

**BORG AUTOMOTIVE GROUP
TAX STRATEGY FOR BORG UK ENTITIES**

BORG Automotive Group is a leading independent remanufacturer, who produces, sells and distributes remanufactured automotive parts to the European market. Borg Automotive A/S in Denmark legally owns BORG Automotive UK Ltd. and its subsidiary Electro Steer Ltd., both based in Birmingham, UK (BORG UK Group).

Borg Automotive UK Ltd. remanufactures steering products, while Electro Steer Ltd. is dormant. The ultimate owner of the UK Group is the conglomerate, Schouw & Co., listed on the Danish stock exchange.

Schouw & Co. Group has issued this tax policy, which was approved by the Board of Directors on 17 December 2021. The tax policy covers all group companies.

The BORG UK Group is required to publish its tax strategy under the Finance Act 2016. The BORG UK Group regards this tax policy as complying with its duty under the Finance Act 2016 to publish a tax strategy in 2024.

This tax policy sets out the principles governing the management of the BORG UK Group's tax matters, the strategy for delivering against those principles and the BORG UK Group's relationship with HMRC. 'Tax' refers to all taxes and duties comprised by UK taxation as well as all corresponding worldwide taxes and duties for which BORG UK Group has legal responsibilities.

Governance

- The Schouw & Co. Group recognises that tax payments constitute important contributions to the society in the countries where we do business. It is therefore our policy to be a responsible taxpayer and to ensure compliance with local and international tax rules concerning all types of taxes and duties. The tax policy is fully aligned with our commercial business, our reputation and our corporate governance responsibility.
- The Schouw & Co. Group's tax policy is approved by the Board of Directors and reconsidered as needed.
- The Executive Management of Schouw & Co. is responsible for the implementation of the tax policy. The group tax function is responsible for the group's day-to-day compliance with the tax rules and is involved in all significant tax matters such as, but not limited to, international tax, transfer pricing, tax audits and assessments raised by local tax authorities.
- All group companies are covered by the tax policy, which involves all types of taxes and duties including, among others, corporate tax, withholding taxes, VAT, excise duties, wage tax and other taxes and duties.
- The employees, board members and business partners of the Schouw & Co. Group may report suspected criminal or unethical acts including violation of tax rules to the group's whistleblower system.

Compliance

- The Schouw & Co. Group has an obligation to comply with the tax law in the countries where we operate. We aim to comply with the legislator's intention, the letter of the tax law and to apply best practice and guidance. When appropriate, we will seek local advice of tax advisers to ensure that all local compliance requirements are met.
- There are cross-border transactions within the Schouw & Co. Group. Hence, we have an obligation to ensure that related party transactions are conducted on arm's length terms in accordance with the OECD Transfer Pricing Guidelines and local rules.
- The Schouw & Co. Group has internal processes and controls to ensure compliance with both national and international tax rules and tax standards of relevance to our companies.

Tax planning

- Tax planning in the Schouw & Co. Group is driven by a commercial rationale. That means that we only apply tax structures that have genuine substance and reflect economic reality, and where no tax avoidance is intended.
- Transactions in the group must comply with all laws, rules and regulations and be transparent to the relevant tax authorities as required by law. Our tax arrangements must always be explainable and defensible.
- Many countries and regions have tax regulations encouraging companies to make investments to promote development and stimulate growth and job creation. As we have a growth agenda, we will take benefit from such tax incentives where these contribute to make commercially sustainable investments.

Tax risk management

- The Schouw & Co. Group does not engage in operations in low-tax countries or tax havens comprised by the EU list of non-cooperative jurisdictions for tax purposes, nor does the group engage in high-risk tax structures or similar that may give rise to reputational risks.
- Due to the nature of tax law, we recognise that tax authorities may have a different interpretation of the tax law. Where this is likely to be the case, a decision to proceed with material transactions is supported by advice from an external tax adviser to minimize uncertainties and risks. We will consider the possibility of applying for advance rulings and pricing agreements with local tax authorities in such tax matters as well as transfer pricing matters.

Relationship with the tax authorities

- The Schouw & Co. Group strives to maintain an open dialogue and cooperation with the relevant tax authorities. We will act in a timely manner and make appropriate disclosure of all transactions as may be required.
- If disputes arise, we will act in a cooperative manner to agree on the facts and circumstances and set out our view on the position with the relevant tax authority as quickly and efficiently as possible

Approval and validity

- This UK tax strategy covering the BORG UK Group relates to the financial year ending on 31 December 2024 and was approved by Marcin Zieba, Managing Director.