



## **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, Stamp Duty Land Tax, Stamp Duty Reserve Tax, Customs & Excise Duties and withholding taxes. This strategy relates to the financial year ending 31 December 2022, will be updated annually to reflect any changes to this scope and is published in compliance with paragraph 16(2) of Schedule 19 to the Finance Act 2016.

### **Tax Governance**

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

### **Tax risk**

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.

In order to reduce the level of tax risk arising, in meeting 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. A tax risk review paper is presented to the Audit Committee on an annual basis highlighting the tax risks faced by the Group and the impact of any risk mitigation measures.

The Group seeks suitable professional advice on specialized areas of tax from reputable professional accountancy and law firms where appropriate.

### **Tax planning**

Where steps are taken to plan the Group's tax position they are consistent with the Group's strategic objectives and are underpinned by a commercial rationale. The Group may seek to avail itself of appropriate tax incentives, reliefs and exemptions where they are in line with and consistent with the spirit of the relevant tax legislation. Employees are required to act with integrity and to adhere to the principles outlined in the Group's Tax Management Policy.

The Group refrains from tax planning that is unrelated to transactions arising from its normal commercial business undertakings and the sole purpose of which would be to obtain a tax advantage.

The Group seeks advice from professional tax advisers regarding major and complex business decisions to ensure the Group meets all appropriate tax obligations.

**June 2022**