



Horse Group Tax Policy

HORSE POWERTRAIN LIMITED

GLOBAL TAX FUNCTION



HORSE GROUP TAX POLICY

1. Business Overview

Horse Powertrain Group (hereinafter “Horse” or “the Group”) is a recently created joint venture business by Renault Group and Geely to lead the market for hybrid and combustion powertrain components and systems.

The Group expects to reach c. €15 billion in annual revenues and a production of c. 5 million powertrain units per year and will have as of day 1 a complete portfolio of state-of-the-art powertrain technologies for global partners including hybrid systems, internal combustion engines, transmissions, and battery solutions.

2. Purpose

The purpose of this Tax Policy is to set out Horse Group’s approach to tax administration and compliance which includes the tax principles that govern all of the Group’s activities. Tax administration includes accurate and timely filing of tax returns and making of tax payments.

Horse’s Tax Policy is aligned with the Group’s business and financial strategies along with the values and principles contained within the Ethics & Code of Conduct and other policies.

All employees and directors must act in a proactive, responsible and efficient way. They must act with integrity, honesty and transparency, and furthermore with a credible and trustworthy attitude, which is reflected in our approach to tax administration.

In addition, the Group’s Environmental Social and Governance (ESG) strategy plays a pivotal role in guiding this Tax Policy. This is reflected in Horse’s commitment to comply with the United Nations’ Sustainable Development Goals (SDG) and, particularly, to contribute to the development of societies and economies where Horse operates.

This Tax Policy is aligned with the relevant OECD Guidelines and recommendations along with the good tax practices set out by a number of different Tax Authorities. In addition, this Tax Policy is periodically reviewed and aligned with best practice including market trends, stakeholder expectations (e.g. institutional investors) and wider regulatory reporting frameworks (e.g. corporate sustainability reporting frameworks).

This tax policy meets the UK Tax Strategy requirements and is published in accordance with paragraph 16(2) Schedule 19 Finance Act 2016.



3. Scope

This Tax Policy applies to all companies within the group including those entities where Horse Group has effective control (e.g. joint ventures). The Policy covers all tax obligations to which the Group is subject in the different jurisdictions that Horse operates within.

If and where local operations or subsidiaries choose to develop local tax policy, it is expected to be compliant and aligned to this Global Tax Policy.

4. Tax principles

The following tax principles guide the Group's tax behavior and must be adhered to regarding all activities Horse is involved in:

Tax compliance and tax planning:

- Horse is committed to complying with the spirit and the letter of the law and regulations (local and international) of the countries in which we operate.
- We are committed to paying the right amount of taxes at the right time according to where value is created within the normal course of our commercial activity.
- Our business is driven by genuine commercial and economic activities. Therefore, we neither do use artificially fragmented structures for the purpose of avoiding tax nor we undertake aggressive tax planning.
- In our regular course of action, Horse seeks to conduct business in an efficient manner. Thus, we may benefit from various statutory tax reliefs and incentives in line with applicable laws and regulations. Such incentives or benefits may only be applicable in a transparent manner and in accordance with the business and corresponding legislative framework.
- Horse applies the arm's length principle as set by the OECD Transfer Pricing Guidelines adapted to the post-BEPS standards, ensuring that transfer pricing outcomes are aligned with best practices and international standards.
- The Group has implemented the appropriate internal procedures to ensure that all related-party transactions are carried out in accordance with the arm's length principle and in compliance with applicable transfer pricing regulations.
- Horse is committed to managing its intangible assets in a responsible manner, refraining from their use and generation for mere tax purposes.



Tax risk and governance:

- The group adopts a conservative approach to tax risk with the Board of Directors responsible for setting the tax strategy of the business. The Board of Directors delegate authority for day-to-day tax risk management to the Global Head of Tax, who is supported by the wider tax and finance function.
- The Group has formalized a governance framework for tax risk management to ensure that tax risk across the business is managed and tax compliance requirements are satisfied.
- The tax function maintains a sound system of risk management and internal controls to identify, assess and manage tax risks. Communication and reporting lines, approval levels and roles and responsibilities have been clearly defined and established within our tax governance framework.
- The governance framework operated by the group also considers the various Tax Governance regimes as required within the jurisdictions the group operates within to ensure compliance with these local requirements. As an example, the group adopts zero tolerance to tax evasion and its facilitation.
- The tax function reports at least annually to the Board of Directors on tax compliance, tax risks, tax policies and adherence to the tax strategy as well as other relevant tax matters.
- Personnel belonging to the tax and finance function have the necessary knowledge, skills and experience to perform their roles. The tax and finance function are also supported by reputable tax experts and where appropriate, the Group will seek external tax advice.
- The group operates a whistleblowing channel which is available to all employees where they can confidentially report any fact or conduct that could infringe its internal regulations or current legislation. This mechanism can be used to report tax matter issues, concerns and / or infringements.

Relationship with Tax Authorities:

- We endeavor to build open and transparent relationships with Tax Authorities where both parties engage in proactive and constructive dialogue to ensure matters are dealt with in a timely manner for the business and the tax authority.
- We are committed to strong tax administration practices that include accurate and timely filings our tax returns and payment taxes.

The Group will proactively engage with Tax Authorities, where matters are identified and make relevant representations and disclosures in a timely manner.

- The Group values certainty and where appropriate, we will seek clarifications or rulings from the relevant Tax Authorities on significant transactions or interpretation of tax law.



Relationship with stakeholders:

- Horse is committed to providing regular information and updates to its stakeholders, including investors, policy makers, employees, civil society and the general public, about our approach to tax compliance.
- The Group promotes a constructive debate with other stakeholders in order to foster responsible tax practices. We support initiatives to help develop the capability of Tax Authorities and systems if requested.
- We engage in relevant tax debate and initiatives to foster and support tax administration best practices.

5. Ownership and approval

This Tax Policy is approved by the CEO of Horse Powertrain Limited (as head of Horse Group) and endorsed by the Board of Directors.

Further reviews of the Policy will be periodically made by the Global Tax Function and subject to the Board of Directors' endorsement, if required.

Monitoring of adherence to this Tax Policy is the responsibility of the CFO, who delegates to the Tax Function the implementation and adherence to this Tax Policy.

6. Review

In order to ensure this Tax Policy meets its purpose, it is subject to annual review. However, in the event of modifications in the applicable laws and regulations or any other relevant circumstances, this Tax Policy will be reviewed and updated, as necessary.

7. Distribution

This Tax Policy is published on the Group's corporate website and is available free of charge for all stakeholders.