

## **Sensata Technologies – UK 2017 Tax Strategy drafted pursuant to Schedule 19 of the UK Finance Act of 2016**

Our UK tax strategy aligns with the strong sense of ethics deeply rooted in the business culture at Sensata Technologies. Our culture is what enables us to create an environment where employees can contribute their best, where customers want to do business with us, and where our communities are proud to partner with us. It's a big part of who we are and one factor we use to measure success.

Our Code of Business Conduct and Ethics establishes the importance of exercising sound, ethical judgement and to recognize the shared values we have with our customers, investors, employees, suppliers, communities and governments that we interact with. Sensata Technologies' UK Tax Strategy respects the interest of all stakeholders and fits within the framework of our Code of Business Conduct and Ethics. Additionally, our UK Tax Strategy commits to adhering to our Corporate Governance Guidelines that provide a set of guiding principles by which the affairs of the Company will be governed.

Our UK Tax Strategy is managed by a dedicated team of tax professionals who possess the skills and experience to fully comply with applicable tax laws, rules, regulations, reporting and disclosure requirements. The team establishes, maintains and updates appropriate controls to manage tax risks based on our overall corporate governance guidelines.

We avoid artificial UK tax planning that lacks economic substance, and do not engage in aggressive tax avoidance. Tax efficiencies are considered in relation to significant business transactions to minimize tax costs and balance against other stakeholders' interests. Our team seeks to respond to legislative changes and take advantage of tax incentives and exemptions implemented by governments in the manner intended. Our tax strategy is periodically reviewed and approved by the Board of Director's Audit Committee.

The team leverages tax experts to identify and manage UK tax risks and where appropriate discusses interpretations with the tax authority. Management monitors and receives proactive updates on items that have material impact on the group's financial results. The level of UK tax risks acceptable to the group is assessed on a case by case basis and the approach to assessing the risk is consistent with other business risks.

When interacting with the HRMC, our general goal is to achieve certainty and understanding on unclear or disputed matters. To this end, we act in a collaborative, transparent and timely manner. We seek agreement in advance where appropriate, respond to queries openly and honestly, and work proactively to resolve areas of disagreement. We use external advisors on complex matters of legislative interpretation to avoid unnecessary disputes with the tax authority.