



Asurion Europe Limited

## For Tax Years beginning on or after 1 January 2016 Tax Risk Management Strategy

Published on December 15, 2017

This tax strategy applies to Asurion Europe Limited and its affiliated UK companies<sup>1</sup> ("Asurion"), business units, stakeholders and other interested parties such as suppliers, customers and employees. Asurion is committed to the highest ethical standards. Asurion is compliant with, and supported by, relevant tax laws and does not engage in schemes that lack independent business purpose or strategies that are harmful to its reputation. Asurion's long term aim is for its tax affairs to be transparent and sustainable paying the right amount of tax in the location of business activity. This strategy is in line with Asurion's Core Values and our Code of Conduct, which addresses a wide spectrum of issues, including the following: Anti-Bribery Laws, Money Laundering, UK Financial services Regulation, Supplier Expectations, Currency Laws, Intellectual Property Laws, Competition and Fair Dealing, Inside Trading, Fraud, Conflicts of Interest, Equal Opportunity for Employees, Corporate Citizenship, Marketing, Contracting, Acting or Speaking on Behalf of the Company, Accuracy, Record Keeping, Financial Reporting, Confidentiality of Employee, Client and Customer Information, and Information Technology security. These parameters are consistent with OECD recommendations for responsible business conduct in a global context.

In the UK and Europe, Asurion's business activities are subject to regulation by the Financial Conduct Authority ("FCA"). Consequently, the FCA's "11 Principles for Business" form an integral part of Asurion's UK and European operations. Asurion employees are instructed through the code of conduct to strictly adhere to these principles.

### Key Roles and Responsibilities

Asurion's Corporate Tax Department is a team of tax professionals based predominantly in the United States and is led by the Vice President of Tax. The Vice President of Tax reports to the Treasurer, and occasionally, to Asurion's Board of Directors. The Corporate Tax Department ensures compliance with all legal requirements in the taxing jurisdictions in which the Company operates, and does so in a way that will optimize the Company's tax position. The Tax Function is guided by Asurion's "Core Values" which represent a fundamental commitment to comply with all applicable legal requirements and to adopt high ethical standards in all countries where Asurion operates. The UK tax strategy is compliant with the group's wider tax strategy both of which are headed up by the Vice President of Tax.

<sup>1</sup>UK Affiliates: Phone Repair Centre Limited and Asurion Solutio Europe Limited

Asurion's Corporate Tax Department has overall responsibility for administering and monitoring the global tax matters of Asurion and all of its business units. These responsibilities include:

- i. Establishing enterprise-wide tax policies and procedures.
- ii. Ensuring enterprise-wide compliance with applicable laws, including the obligation to make tax filings and payments, and to cooperate with tax authorities on audits.
- iii. Forecasting and determining Asurion's tax provision, effective tax rate, deferred income taxes, and cash tax payments as needed to support Asurion's reporting of financial information and internal planning.
- iv. Global tax planning and analysis to ensure the most efficient legal tax liability. This includes developing and implementing tax policies and strategies as they relate to Asurion's current and optimal organizational structures, including joint ventures, acquisitions and reorganizations.
- v. Supporting and overseeing business unit staff in relation to non-U.S. tax filings. Business unit leaders will generally take the lead role in identifying, managing and monitoring tax risks within the business units and are supplemented by the oversight function of Asurion's Corporate Tax Department.
- vi. Hiring of any enterprise-wide tax consultants.
- vii. Ensuring that changes such as new program launches, new customers, new or amended contracts, and business in new countries have been appropriately analyzed for tax purposes.

## Management of Tax Risk

Asurion manages its tax risk in a similar way to any other area of operational risk. As a large multi-national organization, Asurion is exposed to a variety of tax risks. These can be grouped under the following headings and are reviewed on a regular basis:

- I. Tax compliance and reporting risk;
- II. Transactional risks;
- III. Reputational risk; and
- IV. Legislative changes.

### I. Tax compliance and reporting risks

Tax compliance and reporting risks are inherent in the tax function. These risks include the submission of late, incomplete or inaccurate tax returns, as well as the failure to submit timely claims and elections. Asurion seeks to meet its tax compliance obligations by filing its tax returns and making tax payments in a complete, accurate and timely fashion. Asurion has the appropriate resources, processes and controls

in place to enable it to achieve this, including using tax calendars and local country advisors to prepare a variety of tax returns in the local markets.

The subjective nature of tax does, however, mean that it is often impossible to mitigate all known tax risks. In certain situations an element of tax risk may be maintained where Asurion believes its approach is consistent with the principles set out in its tax strategy and where the range of potential outcomes is in accordance with Asurion's risk tolerance.

## II. Transactional risk

Transactional risks arise where transactions such as new business launches or opportunities are entered into without a complete analysis of the tax consequences or where there is incorrect application of related tax advice. To manage this risk, each business unit is responsible (in partnership with Asurion's Corporate Tax Department) for ensuring that any new customers, new countries, or new programs have been evaluated for tax purposes. Asurion's Corporate Tax Department works closely with the business and is an integral part of all business transactions during the planning stage. As a result, Asurion's Corporate Tax Department has knowledge of business transactions, including new country launches, prior to implementation. The Corporate Tax Department aims to understand and advise the business on these tax implications and risks. To the extent that there is uncertainty, Asurion will engage and work with local country tax advisors as well as tax authorities on a real time, collaborative basis.

## III. Reputational risk

Reputational risk refers to the wider impact that tax risk may have on relationships with stakeholders, including shareholders, clients, subscribers, and tax authorities. Asurion is committed to being transparent so that Asurion's management of its tax affairs is not misrepresented or misconstrued. Asurion's code of conduct (see link above) also discusses the approach taken to manage reputational risk from a broader business perspective.

## IV. Legislative changes

Tax legislative changes may impact Asurion's business or customers. Asurion seeks to manage the risks arising from any tax legislative change by engaging with Her Majesty's Revenue & Customs (HMRC) and other authorities either directly or as part of trade bodies.

## Tax planning

Asurion's Corporate Tax Department, in partnership with Business Unit staff, is responsible for tax planning whilst ensuring that an efficient legal amount of tax is paid, and that tax positions are based upon an appropriate level of authority. Asurion's Corporate Tax Department conducts all tax planning in accordance with Asurion's code of conduct. Asurion may utilize all legal tax incentives, especially where promoted by the local country's tax legislation.

Asurion's Corporate Tax Department will likely seek external advice in relation to any tax planning or areas of complexity or uncertainty, in order to support Asurion in complying with its tax strategy. However, Asurion will not promote or support artificial tax planning strategies that are inconsistent with our tax strategy or code of conduct.

## Transparency

Asurion's Corporate Tax department establishes a clear commitment to transparency and cooperation with internal stakeholders, revenue authorities, and investors, whilst still seeking to maintain its privacy as a private company. Asurion complies with recent initiatives to improve international transparency on tax matters, including OECD measures on country-by-country reporting and automatic exchange of information.

Specifically Asurion's Corporate Tax Department operates to a standard whereby:

- i. Dealings with governments and fiscal authorities are conducted in an open and honest way.
- ii. Officials conducting government or regulatory agency inquiries or investigations are cooperated with in a courteous and constructive way.
- iii. There is never any participation in bribery or corruption - in any form. Asurion does not tolerate tax evasion, nor does it tolerate the facilitation of tax evasion by any person(s) acting on Asurion's behalf. Policies are in place to ensure that the UK Corporate Criminal Offense legislation is adhered to in line with businesses' stringent attitude to tax evasion.
- iv. Communications about Asurion's tax returns are transparent and never seek to mislead or attempt to conceal information or records that are made subject to investigation or inquiry.
- v. The positions taken in Asurion's tax returns are supported by relevant tax laws, recognizing that tax laws can, at times, be subject to different interpretations.
- vi. Asurion's Corporate Tax Department seeks to protect legitimate interests and will access fiscal and tax incentives promoted by governments and fiscal authorities.
- vii. Artificial transactions with no connection to Asurion's business activities are not pursued.
- viii. While recognizing the role of external tax advisors in compliance and planning, Asurion maintains full accountability for tax positions in all jurisdictions in which it operates.

## Taxes paid

The amount of tax Asurion pays and collects is driven by a number of factors, including the location of employees and customers, and the individual tax rates and rules in the countries in which Asurion operates. Corporate tax rates in particular can vary significantly by country. With this in mind, Asurion applies a consistent global approach to allocating profits, through which Asurion fairly recognizes the economic contribution that the business in each country makes to Asurion's overall profits.

Asurion has offices in over 25 countries, including operations in Europe, North and South America, and Asia Pacific. In each of these countries, Asurion makes direct payments to governments for various taxes, including corporate income taxes, employer taxes and employer social security, state and local taxes, business taxes, property taxes, customs duties, value-added taxes, sales taxes, and environmental taxes. Each business unit, in conjunction with the regional team, is responsible for ensuring that the required local filings and payments for all of these taxes are made.

In addition to paying taxes, Asurion also has an important role in collecting and administering taxes on behalf of governments, where the cost of the tax is borne by others. Asurion collects and remits employee taxes, social security liabilities, withholding taxes, indirect taxes and other local taxes in the countries in which Asurion has operations.

## Tax Audits

The responsibility for managing tax audits of non-US tax filings resides with the business unit or Regional team that was responsible for the tax filings currently under audit. In all circumstances, the business unit is obligated to notify the Corporate Tax Department of receipt of an audit inquiry. In addition, the Vice President of Tax should be notified if the audit has the potential for a material assessment. Regardless of the amount involved, notification must be made to the Vice President of Tax under any of the following circumstances:

- i. Where the audit has the potential to affect Asurion's U.S. Federal, State or Local income tax returns.
- ii. Where there is a reasonable likelihood that the initiation or settlement of an audit, lawsuit, or claim will receive attention by either the national or international media.
- iii. Where the proposed settlement will create a significant precedent.
- iv. Where there is the potential that the matter will have a significant impact on the reputation of NAC or its ability to effectively execute corporate or subsidiary strategies.

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Asurion regards the publication of this tax strategy as complying with the duty under paragraph 16(2) of Schedule 19 of the Finance Act 2016 to publish its tax strategy in the current financial year.