



Bodycote Tax Strategy

Purpose

The purpose of the Tax Strategy is to communicate the policy for the management of tax within Bodycote plc and its subsidiaries (“the Group”). It is important to ensure that consistent and effective tax standards are maintained across the Group as tax, both direct and indirect, can have a significant cash and profit and loss impact on the Group, and therefore on many of the Group’s business activities.

Scope

Tax includes all tax liabilities of the Group, whether in the UK or overseas. UK tax specifically includes Corporation Tax, Income Tax, Diverted Profits Tax, PAYE, employee taxes, NIC, VAT, Insurance Premium Tax, Annual Tax on Enveloped Dwellings, Stamp Duty Land Tax, Stamp Duty Reserve Tax, Petroleum Revenue Tax, Customs & Excise Duties (including Air Passenger Duty) and withholding taxes. This strategy will be updated annually to reflect any changes to this scope.

Tax Governance

The Board's Audit Committee is responsible for overseeing and approving Bodycote’s tax strategy. Responsibility for the adherence to the Board approved tax strategy, and management of tax risks, rests with the Chief Financial Officer, assisted by the Group Tax department.

The Chief Financial Officer regularly advises the Board on the tax affairs and risks of the Group, to ensure:

- The proper control and management of tax risk;
- The tax position is planned and in line with the Group’s strategic objectives; and,
- The tax charge is correctly stated in the statutory accounts and tax returns.

Tax Authority relationship

The Group will work collaboratively with HMRC (and overseas tax authorities) in relation to its tax dealings:

- In the event of issues arising, appropriate disclosure, where required by law, will be made to HMRC;
- The Group will disclose planning it undertakes to HMRC in line with the legal disclosure requirements and criteria set out by HMRC;
- The Group will continue to meet and cooperate with HMRC, in respect of current, future and retrospective tax risks, events and interpretation of the law across all relevant taxes and duties.

Approach

The Group will comply with legal requirements (and relevant international standards, e.g. OECD Guidelines) in the jurisdictions in which the Group operates (including the UK). The Group will operate in a manner that ensures it pays the right amount of tax, at the right time, whilst creating sustainable shareholder value, underpinned by a tax philosophy based on a collaborative relationship with the tax authorities.

Where steps are taken to plan the Group's tax position they are consistent with the Group's strategic objectives and are underpinned by commercial rationale.

In completing the Group's tax compliance and reporting requirements, Bodycote aims to apply diligent professional care and judgement, including ensuring all decisions are taken at an appropriate level and supported by documentation that evidences the judgements involved.

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