

## Cobham Group Tax Strategy

### 1. Introduction

This document has been approved for publication by the Cobham Board on 5 March 2019. It sets out the Group's tax policy and arrangements, how it manages tax risks and its relationships with the global tax authorities. It has been prepared and published in the UK in accordance with UK Finance Act 2016 Schedule 19.

### 2. The Group's core principles

- 1) to pay the correct amount of tax on time, in line with the legislation and
- 2) to co-operate with tax authorities on an open and honest basis.

More detail on these principles is covered below.

### 3. Governance and Management of Tax

The Group has a structure of governance to deal with the complexity of its global operations. The structure is made up of:

- 1) A Board, who are responsible for setting the group tax strategy.
- 2) An Audit Committee of the Board, who reviews and monitors the effectiveness of tax matters.
- 3) The Chief Financial Officer, who has executive responsibility for tax.
- 4) Individual finance teams, supported by the group tax department, who are responsible for the filing of all tax returns.
- 5) The group tax department is part of the central finance function that reports to the CFO. The Group Director of Tax and Treasury heads a team of experienced and engaged tax professionals with appropriate professional qualifications and experience commensurate with the responsibilities required for their roles.

The Group is committed to providing finance team members with training as required to facilitate performance of their roles which they fulfil in accordance with the Group's core principles. The Group has designed its systems and processes to ensure that all returns are filed and all due taxes are paid on a timely basis.

#### 4. Appetite for risk

Given the scale of our business and volume of tax obligations, risks will inevitably arise from time to time in relation to our interpretation of tax law and nature of our compliance arrangements. We proactively seek to identify, evaluate, manage and monitor these risks to ensure that they remain in line with the Group's tax risk appetite. Where there is significant uncertainty or complexity in relation to a risk, external professional advice will be sought.

#### 5. Group attitude to tax planning and efficiency

The Group reviews all significant transactions with potential tax exposures with its advisers and will look to structure its affairs in a way that legitimately optimises its tax liabilities but only in ways that naturally flow from the business transaction under review.

We will seek to maximise incentives (such as Research and Development tax credits) and will not engage in planning that is contrary to the clear intention of the legislation such as contrived, artificial or 'tax motivated' transactions. The group is careful to ensure it structures transactions efficiently such that all business areas are properly analysed including but not limited to contractual risk, foreign exchange risk and tax efficacy.

#### 6. Relationships with the tax authorities

The Group strives to engage with all tax authorities in a full and open manner with the aim of maintaining a transparent, constructive and collaborative relationship which it supports by the on time filing of returns with relevant disclosure of transactions as well as responses to tax authority enquiries. This also includes co-operating with tax authorities in an open and honest way with the aim of seeking ways to resolve any areas of dispute. Since tax law can be difficult to interpret, it is not always possible to agree and we are prepared to robustly defend our position after taking professional advice.