

**Terex Corporation  
Terex UK Group Tax Strategy  
December, 2017**

In accordance with Paragraph 16(2), Schedule 19, Finance Act 2016, Terex Corporation sets out below its tax strategy for all UK companies (“Terex UK”) within the Terex worldwide group (“Terex Group”). The Terex UK Tax Strategy (“Tax Strategy”) applies to all UK taxes applicable to Terex UK and applies from the date of publication until it is superseded.

### **About Terex**

Terex Corporation and subsidiaries (“Terex”) is a US multinational corporation that is publicly traded on the New York Stock Exchange and subject to its full regulatory framework. As of 2017 Q4, Terex is comprised of about 100 legal entities incorporated in about 30 different countries. Terex generates approximately USD 4 billion in annual sales and operates in three segments, Aerial Work Platforms (“AWP”), Cranes, and Materials Processing (“MP”).

As part of Terex, Terex UK is aligned with and follows the wider Terex guiding principles, codes of conduct and tax policy. First and foremost, the Terex UK tax strategy (“Tax Strategy”) is grounded in the Terex value of integrity and our commitment to comply with all laws and regulations. The Terex Way Values support a culture of tax compliance. The Tax Strategy is focused on ensuring that taxes and tax risk are managed to provide outcomes consistent with commercial reality and applicable law and are within the parameters of the strategic objectives of Terex. The Tax Strategy requires that all tax regulations are complied with in the UK and other relevant jurisdictions. The Vice President, Chief Tax Officer (“CTO”) is responsible for management of the tax affairs and global tax risks of the Terex Group. The CTO reports to the Senior Vice President, Chief Financial Officer of Terex.

### **Risk Management and Governance Arrangements**

Terex policy, including tax policy, ultimately resides with the Board of Directors of Terex Corporation. The role of the Board is to focus on strategic direction and oversight of critical business risks, not to direct regular operating activities. Managing tax compliance is increasingly complex. Terex Group, and including but not limited to, Terex UK, maintains on-going application of tax governance with strong internal controls in order to reduce tax risk to acceptable levels. As part of governance of tax matters, a number of arrangements exist, including:

- Quarterly formal certification procedures including the identification, evaluation, monitoring and reporting of tax issues and risks;
- Complying with internal control procedures and processes, which are subject to regular reviews, internal audits and self-assessment;
- Seeking external advice and documenting conclusions to support tax decisions, and
- Adhering to and promoting the Terex Way Values.

## **Terex UK Approach to Tax Planning**

Terex believes it has an obligation to its stakeholders to timely and accurately pay its taxes. It seeks to pay no less and no more than required by the application of laws to its facts and operations. Terex UK does not engage in artificial transactions the purpose of which is to reduce UK tax. Terex UK's tax planning aims to support the commercial needs of the business by ensuring that its operating activities are carried out in the most financially efficient manner whilst remaining compliant with all relevant laws. Terex UK will not engage in tax actions if the underlying commercial objectives or situation do not support the action. Terex UK carefully evaluates the impact of tax arrangements on the reputation, corporate and social responsibilities of Terex UK and Terex.

Where there is uncertainty in how the relevant tax law should be applied and Terex UK does not believe it has the necessary expert knowledge to assess the tax consequences adequately, external advice is sought to support the Terex UK decision making process.

## **Terex UK and its Tax Risks**

Terex UK compliance seeks to be compliant with tax regulations. Terex UK will not knowingly take tax positions contrary to compliance requirements and thus seeks to minimize the level of risk in relation to UK taxation. Terex UK seeks to reduce the level of tax risk arising from its operations as far as is commercially reasonable by implementing various internal tools for its business units to follow. The UK Group maintains tax accounting arrangements which are robust and enable the business to fulfill its responsibilities under the Senior Accounting Officer provisions in the UK. Where there is significant uncertainty in relation to a risk external advice will be sought.

## **Working with HMRC**

Terex UK is committed to complying with its UK tax obligations and seek to build and sustain relationships with HMRC that are constructive and based on the principles of cooperation, compliance and integrity. The goal is to submit accurate tax returns and disclosure. Inadvertent errors in submission of tax returns and tax computations to HMRC are fully disclosed as soon as reasonably practicable after they have been identified.

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