

HP Inc

Tax Strategy for UK Companies

About HP

HP is a leading global provider of personal computing and other access devices, imaging and printing products, and related technologies, software, solutions and services to individual consumers, small and medium sized businesses (“SMBs”) and large enterprises, including customers in the government, health and education sectors.

HP Tax Mission

HP’s Global Tax Team strives to provide a competitive tax profile to HP stockholders through tax solutions for HP business units, whilst ensuring uncompromising integrity, professional excellence, and regulatory compliance.

HP Tax Strategy

HP’s Tax Strategy is to increase stockholder value by:

- Aligning HP’s business, global function, and tax objectives,
- Complying with all relevant tax laws and ensuring that HP’s business strategies do not create unnecessary tax risks,
- Attracting, developing and retaining high quality people,
- Optimizing efficiency and driving efficient execution through appropriate processes, internal and external resources, and use of technology,
- Building and maintaining effective relationships and credibility with internal and external partners, governmental authorities, and external auditors,
- Representing HP’s interests before legislative and regulatory bodies, and
- Maintaining effective controls regarding audit minimisation, effective risk control practices, accurate reporting and compliance.

Business Risks Dynamic market trends, such as the declines in the traditional PC and home printing markets, add risks to HP’s business. This is an intensely competitive industry and competitive pressure, coupled with changes to business model and go to market execution, add complexity. These on top of potential challenging macroeconomic times, including weaknesses in certain geographic locations and currency fluctuations add business complexities.

Tax Risks

HP's tax liabilities are affected by the amounts charged in intercompany transactions for inventory, services, licenses, funding and other items. Tax authorities may disagree with these intercompany transactions or other matters, and may assess additional taxes or adjust taxable income on our tax returns as a result.

The future effective tax rate could be adversely affected by changes to HP's operating structure or implementation of various tax legislation which could significantly impact HP's tax rate.

Disclosure of tax numbers in financial statements, due to the need to make judgements, estimations and assumptions, particularly around future profitability and the effect of future tax planning strategies, adds to uncertainty in tax numbers.

Managing Tax Risks

HP aims for certainty on tax positions it adopts, but where tax law is unclear or subject to interpretation, written advice or confirmation is sought as appropriate to help to ensure that our position would, more likely than not, be resolved in HP's favour.

HP's tolerance for risk is governed by the "more likely than not" principle and tax risk is ideally managed by the prevention of unnecessary disputes. HP believes this is best achieved by:

- Developing and maintaining strong legal and technical positions;
- Thorough documentation, particularly of facts;
- Well established relationships with tax authorities; and
- Skilled and knowledgeable tax professionals making decisions and following control procedures which are in place.

To the extent that HP's Global Tax professionals may not possess relevant tax expertise or experience in-house, or if a particular transaction is significant or complex in nature, HP Global Tax engages independent tax, legal and accounting firms when HP believes a second tax opinion is prudent. HP Global Tax also outsources a significant portion of its tax compliance work to these firms. HP will robustly defend any tax positions it takes.

HP's Attitude to Tax planning

HP believes its obligation is to pay the amount of tax legally due in any territory, in accordance with rules set by governments.

The commercial needs of business units are critical and all tax planning will be undertaken in this context. All transactions must therefore have a business purpose or commercial rationale.

Within the context of the commercial needs of HP being critical, HP Global Tax works with the business in providing clear, timely, relevant and business focused advice, across all aspects of tax. Where alternative routes exist to achieve the same commercial results, HP Global Tax intends to recommend the most tax efficient approach in compliance with all relevant laws.

The prominence of the commercial needs will in no circumstances override compliance with all applicable laws. HP Global Tax also intends to ensure accurate representation in tax returns.

Due consideration will be given to HP's reputation, brand, corporate and social responsibilities when considering tax initiatives, as well as the applicable legal and fiduciary duties of directors and employees and will form part of the overall decision-making and risk assessment process.

Code of Conduct for Tax Professionals

This Code of Conduct applies to all tax professionals working in HP Global Tax. It endeavours to guide the role of tax professionals, their key responsibilities, their professional conduct and their approach to working relationships with external parties.

- Observe all applicable laws, rules, regulations and disclosure requirements.
- Apply diligent professional care and judgment to arrive at well-reasoned conclusions.
- Develop good working relationships and undertake all dealings in a professional, courteous and timely manner with colleagues, tax authorities, government bodies and other related third parties.
- Ensure all decisions/approvals are taken at an appropriate level and supported with documentation that evidences the facts, conclusions and risks involved.
- Internal review and control procedures are to be adhered to from all aspects of tax work: tax compliance to tax planning. Internal audit procedures and SOX reviews will be completed to ensure correct control procedures are in place with respect to tax.

- Share knowledge and to seek input on any and all matters that could improve the management of tax risk and to maximise stockholder value.

HP Global Tax ensures its employees are suitably qualified and have the relevant skills and expertise to carry out their roles. As well as HP's Code of Conduct for tax professionals, the majority of HP Global Tax members are bound by professional standards and ethics rules, which are issued and monitored by their professional accreditation bodies (various tax, legal and accounting bodies around the world). These professional bodies issue rules relating to the performance of professional responsibilities and Code of Ethics, built around the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Furthermore, all HP employees are required to complete annual training with respect to HP's Standards of Business Conduct and other ethics and compliance programs.

Working with Tax Authorities

HP is dedicated to an open and transparent relationship with tax authorities and the Code of Conduct requires staff to foster good relationships and undertake all dealings in a professional, courteous and timely manner. Frequent interaction and proactive management of the relationship with tax authorities should ensure the minimization of risk of challenge and disputes.

Regular meetings and interactions with HM Revenue and Customs ("HMRC"), will ensure that HMRC is fully aware of any material changes in the business or operations, or any significant tax matters which may arise. HP discusses with HMRC any upcoming, or recently introduced legislative tax changes, where applicable. If legislative uncertainty arises, HP may seek clarification from HMRC, in the form of Pre-Clearance procedures. To the extent there is an opportunity to participate in Consultation groups regarding tax legislative changes, HP will do so where it believes it is relevant.

In the event that a dispute would arise, HP is committed to cooperating fully with any investigation with a view to timely resolution of issues, similar to how HP operates with other tax authorities globally.

This tax strategy applies to all HP Inc affiliates in the UK which are not specifically covered by another published tax strategy. The strategy is relevant for the financial year ending 31 October 2021. It applies to all taxes: corporation tax, payroll taxes, national insurance, VAT, capital gains tax and stamp duty. HP Inc considers the publication of this strategy as complying with its obligations of paragraph 16(2) Schedule 19 Finance Act 2016.