

Aliaxis UK – Tax Strategy 2017

This statement is published in compliance with Schedule 19 of the Finance Act 2016. It sets out the Tax Strategy for Aliaxis UK in the following four areas:

1. Our approach to **risk management and governance** arrangements in relation to UK taxation;
2. Our attitude to **tax planning** as far as affecting UK taxation;
3. Our view of the level of **tax risk** that we are prepared to accept; and,
4. Our approach towards our **dealings with H M Revenue & Customs (HMRC)**.

Risk Management & Governance

The UK businesses of the Aliaxis Group are subject to Group Policy regarding matters of taxation. Ultimate responsibility for tax reporting and compliance lies with the Group VP Tax. However, each Group company is required to ensure compliance with local laws and day to day tax management is delegated to local management. In the case of the UK businesses, this responsibility rests with the UK Finance Director and the UK Accounting & Tax Manager.

As an overriding principle, the Group, including its UK subsidiaries, is committed to be a responsible tax payer and to ensure solid tax compliance. The Group also seeks to mitigate its effective tax charge through legitimate structuring based on valid business purposes.

The Group does not adopt aggressive tax schemes in any of its territories, including the UK. During the year, a review of the UK tax position was undertaken by Aliaxis along with its tax advisors in the UK. The principal position adopted is one of no contrivance for the purpose of securing tax reductions.

No decisions regarding restructuring, the legal structure of the businesses, the finance structure or third-party acquisitions and disposals are taken without referring the matter to the Group VP Tax. In addition, the Group Tax Department will become directly involved in local tax issues where the tax efficiency of the Group makes it necessary.

The Group Internal Audit Department undertakes regular reviews of accounting and reporting by UK subsidiaries including compliance with UK tax requirements.

Tax Planning

The Group strategy is to efficiently manage tax responsibilities and liabilities in every jurisdiction, but without adopting aggressive tax-saving schemes in any territory.

The Group VP Tax and local tax personnel work with local advisors and tax authorities to manage tax planning when commercial reorganisations and restructures are undertaken to ensure tax compliance and efficiency. The Group wishes to remain flexible to minimise the effects of changing tax legislation in the territories in which it operates.

Initiatives proposed by external advisors for tax saving are always referred to the Group Tax Department for approval before implementation is considered.

The UK Accounting & Tax Manager ensures that the Group is kept up to date with changes to the business environment and tax legislation affecting UK operations so that action can be taken to reduce the tax charge if this is consistent with our stated principles.

Notwithstanding any formal requirement to notify HMRC, a policy of open communication with HMRC is maintained regarding significant transactions and tax saving initiatives that arise.

Tax Risk

Aliaxis maintains a low appetite for tax risk. This means that we seek to account for, report on and pay the correct amount of tax in a timely manner. Further, it means that, while looking for opportunities for tax efficiency, we will not create artificial structures or arrangements for the purpose of avoiding tax.

Dealings with HMRC

We maintain open communication with HMRC, its appointed Customer Relationship Manager (CRM) and his team.

In addition to the annual meeting held with HMRC, we seek to keep HMRC informed about significant changes to the businesses and key events whether or not required to do so formally.

We are proactive about seeking direction from HMRC regarding tax positions and computations so that agreement can be reached that will provide confidence to the businesses in its dealings.

We actively seek to maintain our assessment by HMRC as low risk with respect to our tax compliance.

Dated: 18th December, 2017