

Dana UK – Tax Strategy

Year Ended 31st December 2017

Prepared in accordance with the requirements of paragraph 16(2) Schedule 19, Finance Act 2016.

Introduction

Dana Incorporated operates in the UK through several UK legal entities (hereinafter referred to collectively as “Dana UK”).

The boards of Dana’s UK entities have approved the tax strategy for the relevant entities under Appendix 1. The boards seek to ensure that all entities are aligned with our global and internal obligation of paying the correct amount of taxes due in the UK.

Tax objectives

Dana UK’s key tax objectives are:

- To pay taxes which are legally required, including all tax obligations in all regions and territories in which Dana UK operates.
- To maintain an open, transparent and collaborative approach in our dealings with Her Majesty’s Revenue and Customs (HMRC).
- To reduce possible tax risks in the UK by making use of external tax consulting services for transfer-pricing, filing UK tax returns, VAT reporting in the UK, and reporting all taxable UK and transnational transactions.

Our approach of the business to risk management and governance arrangements in relation to UK taxation

The governance of our business is led by the Board of Directors of each relevant Dana UK entity.

The Board of Directors has overall responsibility for governance, risk management and any decisions made in relation to UK taxation.

With regards to UK taxation, the Board of Directors receives full support of Dana’s corporate tax department and Dana UK’s external tax advisors, Ernst & Young UK.

A series of internal policies and guidelines are prepared, published and regularly updated by Dana's finance and tax departments to ensure a high-level of tax awareness in Dana UK.

Dana's internal audit teams verify on a regular basis that actual practices in Dana UK are in line with Dana's internal policies and guidelines. Internal audit is on site at Dana UK on a yearly basis.

Transfer pricing risks are managed through Dana's corporate tax department and Dana's internal transfer pricing policy, in cooperation with external advisors. Transfer pricing studies, including benchmarking analysis, are carried out on a regular basis to identify arm's length pricing for UK cross-border flows of goods, services, and the use of IP as required by the UK.

Any project which could generate UK tax savings or create UK tax risks require board approval, as well as the approval of the leaders of Dana's corporate tax, legal and accounting departments.

Dana UK obtains advice from qualified external advisors on specialized UK tax matters. We see the input of external advisers as a key source of specific UK tax expertise to supplement the analysis of our own finance team.

Our attitude towards tax planning

We believe it is important to investigate the UK tax consequences and the proper UK tax reporting of significant transactions before carrying them out. In planning and structuring our business activities in the UK, we take into account tax laws in UK, as well as our understanding of HMRC's interpretation and application of the relevant UK tax rules.

Dana's corporate tax department evaluates the UK tax consequences of major potential transactions including transfer-pricing, distribution of dividends, acquisitions, disposals, mergers and liquidations involving Dana UK entities.

Dana's corporate tax department provides tax advice on the proper structure and accurate reporting of a transaction in order to minimize potential UK tax risk and to manage UK tax cost.

In the event of recent or pending changes in relevant tax legislation in the UK or a new type of transaction involving Dana UK entities, Dana's corporate tax department consults with external UK advisors to perform a detailed analysis of the UK tax implications for the company.

All our initiatives towards UK tax planning ensure that:

- UK taxes are correctly calculated in accordance with the law.
- UK taxes are paid when due.
- UK tax returns are filed on a timely basis and contain accurate information.

The level of risk in relation to taxation that Dana UK is prepared to accept

Dana Incorporated and Dana UK have a low tolerance towards UK tax risk, and do not undertake transactions without adequate business purpose.

To ensure that Dana UK is aware of any possible risks in relation to taxation within the UK, Dana UK obtains advice from highly-qualified external UK tax-advisors.

As UK and international tax laws and regulations are constantly changing, external tax advice helps to ensure that the UK tax consequences of planned transactions, or tax consequences of emerging legislation and/or guidance from HMRC, are properly analyzed and reported in the UK.

The approach of Dana and Dana UK toward dealing with HMRC

Dana UK strives to anticipate any UK tax risks at an early stage, including clarifying areas of uncertainty with HMRC as they become evident. Dana UK considers this collaborative approach to our relationship with HMRC to be fundamental to delivering our Board led tax strategy.

Where appropriate, Dana UK seeks advance clearance from HMRC on the proposed UK tax treatment of transactions to ensure that we are open, helpful and transparent in our dealings with HMRC.

- Dana aims to discuss contentious issues with the UK tax authorities as early as possible
- Any errors or mistakes in UK tax filings will be fully disclosed to HMRC as soon as practicable.
- Dana is honest, open, and pro-active in our communications with the UK tax authorities.

Dana's Code of Conduct requires all employees to make decisions that are legal, ethical, and in line with the Dana's Values. The Code of Conduct can be found at.

<http://www.DANA.com/corporate-pages/standards-of-business-conduct>

Appendix I

The tax policy is published for the following Dana UK entities:

Automotive Motion Technology Limited
DANA Manufacturing Group Pension Scheme Ltd.
DANA Holdings Limited
DANA Commercial Credit UK Ltd.
Echlin Europe Limited
DANA UK 1 Plc
Quinton Hazel Pension Trustee Ltd. UK
DANA Spicer Ltd.
DANA Automotive Limited
Whitley Rishworth Ltd.
Dana Limited
DANA Capital Ltd.
DANA Investments UK Limited
DANA UK Axles Limited
Hobourn Group Pension Trust Company Ltd.
DANA UK Driveshaft Limited
DANA UK Automotive Systems Limited
DANA Spicer Europe Limited