

Orbotech Holding U.K. Limited

Tax Strategy

Scope

Orbotech Holding U.K. Limited is a private limited company incorporated in the United Kingdom. The company's ultimate parent undertaking is Orbotech Limited, a company registered in Israel and listed on NASDAQ.

This strategy applies to Orbotech Holding U.K. Limited and to the group of companies headed by Orbotech Holding U.K. Limited [in accordance with paragraph 19 of Schedule 19 to the Finance Act 2016]. A list of the entities to which it applies is set out below. In this strategy, references to 'Orbotech' or 'The Group' are to all these entities. The strategy is being published in accordance with paragraph 16(4) of the Schedule.

This strategy applies from the date of publication until it is superseded. References to 'UK Taxation' are to the taxes and duties set out in paragraph 15(1) of the Schedule which include Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax, and Stamp Duty Land Tax. References to 'tax', 'taxes' or 'taxation' are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which The Group has legal responsibilities.

Aim

The primary responsibility of The Group in relation to taxation is to ensure compliance with all legal obligations within a framework of agreed principles. The Group must therefore be satisfied that any tax initiative undertaken is legal. If any of the principles expressed herein conflict with UK laws, as overridden by any relevant tax treaties, the UK local law takes precedence in terms of how the department will operate.

The Group is committed to full compliance with all statutory obligations and full disclosure to relevant tax authorities. The Group's tax affairs are managed in a way which takes into account The Group's wider corporate reputation in line with Orbotech's overall high standards of governance.

Governance in relation to UK taxation

- Ultimate responsibility for Orbotech's tax strategy and compliance rests with the Board of Directors of Orbotech Holding U.K. Limited;
- Executive management of The Group is delegated by the Board to the President;
- The Board member with executive responsibility for tax matters is the VP of Finance;
- Day-to-day management of Orbotech's tax affairs is delegated to the Director of Finance, who reports to the VP of Finance;
- The Finance team is staffed with appropriately qualified individuals;
- The Board ensures that Orbotech's tax strategy will be considered in all relevant investments and significant business decisions taken;
- The Finance Director reports to the Board on Orbotech's tax affairs and risks.

Risk Management

- Orbotech operates a system of tax risk assessment and controls as a component of the overall internal control framework applicable to The Group's financial reporting system;

- Orbotech seeks to reduce the level of tax risk arising from its operations as far as is reasonably practicable by ensuring that reasonable care is applied in relation to all processes which could materially affect compliance with its tax obligations;
- Processes relating to different taxes are allocated to appropriate process owners, who carry out a review of activities and processes to identify key risks and mitigating controls in place. These key risks are monitored for business and legislative changes which may impact them. Changes to processes or controls are made when required;
- Advice is sought from external advisers when appropriate.

Attitude towards tax planning and level of risk

The Group manages risks to ensure compliance with legal requirements in a manner which ensures payment of the right amount of tax.

When entering into commercial transactions, The Group seeks to take advantage of available tax incentives, reliefs and exemptions in line with, and in the spirit of, tax legislation.

The level of risk which The Group accepts in relation to UK taxation is consistent with its overall objective of achieving certainty in The Group's tax affairs. At all times The Group seeks to comply fully with its regulatory and other obligations and to act in a way which upholds its reputation as a responsible corporate citizen.

The Group's tax strategy and policies seek to make use of such appropriate reliefs and to control the company's tax costs. Whilst seeking to minimise tax liabilities for the benefit of customers and shareholders, The Group's policy is not to take an aggressive interpretation of tax legislation or use artificial tax avoidance schemes.

The Group will always seek to interpret tax legislation consistently with both the spirit and intention of the law and will not seek to exploit ambiguity. The Group will not undertake transactions wholly motivated by tax avoidance or from which there is no economic benefit to The Group other than tax savings. Management shall not seek to exploit tax regimes considered to be harmful or secretive.

In relation to any specific issue or transaction, the Board is ultimately responsible for identifying the risks, including tax risks, which need to be addressed. The Board will also be responsible for determining what actions should be taken to manage those risks, specifically in regard to the materiality of the amounts and obligations in question.

Relationship with HMRC

The Group seeks to have a transparent and constructive relationship with HMRC by complying with all disclosure requirements in respect of developments in The Group's business, current, future and retrospective tax risks, and interpretation of the law in relation to all relevant taxes.

When submitting tax computations and returns to HMRC, The Group discloses all relevant facts and identifies any transactions or issues where it considers that there is potential for the tax treatment to be uncertain.

Any inadvertent errors in submissions made to HMRC are fully disclosed as soon as reasonably practicable after they are identified.

Wider Contribution to the UK Economy

To form a full view of The Group's tax contribution to the UK economy in a proper perspective, its overall fiscal and economic contribution should be taken into account.

While the reporting of companies' tax affairs most commonly focuses on Corporation Tax, other taxes, duties and contributions to the UK government are also paid by The Group for example, Employers' National Insurance contributions, Customs Duty etc.

The Group is committed to paying all taxes when they fall due in a timely manner.

List of entities covered by this Tax Strategy

- Orbotech Holding U.K. Limited
- SPTS Technologies Group Limited
- SPTS Technologies Limited
- SPTS Technologies Holdings limited
- SPTS Technologies UK Limited
- SPTS Technologies Investments Limited
- SPTS Technologies Sapphire Limited
- SPTS Technologies Overseas Holdings Limited
- SPTS Technologies ET Limited