

Group Tax Strategy

This document, which has been approved by the Board of Directors, sets out the policy and approach of the KCA Deutag Group (the Group) to conduct its tax affairs. In making this strategy available, the Group is fulfilling its responsibility under Schedule 19 of the Finance Act 2016. This strategy, which applies from the date of publication, will be subject to an annual review and any future amendments will be approved by the Board of Directors of KCA Deutag.

Tax Compliance

KCA Deutag is committed to paying the right amount of tax in the right place at the right time. We endeavour to comply with all relevant laws, rules, regulations, reporting and disclosure requirements in all the territories in which we operate. KCA Deutag does not tolerate tax evasion or the facilitation of tax evasion. There are circumstances when tax laws are not clearly defined or where alternative approaches may result in different tax outcomes. In these circumstances the Group will use its best judgement to determine the appropriate action, and seek suitable professional advice where the Group considers such to be appropriate.

The Group will conduct all its dealings with tax authorities with openness, honesty and integrity wherever we operate around the world. All dealings with the tax authorities and other relevant bodies will be conducted in a collaborative, courteous and timely manner.

Tax Governance

Responsibility and accountability for the Group's tax affairs is clearly defined in the Tax Responsibility Matrix contained in the Group's Tax Policy, Processes and Procedures, and all decisions will be taken at the appropriate level in accordance with the Group Authority Matrix.

The Group Tax team will employ various risk management processes and systems to provide assurance that the requirements of the Group Tax Policy are being met. These will include tax monitoring systems by the Tax Management Committee (TXMC) and Group Tax, periodic reviews by Internal Audit of tax compliance across the Group and ongoing regular monitoring of tax risks and exposures. The tax function will be resourced by a team with the necessary expertise, qualifications and skill set, and this will be supplemented as required by external professional support. Group Tax will collaborate with the Group's businesses to provide advice and guidance necessary to ensure compliance.

The KCA Deutag Group Tax function reports annually to the KCA Deutag Audit Committee and bi-monthly to the TXMC which is led by the Group's Chief Financial Officer (CFO). The TXMC reviews tax strategies, assists the CFO in monitoring tax activities and ensures compliance with Tax Policies. It also helps determine the provision of resources required to support tax activities and ensures that KCA Deutag Group Tax is informed about current and intended Group activities so that the implications for taxation are properly assessed.

The Group recognises that tax risks will arise from time to time given the complexity and scale of our operations. Accordingly a tax risk management framework is in place to manage and monitor tax risk. Where there is uncertainty as to the application or interpretation of tax law, appropriate written advice evidencing the facts, risks and conclusions may be taken from third party advisers to support the decision-making process.

Tax Planning and Behaviour

The KCA Deutag Group is committed to paying all taxes legally due in the territories in which it operates. It does not tolerate tax evasion or the facilitation of tax evasion, and has a zero tolerance policy to the facilitation of tax evasion by its representatives or associated persons. Any non-compliance would be dealt with in accordance with the Group's disciplinary policy. We have a confidential helpline in place for all our employees and contractors, so they can raise concerns and report instances of potential tax evasion in full confidence.

The Group recognises that any tax planning activities must be conducted within its wider framework of corporate governance and in line with the Group's commercial objectives and as part of that, in compliance with the zero tolerance policy described above.

Consistency with Group Strategy

Tax decisions will be made at all times in a manner which is consistent and compliant with the Group's overall strategy and core values.

Business integrity is one of the Group's six core values and helps to define how the Group expects each of its employees to behave in their dealings with internal and external stakeholders. This Group tax strategy fits within this framework and is a key component of the overall Group strategy

UK context

From a UK perspective, any dealings with HM Revenue & Customs (HMRC) will be conducted in accordance with the HMRC framework for Cooperative Compliance published in 2015. This Group Strategy aligns with that framework.



Norrie McKay
Chief Executive Officer

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