

BWSC Tax Policy

Introduction

Burmeister & Wain Scandinavian Contractor A/S (BWSC) is a market leader for delivery of turnkey engine and boiler based power plants generating electricity and heat to residential and commercial customers. BWSC covers the full life cycle of a power plant, from project development to turnkey delivery and full operation and maintenance. The product range includes medium and large diesel and gas engine-based power systems as well as power plants based on renewable fuels. Furthermore, BWSC also engages in investments in power plants.

This policy sets forward the general principles by which BWSC manages its tax affairs. If BWSC does not have control over a group company, this policy is not in scope, but the principles will be the basis for BWSC's view on taxes.

Note on UK tax strategy

In accordance with Schedule 19 of the United Kingdom Finance Act 2016, paragraphs 19(2) and 22(2), this tax policy also sets out the principles that apply to all BWSC companies incorporated in the United Kingdom as well as BWSC affiliates registered in the United Kingdom.

Tax management, governance & compliance

The nature of BWSC's business entails that a number of different direct (e.g. corporate income tax and withholding taxes), indirect (e.g. VAT) and collected taxes (e.g. payroll taxes and social contributions) apply and that there are many cross-border transactions between BWSC in Denmark and BWSC entities operating under different tax regimes. BWSC's highly integrated business structure requires significant focus on tax management in order to address tax appropriately and maintain tax law compliance for the specific contracts and business affairs.

Tax management is an integrated part of the risk management of BWSC. Assessing tax related to projects are included in the BWSC risk assessment process. Existing and emerging tax risks are monitored continuously in order to assess and implement mitigating actions.

The guiding principle for BWSC's conduct in tax matters is to comply with the tax laws and international conventions that the Group is subject to, with the objective of paying the correct amount of tax where we operate. We act with integrity to honour our commitment to comply with local rules and regulations in accordance with our Code of Conduct. We consider the tax laws in all of the countries where we operate to be equally important. BWSC involves external advisors when the matters require expertise within the field, country or it is necessitated by the complexity of the case.

The responsibility for tax in BWSC lies with the Executive Management and, ultimately, the Board of Directors.

BWSC operates in a truly global environment and is impacted by multiple different tax regimes across the Group entities in the course of conducting its normal business. The approach to tax management and governance is based on the principles of reasonable care and materiality which reduce tax risk to acceptable levels. This attitude towards tax is in line with BWSC's overall objective of complying with local rules and regulations, and the tax positions taken must be supported by commercial reasoning. When there is significant uncertainty about the tax implications, BWSC will seek external advice.

BWSC seeks to utilise available incentives and tax reliefs as intended by tax authorities to stimulate growth, new technologies or to create jobs. BWSC will consider incentives and tax reliefs where they apply in areas with commercial substance.

Attitude of BWSC towards tax planning

While BWSC seeks to avoid double taxation and unnecessary tax inefficiencies, BWSC does not use contrived or abnormal tax structures that are intended for tax avoidance, have no commercial substance or are in clear violation of the intentions of the lawmakers of national or international tax law in as far as they are known.

When entering into a new country or coming back to a country after some years, an assessment is performed, and, if needed, a local tax advisor is consulted before setting up the structure to ensure compliance with the local tax legislation. As the commercial conditions differ from contract to contract, the tax setup for a project or service is considered individually to accommodate compliance with the local tax systems.

Transparency and dealings with tax authorities

BWSC strives to communicate about tax payments to the public in a timely, transparent and understandable manner in accordance with Danish and local requirements as a minimum. In deciding on what to disclose beyond Danish and local requirements, BWSC will consider the possible harmful impact on our own or our partners' business, when it comes to more detailed information about BWSC's tax payments and the potential tax consequences of BWSC's commercial decisions.

BWSC will seek to resolve insecurities on tax matters with tax authorities and will be available to tax authorities if they have questions about our tax matters.

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