

HCL Group Tax Strategy

(This document is publicly available on our website www.hcltech.com)

HCL Technologies Limited and its subsidiaries (“HCL” or “Company”) regard the publication of this tax strategy as complying with the duty under paragraph 19 of Schedule 19 of the UK Finance Act 2016 to publish the group tax strategy for the current financial year ended March 31, 2020.

The document sets out HCL’s approach towards the tax management of UK companies and defines the principles governing the management of such taxes. It is based on the corporate governance practice, value system and the enterprise risk management of the company.

Company overview

HCL is a global Information Technology (IT) and IT enabled service provider and software product company headquartered in India. HCL has many subsidiaries and branches across the globe.

HCL’s UK Operations

HCL conducts its operations in UK through the entities¹ listed below.
(as on September 30, 2019)

1. HCL Technologies UK Limited;
2. HCL Great Britain Limited;
3. Axon Solution Limited;
4. Axon Group Limited;
5. HCL Insurance BPO Services Limited;
6. HCL EAS Limited;
7. HCL Investment (UK) Limited;
8. State Street HCL Holding UK Limited²;
9. Celeriti Fintech Limited³
10. Point to Point Limited
11. Point to Point Product Limited
12. HCL Technologies Corporate Services Limited
13. C3i (UK) Limited
14. Actian Europe Limited³
15. HCL Technologies Limited – UK Branch

All the above entities are indirect subsidiaries of HCL Technologies Limited.

Tax Strategy sets out the HCL’s approach to the management of UK taxation matters and defines the principles governing the management of such taxes and applies to all UK group entities listed above. It reflects HCL’s commitment to highest level of corporate governance and supplement HCL’s internal Anti Bribery and Anti-Corruption Policy and Code of Business Ethics and Conduct policy. It is aligned to the company’s corporate governance practice, value system and its enterprise risk management framework.

¹ The numbers of companies may undergo a change from time to time due to merger/ acquisitions/ closure.

² The group has equity interest of 49% and 100% dividend rights and control.

³ The group has 51% equity interest and control.

³ The group holds 100% of the common stock and 100% of the preferred stock is owned by an investor.

HCL Tax Strategy is based on the following guiding principles:

- a. Transparency;
- b. Consistency;
- c. Accountability;
- d. Risk Mitigation
- e. Integrity and Mutual Trust.

The above principals are key ensure that we gain and retain the trust of all the stakeholders at all times.

Objective of HCL Tax Strategy

HCL Tax Strategy aims:

- To ensure that it complies with all applicable laws and tax obligations;
- To ensure payment of right amount of taxes in accordance with applicable laws;
- To ensure mutual trust and relationship with the tax authorities through transparent and active co-operation and consultation;
- To ensure due care and diligence in the management of all risks associated with tax matters; and
- To ensure that there are appropriate control procedures in place to mitigate any identified tax risk.

The tax strategy charter comprises the following:

1. Approach of the group to governance and compliance arrangements in relation to UK taxation

HCL Tax Governance framework comprises of the Board of directors ('Board') and the Audit and Risk management Committees of the Board at the highest level which performs the overall oversight and supervisory functions. The Audit and Risk management committees report regularly to the Board with respect to the committee's activities including significant issues that arise with respect to the company's compliance with legal or regulatory requirements. Board and its committees continuously monitor and seek inputs for identification, evaluation and mitigation of strategic, operational, legal and compliance risks.

With regard to the tax function, a quarterly compliance certificate is presented to the Board and relevant Committees certifying the tax compliance status of HCL Group. The Board is also updated on a periodic basis with all significant tax developments including tax audits and litigations. These compliance certificates are periodically audited by HCL's internal audit teams and external consultants, before being reviewed by the Board.

At a functional level, HCL has put in place a comprehensive global regulatory framework with defined process owners for various compliance related activities related to tax.

The Chief Financial Officer (CFO) is responsible for the tax strategy, the supporting governance framework and management of tax risk. The Tax team under him helps him to formulate the tax strategy, risk mitigation and regular compliances.

The day to day management of the UK tax matters is carried out by a designated in-house team of the tax department.

The company engages external tax advisors to advise and help on all compliance matters and to comply with local country tax regulations. All global compliances are tracked through compliance tracker systems which have inbuilt early warning mechanism. The summary report from the system (specifically non compliances) and the dashboard is made available to Audit Committee at regular intervals.

Advice of external advisors is sought on all significant tax matters to ensure compliance with local country specific laws.

2. Approach of the Group to Tax Planning and Risk management

HCL Tax Strategy strive to achieve the following:

- Conducting tax affairs in the letter and spirit of the law;
- Commercial consideration to be the key driver of any decision;
- No aggressive or contrived tax planning;
- Consistency in tax treatments/ characterization;
- Transparency with Tax authorities;
- Proactive discussion and disclosure.

As a policy, the company does not undertake aggressive tax planning, does not tolerate tax evasion, nor does it tolerate the facilitation of tax evasion by any person(s) acting on behalf of the company.

The Tax function takes the lead role in identifying, managing and monitoring tax risks within the business with regular review. The team constantly monitors its various tax risks and mitigation measures. The team provides advice to the business on tax-related issues, undertakes tax filings, engages with tax authorities and external consultants and assists with various forms of tax and financial reporting. This is supplemented Internal Audit teams. Internal controls and escalation procedures are put in place with the aim of identifying, quantifying and managing key risks.

Where there is significant uncertainty or complexity in relation to a risk, external advice is sought to get certainty. In order to achieve greater certainty, the company engages with tax authorities to resolve issues, risks and uncertain tax positions by obtaining tax rulings, Advance pricing agreements etc.

3. Engagement with tax authorities

HCL engages with tax authorities, including HMRC on a regular basis in a transparent and collaborative manner. We intend to resolve our differences (if any) with HMRC in a transparent, collaborative and timely manner. We are committed to prompt discussion, disclosure and transparency in all tax matters.