > We endeavour to establish and maintain proactive, collaborative and transparent relationships with the tax authorities of those countries in which we have operations. This practice is expected of all of our business units globally.
- > We meet with international tax authorities to discuss a range of tax matters pertaining to our business activities and we respond to their feedback appropriately. We recognise the mutual benefits arising from the early identification and resolution of tax risks.
 - > For example, in the UK, our largest market, we are an active participant in HM Revenue & Customs' (HMRC) Large Business Risk Review (BRR) programme. As part of this programme we maintain open lines of communication with HMRC on an ongoing basis and meet in person to discuss a range of UK tax matters.

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