



Diab UK Tax Strategy

This tax strategy has been prepared in accordance with the requirements detailed in paragraph 19(2) Schedule 19 Finance Act 2016 and is applicable to Diab Limited for the financial year ending 31 December 2017.

Introduction

Diab has been at the leading edge of composite core material development for over sixty years, supplying a wide range of markets including marine, wind energy, transport, aerospace and industry.

Diab has a global manufacturing, sales and engineering presence. We follow our customers and even anticipate their needs, positioning ourselves in locations to best support them. We have manufacturing sites in strategic locations around the world offering our full range of materials, plus local representation in many countries to ensure security of supply, cost efficiency, flexibility and local support.

Diab's publically available code of conduct sets out what is expected of everyone at Diab and our UK Tax Strategy aligns with that. Our commitment to the principles set out below in respect of UK taxation are owned by the UK board of directors and reviewed regularly to ensure it is being appropriately followed to facilitate efficient, sound and transparent management of tax matters together with a commitment to thorough compliance with respect to laws, societal norms, and ethics.

Planning

Diab strives to comply with all current tax legislation, both in the UK and globally, and does not engage in aggressive tax planning that goes against what we understand to be the intention of the relevant legislation. Instead, as part of our normal commercial operations, Diab utilises tax incentives and exemptions that are offered by local governments in order to support investment, employment and economic development. In using these incentives and exemptions, we aim to apply them in the spirit intended. We actively seek to minimise the risk of uncertainty or disputes through open dialogue with the relevant tax authorities.

All transactions between group companies are on an arm's-length basis, as is required by current OECD principles.

Approach to risk management & governance

Diab's internal risk management policies form part of the tax risk assessment process Diab has in place and allows us to identify, assess and manage tax risk accordingly. We regularly monitor these policies to ensure their effectiveness and update where necessary to ensure that tax risk is monitored and is in line with our risk management policies. As part of the wider Ratos group, Diab has an internal policy based on three distinct lines of defence:

- 1) First line of defence – Diab's CEO. He manages business as usual as well as undertaking ongoing risk assessments of the company's tax related risks.
- 2) Second line of defence – Diab's board of directors. They are responsible for tax monitoring activities, including the tax oversight function.
- 3) Third line of defence – External auditors and tax advisors.

In the UK, tax is managed by the local finance team, who are supported by the group tax team based in Sweden and led by Ratos' tax director who has global oversight of tax risk. The team will seek professional advice on tax matters where needed to support the knowledge of the local and group teams.



We have a low tolerance to tax risk and seek to comply with all tax legislation and the spirit of the law, both in the UK and globally. We are committed to ensuring that our tax strategy is aligned with business and commercial strategy and that tax planning opportunities are evaluated within clear risk parameters reflecting the group's existing internal governance and compliance policies.

Relationship with HMRC

We engage openly and constructively with HM Revenue & Customs on matters relating to our tax affairs. We share information about our commercial developments or transactions, especially where there are complex tax treatments. Where necessary we will seek formal or informal clearance from HMRC on uncertain tax positions insofar as they relate to our tax affairs.