

# CORPORATE TAX DEPARTMENT



## UK TAX POLICY

Prepared in accordance with UK Finance Act 2016

**Update 2021**

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## 2 GENERAL INFORMATION

The Agfa Group develops, produces and distributes an extensive range of analog and digital imaging systems and IT solutions, mainly for the printing industry and the healthcare sector, as well as for specific industrial applications.

The Group's headquarters are located in Mortsel, Belgium. The parent company is Agfa-Gevaert NV (or in short 'Agfa').

Agfa is listed on the Euronext Brussels stock exchange and reports under International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union up to December 31, 2020.

The 2020 Consolidated Financial Statements of the Group include Agfa-Gevaert NV and 95 consolidated subsidiaries (in 2019: 106) controlled by the parent company. The consolidated financial statements are presented in Euro, which is the Company's functional currency.

The Agfa Group is commercially active worldwide through wholly owned sales organizations in more than 40 countries. In countries where Agfa does not have its own sales organization, the market is served by a network of independent agents, distributors and representatives.

Our business activities around the world incur a substantial amount and variety of business taxes. We pay corporate income taxes, customs duties, stamp duties, employment and many other business taxes in all jurisdictions where applicable. In addition, we collect and pay employee taxes and indirect taxes such as Value Added Tax (VAT). The taxes we pay and collect represent a significant contribution to the countries and societies in which we operate.

### 3 APPROACH TO TAX RISK MANAGEMENT, GOVERNANCE AND COMPLIANCE

The Group has established a Tax Policy. This policy is applicable to Agfa-Gevaert NV and the Consolidated and Associated Companies over which Agfa-Gevaert NV has effective management control. As such it is applicable to our entities in the UK.

The Tax Policy is approved by the Executive Management of the Agfa Group and is reviewed at least once a year by the Head of Corporate Tax. Any changes or updates are subject to the approval of the Executive Management.

The Policy deals with the tax function within the Agfa Group and defines its roles & responsibilities.

The mission of the Corporate Tax Function is to enhance the shareholders' value of the Agfa Group through the formulation of corporate-wide tax strategies, built on sound commercial business activity, that support the goal of the Agfa Group to be a responsible corporate citizen by paying the proper amount of tax required by law.

In this respect, the Agfa Group will fulfill its responsibilities under the tax law(s) of each of the jurisdictions in which it operates with respect to all of its activities, whether in relation to tax compliance, tax planning or customer services.

In execution of the Tax policy, a Tax Risk Framework has been issued. The Agfa Group believes that there is a dividing line between tax avoidance and tax evasion (where tax liabilities are reduced by indisputable illegal techniques or means) and will not condone any attempts at the latter. It is the duty of the Agfa Group as a taxpayer to mitigate its tax liabilities within the boundaries of the laws and regulations in all countries in which we operate. The Agfa Group should always make full disclosure – within the legal and regulatory boundaries and common business sense – to the tax authorities upon their request. In this regard, the Agfa Group will maintain a good working relationship with the tax authorities, conducting a relationship that will inevitably involve some disagreement in a professional manner, without dissimulation or appearance of dissimulation.

A Tax Committee ('TaxCo') has been established to assist and advise the Executive Management with all tax related matters in the Agfa Group. It gathers on a quarterly basis.

The Audit Committee provides for an annual oversight.

Further the Group has also established Tax Compliance Guidelines in which an overview of the different roles and responsibilities of the parties involved in tax compliance (including reporting, audit and litigation) is provided for. At the same time, they describe the compliance of the various types of tax filings related to corporate income tax and indirect taxes. Tax compliance for our UK entities is ensured in cooperation with a qualified external advisor.

#### 4 APPROACH TOWARDS DEALINGS WITH HMRC

The Group deals transparently, professionally and appropriately with all tax authorities, in particular with its UK regulator HMRC.

Regular dialogue with our Customer Relationship Manager ensures progress on open matters; there are no material historic matters outstanding with our UK entities.

The Group proactively raises potentially contentious matters with HMRC. Tax clearances are sought to provide certainty where there is more than one possible interpretation of law and the matter is material by nature or by size.

#### 5 APPROACH TOWARDS TAX PLANNING

The group has an in-house tax department, staffed by qualified, experienced tax professionals, which undertakes the great majority of tax activities. However, as tax is an increasingly complex area the group will seek external views. Tax planning or structuring advice may be sought in the context of complex transactions, principally to provide challenge to technical interpretation and ensure compliance with relevant statute and to ensure that business decisions are undertaken in the full knowledge of current and likely interpretations of legislation and guidance.

The Group will not engage in fully artificial transactions the sole purposes of which is to avoid tax.

As a global company, Agfa is active in various countries on all continents. Each subsidiary has one or more specific functions (sales, production, R&D, service, etc...) and has the substance required to perform such functions. Our UK entities are mainly involved in sales and service .

#### 6 LEVEL OF RISK

The group has a low appetite for tax risk. It does not participate in aggressive planning or complex structured arrangements designed to minimize its tax liabilities. Our entities in the UK have a "Low Risk" taxpayer status as assessed by HMRC. During 2021, HMRC have informed us that they no longer consider our Agfa UK entities to be a Large Business group going forward.

As a responsible corporate citizen and taxpayer, Agfa believes to be compliant with the arm's length principle as defined by the OECD.

In this sense, we establish our transfer pricing according to the arm's length principle. Agfa has established a Transfer Pricing Policy and Transfer Pricing Guidelines. We strive to document the material intra-group transactions, taking into account our limited available resources. Agfa engages primarily in routine & readily understood commercial and financial transactions.