In line with the requirements as set out in the UK Finance Act 2016 – Schedule 19, Royal IHC is herewith publishing its UK tax strategy for the financial year ending 31 December 2017. This UK tax strategy is applicable to the following UK group companies of Royal IHC:
- IHC Merwede UK Ltd;
- Royal IHC Ltd (formerly: IHC Engineering Business Ltd);
- IHC Concept Ltd;
- IHC FHP Ltd;
- IHC IQIP UK Ltd;
- Ti Geoscience Ltd;
- Tompkins UK Ltd and its subsidiaries Modus Seabed Intervention Ltd, Modular Underwater Systems Ltd, Environdynamics Ltd, Centre for Subsea Technology Awareness & Education Ltd, and Seabed Intervention Group ltd.

This UK tax strategy is developed by IHC’s Group Tax department, discussed with UK local finance teams and approved by the board of Royal IHC (consisting of the CEO and the CFO).

1. TAX MISSION STATEMENT

As its overall tax mission statement Royal IHC Group aims to:

1. Observe all applicable laws, rules and regulations in meeting its tax compliance and reporting responsibilities in all jurisdictions;
2. Apply diligent professional care and judgment to ensure all decisions are well-considered and evidenced;
3. Ensure that tax strategy is aligned with business and commercial strategy, and tax structuring is evaluated by ensuring that the commercial reality of Royal IHC takes precedence over other considerations;
4. Work positively, pro-actively and transparently with tax authorities to minimize the extent of disputes, to achieve early agreement on disputed issues when they arise, and achieve certainty, wherever possible;
5. When considering Tax, ensure that due consideration is given to the Group’s corporate and social responsibilities.

Royal IHC is committed to being a good corporate citizen of the communities in which it operates, acting at all times with explicit and demonstrable honesty and integrity in all its dealings. Royal IHC Tax Department follows this corporate goal and aims to have positive relationships with all its key internal and external stakeholders (including tax authorities) and to manage its tax affairs efficiently, effectively and with integrity.

2. GOVERNANCE ARRANGEMENTS AND APPROACH TO RISK MANAGEMENT IN RELATION TO UK TAXATION

2.1 Governance

Royal IHC Group has a Group Tax Department in the Netherlands, responsible for all of the group’s tax affairs and reporting to the CFO of Royal IHC Group.

The Finance teams are responsible for managing the UK tax compliance obligations. In the UK, the responsibility for day to day UK tax affairs is in first instance the responsibility of the respective local finance professional. If and when such UK tax affairs affect the wider group or if specific expertise is required, the local finance professional liaises with the Group Tax Department in the Netherlands. In addition, external UK tax advisors are regularly being consulted by both local UK finance professionals and the Group Tax Department.

2.2 Approach to risk management

Royal IHC’s approach to corporate tax risk management is defined by the Tax Mission Statement as described above.

Royal IHC recognizes that the volume and complexity of transactions within the group, together with recent developments in the external environment that has raised the profile of tax, has resulted in an increased level of tax scrutiny from tax authorities and other stakeholders.
3. THE ATTITUDE OF ROYAL IHC TOWARDS TAX PLANNING (SO FAR AS AFFECTING UK TAXATION) AND THE LEVEL OF RISK ROYAL IHC IS PREPARED TO ACCEPT

The attitude of Royal IHC towards tax planning so far as affecting UK taxation is in line with Royal IHC Group’s attitude in such matters globally:

- In line with IHC’s Tax Mission Statement, Royal IHC aims to comply with all statutory obligations and pay taxes on time, develop and maintain a transparent relation with tax authorities, and disclose information and data required by the tax authorities.
- Royal IHC has a very conservative attitude towards tax planning. However, within the framework set out in this Tax Policy, Royal IHC finds it appropriate to seek to minimize the taxes paid over the long term, however, the following elements are important in this respect:
  - Any steps taken to minimize our tax liability must be aligned with our business strategy and our business operations (business is leading), must be consistent with core values as embedded in this Tax Policy and with the OECD Guidelines for Multinational Enterprises;
  - Royal IHC approaches such issues with caution and with the use of specialist advice, if the circumstances so require;
  - The implications of tax on all major decisions must be carefully evaluated and understood;
  - Every effort must be made to document significant tax risks that arise from either our business operations or from transactions that relate to our legal structures and to accurately reflect these in the financial statements.

4. APPROACH TOWARDS DEALINGS WITH HMRC

The approach towards dealings with HMRC is in line with how Royal IHC Group seeks to maintain relationships with tax authorities globally:

1. Royal IHC aims to be open and transparent with HMRC about the group’s UK tax affairs and to disclose relevant information to enable tax authorities to carry out their review;
2. Royal IHC aims to ensure compliance with all relevant legal disclosure requirements;
3. Royal IHC aims to work positively, pro-actively and transparently with HMRC to minimize the extent of disputes, to achieve early agreement on disputed issues when they arise and achieve certainty, wherever possible.

The UK Local Finance teams are responsible for managing local tax authority relationships and audits in cooperation with the IHC’s Group Tax Department and in consultation with external UK tax advisors.