

UK Tax Strategy

Financial Year Ending 31 December 2016

This strategy applies to ERIKS UK Holdings Limited and all its UK entities in this UK Group, specifically listed in the Appendix.

The Company's business principles and reputation form an integral part of its approach to tax management. The tax strategy therefore reflects the Company's commitment to being a responsible business and to paying the right amount of tax at the right time.

As part of a large group, the Company is required to comply with HMRC's legislation to publish its approach to tax management. The required first publication date for this company is 31 December 2017 and this publication is considered as complying with the duty under Schedule 19, Finance Act 2016, paragraph 22(2).

There are four key components to this policy:

1. Approach to Risk Management and Governance

This tax policy is approved and owned by the Board.

The Company has a tax management process covering all relevant UK taxes. That process is appropriate to the transaction levels and activities of the Company and is designed to ensure compliance with applicable tax laws, rules and regulations.

The process includes setting areas of responsibility for tax which include:

- Monthly reporting to the Board of all major tax events and updates on routine compliance.
- All employment tax and corporation tax of the Company;
- All VAT and other indirect tax of the Company;
- Transfer pricing;
- Dealing with Company tax claims and litigation (if any);
- Company restructurings;
- Report on any questions, answers and representations with HMRC which could have a wider group impact;
- Setting internal policies and procedures and adherence thereto through a business support framework of control. This framework identifies key risks and the controls to put in place to manage those risks.

2. Appetite towards Tax Planning

In structuring and carrying out its day-to-day commercial activities the Company is committed to seek the most tax efficient position, while observing the applicable law and without obstructing the business operations, by making the most of legitimate tax opportunities and managing tax risks. Tax follows the business.

Only reputable external advisors are chosen to assist the Company where guidance or assistance is required on:

- Interpretation and understanding of a particular topic, including new laws and regulations;
- The correct approach to HMRC for a clarification on interpretation, or a clearance on a material complex matter;
- Handling of all tax compliance obligations and requirements under applicable tax laws, rules or obligations.

The tax advisor of choice is expected to pro-actively inform the Company on any developments in tax legislation affecting the Company and on any tax planning or savings opportunities.

To safeguard the independence of the external auditor, and to avoid conflicts of interest, the Company will not use the external auditor for tax advice services.

3. Approach to dealings with HMRC

It is the Company's policy to be transparent and pro-active in all interactions with HMRC. The Company always tries to maintain a good and open relationship, as well as clear communication, with HMRC. If and where appropriate and possible, the Company will pro-actively disclose relevant information to HMRC in advance in respect of material tax events to ensure clarity, or volunteer on certain tax matters on a real time basis to minimise tax risk. When seeking clarity from HMRC, all relevant facts and circumstances of the situation will always be provided.

For example, where errors have arisen and are discovered by the Company they will be corrected and revised systems and controls put in place internally to minimise future occurrence. A review will be carried out to establish the past occurrences of the problem and, if necessary the appropriate disclosure to HMRC will be made.

If possible and appropriate, the Company will endeavour to meet with HMRC at least once a year.

4. Level of tax risk tolerated

When considering a material commercial transaction or restructuring or new activity, the Company will, in respect of seeking the most tax efficient position:

- Try to reach clarity and agreement in advance with HMRC where it is possible and appropriate to do so;
- If this is not possible or appropriate, obtain external professional advice on the success of the tax treatment;
- Maintain flexibility in case legislation or the commercial operation changes.

Issued

December 2016

Appendix

This strategy applies to ERIKS UK Holdings Limited and all its UK entities in this UK Group, listed below.

Trading / Active Companies

ERIKS Industrial Services Ltd
B&P Wild Ltd
WYKO Holdings Ltd
FPT Group Ltd
WYKO International Ltd
Lilleshall Ltd
Wyko Group Ltd
Wyko Investments Ltd
Wyko Overseas Holdings
ERIKS Realisations Ltd
ERIKS WTT Ltd
Lilleshall Building Products Ltd
Seals & Packings International Ltd

Dormant Companies

British Electrical Repairs Ltd
FPT (UK) Ltd
Lilleshall International Holdings Ltd
Lilleshall Pension Trustees Ltd
Abberplace Ltd
Crystalware Products Ltd
G&H Engineering Services Ltd
Econosto UK Ltd
Ball Valves Ltd
ERIKS Hose Technology Ltd
Seals Packings & Gaskets Ltd
Brymill Ltd
ESL Tyne Tees Ltd
WYKO Bearings & Transmission Ltd
WYKO EWB Ltd
Flexible Hose Supplies (Northampton) Ltd
Pioneer Weston International Ltd
Split Roller Bearing Co Ltd
WYKO Industrial Services Ltd