

## Tax Strategy for Hotelbeds

### 1. Introduction

Hotelbeds is a leading provider of services to the global travel trade. Our business is focused on the distribution of accommodation, transfers & activities in more than 185 countries. Hotelbeds' main business operations are based in the US, Spain, Switzerland, the UK, Singapore and Mexico. These countries represent the main jurisdictions where tax is paid across the business.

At Hotelbeds, we take our commitment to corporate and social responsibility very seriously, and as an organisation, we have published our Code of Conduct (our 'Good Business Guide') that provides us with the ethical framework in which we carry out our day-to-day business conduct and decision making.

As part of this Code of Conduct, all members of Hotelbeds are:

*"...directly responsible for doing the right thing throughout all our day-to-day operations. Our reputation is precious and it is based on the decisions and actions all of us take daily. In a fast-paced, dynamic industry like ours we need to be ready to show we live by what we say, no matter what the situation or context."*

Our Tax Strategy aligns to this Code of Conduct and the Code of Conduct includes a specific section on Taxation, Anti-Fraud and Anti-Money Laundering. The Hotelbeds' Tax Strategy is based on the principle of "paying the right and fair amount of tax in accordance with the letter and the spirit of the law". We consider the "right" amount of tax as being in accordance with the letter of the law and the "fair" amount of tax as being in accordance with the government policy intention for which the law was introduced.

### 2. Objectives and Purpose of this Tax Strategy document

The tax principles within this Tax Strategy document set out Hotelbeds' approach on how it conducts its tax operations on a global basis, including the identification and management of tax risk, our approach to tax planning and how we engage with tax authorities whilst managing the Hotelbeds' overall tax burden. These principles are:

- Commercial and sustainable tax planning to support the Hotelbeds' business operations
- Optimisation of Hotelbeds' tax risk and control environment
- Accurate and timely tax compliance on a full-disclosure basis
- Management of Hotelbeds' overall tax obligations and burden.
- Transparent and collaborative working relationships with tax authorities

Hotelbeds does not support or implement tax planning that is aggressive or artificial. All tax decisions and planning are undertaken in response to our businesses and their commercial activity.

This document also meets the requirement for Hotelbeds to publish its Tax Strategy as required by para 16(2), Schedule 19 of the UK Finance Act 2016.

### 3. Tax compliance and reporting principles

Hotelbeds is subject to the accounting and taxation rules of the various jurisdictions where we have business operations. We work to ensure that our financial books and records are correct and accurate reflections of our assets, liabilities and trading position. This includes our commitment to paying the right amount of tax, tracking our global compliance obligations and ensuring that we correctly interpret all applicable tax laws and regulations in meeting our tax compliance and reporting responsibilities.

To keep track of relevant changes in domestic or international tax laws, Hotelbeds maintains subscriptions with organisations, such as the International Bureau of Fiscal Documentation, receiving tax updates from various tax advisers and specialised technical tax training and attendance at training seminars for members of the tax department.

In undertaking our tax compliance and reporting activities, we always seek to apply diligent, professional care and judgement and ensure that there is sufficient evidence to support all decisions made relating to our tax compliance and reporting obligations.

### 4. Tax Planning

Hotelbeds only engages in tax planning where this is aligned to business and commercial reality. As an organisation, our policy is not to structure our business such that there are operations in favourable tax jurisdictions unless there are genuine commercial reasons for being in those jurisdictions.

In carrying out our tax affairs, we will seek to respond to tax incentives and exemptions where governments have introduced them to encourage particular business behaviours or to encourage investment and where these are appropriate for our business operations. In these cases, and also as appropriate when we undertake tax planning, we will obtain external advice to ensure we act legitimately and that our tax affairs align to our commercial activities.

As part of our day-to-day operations across the organisation, the group's Tax Director is consulted in relation to the tax impact of any major transactions or business decisions, including acquisitions and disposals. In this way, the Group Tax team at Hotelbeds is able to provide advice in relation to identifying and managing tax risk in relation to business decisions. Similarly, when undertaking cross-border transactions between entities within the Hotelbeds group of companies, we seek to ensure that these are conducted on an arm's-length basis and in accordance with OECD principles. Where appropriate, we seek external advice to support us on this.

### 5. Governance and Tax Risk Management

#### 5.1 Governance:

Our Code of Conduct provides one of our cornerstones of Hotelbeds' governance and responsible practices. Specifically in relation to tax, Hotelbeds is committed to ensuring we are adequately resourced - including the opportunity to seek external advice – so that we can meet all of our tax obligations.

Hotelbeds tax strategy is determined by the Board of Directors as a sub-set of the group's overall business strategy and is approved annually by the Audit Committee. Operational responsibility for

the execution of the tax strategy rests with the Chief Financial Officer and the Director of Tax, who report the group's tax position to the Audit Committee on a regular basis.

The Tax Director reports directly to the group's Chief Financial Officer. The Chief Financial Officer attends Board and Audit Steering Committee meetings where there is an opportunity to raise specific issues relating to tax risks and external tax developments. In addition, this reporting includes updates on tax compliance filings, payments and other periodic tax obligations of Hotelbeds' subsidiary companies, tax audit statuses for Hotelbeds' subsidiary companies and the ongoing monitoring of tax risk management procedures within the group. This Tax Strategy is applicable across Hotelbeds globally.

## 5.2 Management of Tax risk:

The Tax Director has day-to-day responsibility over Hotelbeds' approach to the management of tax risk on a global basis. This includes a framework through which tax risk is identified, prioritised and monitored, as well as the escalation process to Hotelbeds' senior management.

In relation to our tax risk management processes on a global basis, there are a number of areas where we seek to demonstrate our commitment to management of tax risk. Examples of this are in the UK and our obligations in relation to the Senior Accounting Officer ("SAO") legislation. In this regard, we ensure that there are appropriate tax accounting arrangements in place in relation to our UK tax compliance processes, and that there is appropriate monitoring of these arrangements and associated tax risks on an annual basis. In Spain, we seek to adhere to the *Codigo de Buenas Practicas Tributarias* (Code of Good Tax Practices) that have been developed in line with OECD recommendations and require us to practice transparency, good faith and co-operation with tax administrations. Another example is our commitment to meeting the requirements of the Foreign Account Tax Compliance Act (FATCA) as proscribed by United States Federal Law.

### 5.3 Relationships with Tax Authorities and Governments

As stated in our Code of Conduct, the *“value we place on our relationships with clients, employees and shareholders has guided the way we have run our business and has helped us to become the successful company we are today.”*

Our approach to tax authorities is aligned to this. Specifically, we seek to build collaborative and cooperative relationships with tax authorities on a global basis, reaching early agreement on issues and certainty wherever possible. We look to develop and maintain good working relationships with tax authorities in the countries in which we operate. We communicate with them in an open, honest and positive manner.

Where it is possible and appropriate to do so, we seek to discuss our major commercial transactions and their tax consequences and treatment with tax authorities in advance of their execution or seek an advance ruling of the tax consequences and treatment of such transactions in order to provide us with certainty of the tax treatment. We are committed to transparent and prompt full disclosure in all tax matters.

We recognise that there will be areas of differing legal interpretations on tax matters between the Group and tax authorities. Where this occurs, we will engage with tax authorities to try to resolve the matters in a co-operative and expedited manner. Where a conclusion on a specific issue cannot be reached in such a manner, the tax authority or the Group may choose to litigate the issue.

Hotelbeds reviews new tax policy developments and tax law changes around the world. We provide business and commercial input to the relevant tax policy makers to help inform the development of the tax policy or development.

Approved by the Board on 24 July 2018

## 6. APPENDIX

This Tax Strategy is applicable to HBG Ltd and its UK subsidiaries as listed within its financial statements