

Faltec Europe Tax Strategy

This document, approved by the board of Faltec Europe Limited, sets out the Company's approach to conducting its tax affairs and dealing with tax risks for the year ending 31 December 2020.

As the largest private sector employer in South Tyneside, Faltec Europe is committed to:

- Following all applicable laws and regulations relating to its tax activities.
- Maintaining an open and honest relationship with the tax authorities based on collaboration and integrity.
- Ensuring that the tax strategy adopted is consistent with the Company's overall strategy
- Applying diligence and care in our management of tax risks, and ensuring that our tax governance is appropriate.
- Using incentives and reliefs to minimise the tax cost of conducting our business while ensuring that these reliefs are not used for purposes which are knowingly contradictory to the intent of the legislation.

Risk management

Attempting to avoid all tax risk would result in an overly prudent position which is not in line with our objective to maximise shareholder value. Tax risks are assessed on a case by case basis, allowing Faltec Europe to arrive at well-reasoned conclusions on how each individual risk should be managed. Where there is uncertainty in how the relevant tax law should be applied, external advice may be sought to support the Company's decision making process.

When reviewing the tax risks associated with a specific decision or action, Faltec Europe ensures that the following are considered:

- The legal and fiduciary duties of directors and employees.
- The requirements of any related internal policies or procedures.
- The maintenance of the Company's corporate reputation, having particular regard to the way we interact with the communities around us.
- The tax benefits and impact on the Company's reported result compared to the potential financial costs involved, including the risk of penalties and interest.
- The wider consequences of potential disagreement with tax authorities, and any possible impact on relationships with them.

Tax planning

Decisions on tax planning are undertaken at an appropriate level within the business by the Directors and Senior Management Team on the basis of specialist advice as required.

Faltec Europe's tax planning is driven by the commercial needs of the business, and anticipated future developments. Where alternative routes exist to achieve the same commercial results, the most tax efficient approach in compliance with all relevant laws will be followed.

The commercial needs of the business will in no circumstances override compliance with all applicable laws and regulation. The Finance Department is therefore involved in decision making and provides appropriate input into business proposals to ensure a clear understanding of the tax consequences of any decisions made.

In cases where the tax guidance is unclear or the Company does not feel it has the necessary expert knowledge to assess the tax consequences adequately, external advice may be sought to support the Company's decision making process.

Approach towards dealings with HMRC

Faltec Europe is committed to the principles of openness and transparency in its approach to dealing with HMRC, and in particular Faltec Europe commits to:

- Adopt open and collaborative professional relationships at all times with HMRC.
- Engage in full, open and early dialogue with HMRC to discuss tax planning, strategy, risks and significant transactions.
- Make fair, accurate and timely disclosure in correspondence and returns, and respond to queries and information requests in a timely fashion.
- Seek to resolve issues with HMRC in real time and before returns are filed if possible, and where disagreements arise work with HMRC to resolve issues by agreement where possible.
- Be open and transparent about decision-making, governance and tax planning.
- Reasonably believe that transactions are structured to give a tax result which is not inconsistent with the economic consequences (unless specific legislation anticipates that result), nor contrary to the intentions of Parliament.
- Interpret the relevant laws in a reasonable way, and ensure transactions are structured consistently with a co-operative relationship.

Signed on behalf of the Faltec Europe

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