

NACCO (UK) Ltd Tax Strategy

The publication of this tax strategy is regarded as satisfying the statutory obligation under section 161 and para 22(2) of schedule 19 Finance Act 2016 of NACCO (UK) Ltd, a wholly owned subsidiary of CIT Group Inc. for the year ending 31 December 2017.

This tax strategy covers all UK taxes that are applicable to NACCO (UK) Ltd. The European tax and finance teams are responsible for implementation of the UK tax strategy. This tax strategy document will be reviewed annually by the European tax team and any amendments will be submitted to the Directors of NACCO (UK) Ltd for approval. The Directors of NACCO (UK) Ltd have oversight of the management of tax related risk and understand its importance.

NACCO (UK) Ltd is committed to:

- Following all applicable UK tax laws and regulations relating to its activities and paying all taxes due in accordance with those laws and regulations.
- Maintaining an open and honest relationship with HM Revenue & Customs based on collaboration and integrity.

Risk Management and Governance in relation to UK taxation

NACCO (UK) Ltd, as a wholly owned subsidiary of CIT Group Inc. has a strong commitment to corporate responsibility and operates in accordance with the global policies and procedures of CIT Group Inc.

These global policies include the Code of Business Conduct, which can be found on the Corporate Governance pages on the CIT website (<https://cit.com/about-us/corporate-governance/>), the core principle of which is to conduct business in accordance with the highest level of integrity, honesty and ethical standards and the Corporate Tax Policy, the objective of which is to ensure compliance with all applicable tax laws and regulations, to support the long-term business strategy of CIT Group Inc. while managing tax reporting and tax compliance risks.

CIT's Global Corporate Tax department sets the tax strategy for the group and the implementation of that tax strategy for NACCO (UK) Ltd is the responsibility of the European tax team.

The European tax team is part of the Global Corporate Tax department and is responsible for all aspects of UK tax reporting and compliance, tax planning and tax risk management.

The European tax and finance teams provide updates on UK tax matters to the management of NACCO (UK) Ltd as well as regular updates to CIT's Global Corporate Tax and Finance departments.

Tax planning

NACCO (UK) Ltd may enter into tax planning, such as utilising available tax reliefs and exemptions in a manner which is consistent with the Government's policy objectives, provided that such planning is aligned to the Company's business operations and reflects commercial and economic reality.

NACCO (UK) Ltd does not enter into aggressive tax planning, the sole purpose of which would be to obtain a tax advantage.

NACCO (UK) Ltd has a responsibility to minimise its tax risk and potential damage to its reputation and that of CIT Group Inc. for non-compliance with tax legislation.

Attitude towards risk

NACCO (UK) Ltd considers that compliance with legislation is a key component of managing tax risk and seeks to minimise tax risk as far as possible. NACCO (UK) Ltd aims to manage tax risk in the same way as other operational risk and assesses tax risk within the parameters of CIT's established governance framework.

NACCO (UK) Ltd has processes in place to ensure tax is considered as part of the decision making process. Where deemed appropriate by the European tax team, NACCO (UK) Ltd seeks specialist advice from professional advisers on the tax implications of potential business transactions.

In line with CIT's Corporate Tax Policy, the European tax team consults with and seeks opinions from professional advisers on any tax planning initiatives, and does not implement any planning where the level of opinion provided by an adviser is less than "Should". Any planning where the level of adviser opinion is less than "Should" are presented to management to evaluate in the context of CIT's overall risk and governance framework. NACCO (UK) Ltd does not implement tax planning that is inconsistent with its commercial activities.

NACCO (UK) Ltd is aware of the negative publicity around aggressive tax planning and considers that its internal processes as well as its relationships with its professional advisers and HMRC are the best way to protect its reputation in this area.

Relationship with HM Revenue & Customs (HMRC)

In its dealings with HMRC, NACCO (UK) Ltd acts in an open, honest and transparent manner. Communication with HMRC is focused on:

- i. Submitting all UK tax returns on a timely basis, including sufficient detail in the computations to enable HMRC to form an accurate view on the affairs of the company,
- ii. Paying the appropriate amount of tax at the right time
- iii. Disclosing any inadvertent errors made in submissions as soon as reasonably practicable after they have been identified,
- iv. Co-operating fully with HMRC on information requests and enquiries.
- v. Seeking clarification on complex areas of tax legislation or introduction of new legislation where applicable to the commercial activity of NACCO (UK) Ltd.