

TAKING CARE OF A BETTER CLIMATE

Background

The Vaillant Group is a 100% family-owned global leader in the development of high-efficiency heating, cooling and hot water products and solutions.

Courage, Integrity and Passion are the central values that shape the Vaillant Group's culture. The result is a corporate culture that is worthy of the name – and that makes an essential contribution to our company's sustainable success.

This document, approved by the UK Board, sets out the approach of the UK group of companies to conducting its tax affairs.

This document has been prepared in accordance with schedule 19 of the Finance Act 2016, paragraph 16(2).

The UK commitment to Tax Compliance

The Vaillant Group has developed a core set of corporate values based on Integrity, Courage and Passion. These values shape the identity of the company and are a reflection of its culture. These values are also embodied in the way that tax is handled within the business.

The UK Group adheres to the following tax principles, in line with those followed by Group:

- To effectively manage tax risk through a robust governance and control framework.
- To comply with all applicable Laws and Regulations
- To uphold Vaillant's reputation and ensure sustainable growth.
- To avoid artificial tax planning schemes but take advantage of reliefs or incentives that are legally available. Our Group will seek to maintain its record for being an honest and responsible taxpayer, in paying the right amount of tax.
- To reduce the level of risk to an acceptable level that ensures compliance in its tax affairs and reduces any risk to reputation.
- To develop and maintain a transparent and honest working "partnership" with the tax authorities.
- To seek external advice for transactions where specialist knowledge is required or where there will be a material impact to our business.

FURTHER INFORMATION

<i>Tax Policy Approval</i>	Board of Vaillant Group UK Ltd
<i>Tax Policy Owner</i>	Finance Director UK & Ireland
<i>Tax Policy Preparer</i>	Senior Tax Manager
<i>Effective Date</i>	December 2023
<i>Frequency of Review</i>	Annual
<i>Date of next review</i>	December 2024

UK Registered companies include:

Vaillant Management Ltd. Registered in England No. 04127157; **Vaillant Group UK Ltd.** Registered in England No. 00294316; **Vaillant Industrial UK Ltd.** Registered in England No. 01064184; **Vaillant Ltd.** Registered in England No. 01279010; **Vaillant Holdings Ltd.** Registered in England No. 00965093 ; **Vaillant Home Products Ltd** Registered in England No. 00543504; **DD Heating Ltd,** Registered in England No. 04430777; **Vaillant European Holdings Ltd.** Registered in England No. 00065322; **Vaillant Netherlands Holdings Ltd.** Registered in England No 01678528. **Vaillant R&M Ltd:** Registered in England No. 02369751; Technocargo Logistics Ltd Registered in England No. 05476414.

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This statement is prepared in accordance with the requirements of schedule 19 of the Finance Act 2016, paragraph 16(2). The Vaillant Group is German owned, but this statement relates to the UK Group of companies as indicated in the footer. The UK Group is a large group made up of 10 companies, therefore we recognise that we have a responsibility to ensure that the taxes we pay and the relationships with the tax authorities are appropriately managed.

The Tax Governance & Control Framework within the UK

The UK Board is ultimately responsible for identifying, reviewing, and managing tax risk. It is their responsibility to consider how effectively those risks have been managed, whether necessary actions have been taken promptly enough to remedy any weaknesses and whether the causes of the weakness indicated poor decision taking, a need for more monitoring or a reassessment of the effectiveness of management's on-going processes.

The UK follows the Group approach to tax Governance and risk management. Internal transparency and accountability ensure that the tax governance and control framework remain robust.

Key support is provided by our UK Tax Department with many years' cumulative experience providing tax support within the business. Where appropriate, external advisors may be used to prepare returns.

Employees are suitably trained and any changes in Laws and Regulations are communicated and implemented promptly. All key returns should be reviewed by suitably trained and experienced staff prior to submission.

Our tax policy sets out our tax guiding principles. This document outlines the governance and control framework that should underpin our policy and reflect our core values. Tax policy should always be prepared in conjunction with the Tax Department, based on an understanding of the Board's low appetite for risk, and in response to any risk assessments undertaken.

Policies are essential in providing our business with a framework within which the control environment can operate.

Adherence to policies is monitored by way of control setting, internal review, self-assessments and feedback both to the Board and to Group.

Tax risk and controls are subject to continuous review by the Tax Department. Further controls and documentation will then be developed as and when deemed necessary.

UK approach to Tax Planning

The UK does not engage in artificial tax planning schemes and indeed our tax policy clearly states that it is our desire and intention to pay the right amount of tax (in keeping with the spirit and letter of the Law) and not simply to minimise the tax bill.

Consequently, the UK Group does not have subsidiaries in "tax haven" locations.

Where, however, reliefs or incentives are available, the UK Group will use certain parameters to determine whether the tax risks presented are acceptable or not:

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Considerations	Parameters
Commercial purpose	All transactions must have a commercial purpose;
Reputation impact	the opportunity should have no or limited perceived impact if details were in the public domain
Strength of tax advisors' opinion	Appropriate external advice, including tax counsel opinions where relevant, must be obtained as necessary. A favourable opinion should be obtained from appropriately qualified tax advisors before proceeding.
Risk/materiality	Our Group is ultimately a family-owned private business; therefore, the ultimate shareholders continue to follow a conservative approach in relation to tax risks.

Level of Acceptable Risk

As the Vaillant Group is a family-owned business, its appetite for tax risk is determined by the desire to achieve certainty in its tax affairs and minimise reputational risk.

Risk is managed by a framework of policies, processes, and internal controls to ensure tax reporting and submissions are materially accurate and submitted on time.

The company certifies annually that it has appropriate tax accounting arrangements under the Senior Accounting Officer regulations Schedule 46, Paragraph 2 Finance Act 2009.

Working with HMRC

In line with our Tax Policy, our Group is committed to open and co-operative compliance with the tax authorities.

We will engage in open and early dialogue to discuss any potential tax planning, strategy, risks and any significant transactions where clarity on tax treatment may be required.

Where errors have been identified as a result of our internal reviews, we will actively seek to make any necessary corrections without delay, with full disclosure.

FURTHER INFORMATION

<i>Document Approval</i>	Board of Vaillant Group UK Ltd
<i>Document Owner</i>	Finance Director UK & Ireland
<i>Document Preparer</i>	Senior Tax Manager
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Registered Office for the UK Group of companies: Nottingham Road, Belper, Derbyshire. DE56 1JT.