

# Esterline Technologies Corporation's UK Tax Strategy

Esterline Technologies Corporation ("Esterline") is a specialized manufacturing company serving principally aerospace and defense markets, headquartered in the U.S. Esterline is committed to managing its business with the highest level of integrity and ethical standards. As we work to cultivate the respect and trust of our shareholders, customers and employees, these values must ultimately govern everything we do. Our approach to tax supports this commitment. This document, approved by both the Board and the Chief Tax Officer of Esterline, sets out Esterline's approach to conducting its UK tax affairs and dealing with UK tax risks for the year ending 29 September, 2017.

Esterline is committed to:

- Transactions undertaken are compliant with local law and international and OECD (Organization for Economic Cooperation and Development) guidelines.
- Full compliance with all statutory obligations and full disclosure to tax authorities relating to its tax activities.
- Fully supporting the move towards greater transparency with tax authorities and the initiatives being introduced to enable this.
- Considering the tax impact of every major business decision.

## **Risk management**

Esterline seeks to reduce the level of tax risk arising from its operations as far as is reasonably possible by ensuring that reasonable care is exercised in relation to all processes which could have an unexpected adverse reputational or financial impact. These risks can originate from both internal (for example changes in the business) and external factors (for example the impact of new tax legislation.)

Due to the escalating complexity in the current tax environment, eliminating tax risks entirely is impossible. Esterline helps manage tax risk by the following:

- Employing appropriately qualified and experienced people in key tax related roles.
- Tax processes are routinely subject to internal audits.
- Advice is sought from external tax advisors to support Esterline's decision making process.
- The Chief Tax Officer regularly reports Esterline's tax position to the Board.

### **Tax planning and level of acceptable risk**

Esterline's attitude towards tax planning is to ensure that existing and proposed transactions do not create unnecessary tax costs for our shareholders in excess of what is reasonably understood to be intended by relevant tax legislation. Esterline will seek to take advantage of available tax incentives, exemptions or similar mechanisms available so far as they are in line with, and in the spirit of, relevant tax legislation. Esterline will not enter transactions whose sole purpose is to create a tax benefit that is in excess of what is reasonably understood to be intended by relevant tax legislation.

Where necessary, Esterline will engage qualified and experienced external tax providers to discuss and validate the understanding of relevant tax legislation and the effects to Esterline's tax strategy. The use of external advice may also be sought to mitigate tax risks as well as complying with tax legislation.

### **Relationship with Her Majesty's Revenue & Customs (HMRC)**

Esterline seeks to have a transparent and open relationship in its dealings with HMRC. When submitting tax returns to HMRC, Esterline discloses all relevant facts and identifies any transactions or issues where the tax treatment could be deemed uncertain. All queries and information requests from HMRC are addressed in a timely fashion. Esterline will work with HMRC to resolve any disputed issues that may arise by agreement whenever possible.

Signed on behalf of Esterline Technologies Corporation



Joyce Lin

Chief Tax Officer & Treasurer

We review and update our tax strategy annually. This tax strategy for the year ended 29 September 2017 was published on 29 September 2017.