

Tax Strategy for the accounting period ended 31 December 2018

In accordance with the requirements of Schedule 19 Finance Act 2016, we have published the below tax strategy in respect of Johnston Sweepers Limited (“the Company”) for the accounting period 31 December 2018.

This document provides commentary in respect of:

- 1) The Company’s approach to risk management and governance arrangements in relation to UK taxation;
- 2) The attitude of the Company towards tax planning (so far as affecting UK taxation);
- 3) The level of risk in relation to UK taxation that the Company is prepared to accept; and
- 4) The approach of the Company towards its dealings with HMRC.

The Company and its employees are required to comply with the Group Tax Policy of Bucher Industries AG, the ultimate parent entity of the Group of companies of which the Company is a member.

The guiding principles of the Group Tax Policy are driven by the Group’s Code of Conduct which requires that at all times the Group’s reputation for integrity is maintained through absolute compliance with laws and other standards in all countries in which the Group is operational, including the United Kingdom. In addition, all employees are required to operate in a fair and reasonable manner within their areas of business.

1) Approach to tax risk management

Management of tax risk

The Company has a policy of managing tax risk to ensure that the Company does not expose itself to significant uncertainties in respect of tax policy. This is achieved by:

- Ensuring that the Company observes all applicable laws, rules, regulations and disclosure requirements in respect of UK taxation;
- Ensuring a level of review and assigning responsibilities such that full consideration of the tax implications is taken into account before entering into transactions;
- Ensuring that all decisions on tax policy are made at by persons with an appropriate level of responsibility within the Company and are supported with documentation to evidence the facts; and
- Ensuring appropriate professional advice is sought over significant tax matters.

Key roles/responsibilities

The financial operations of the Company are the responsibility of the finance director. The day to day responsibility in relation to tax matters is under the control of the finance director, the Group Tax Function (“GTF”) - which is an operating unit of the ultimate parent company Bucher Industries AG - and the chief financial officer (CFO) of the division of the Group of which the Company is a member. Overall responsibility for tax risk lies with the Group CFO and the Board of Directors of Bucher Industries AG.

Systems and controls

The overriding tax principles of the Company are to:

- Ensure that the Company complies with all of its tax obligations;
- Consider both the short and long term impacts of tax planning, including the impact that any planning might have on the Company’s reputation its relationship with governments and the potential consequences of disputes with tax authorities over the application of the law.
- Develop and foster a strong and productive working relationship with HM Revenue & Customs, government bodies and other related third parties.

If there is significant uncertainty as to the tax risk of any transaction then relevant professional advice will be sought by the Company and (if applicable) the matter will be discussed with HM Revenue & Customs.

Governance and board oversight

The Company’s governance arrangements ensure that a structured and comprehensive review process is in place to manage tax risk. Specifically, procedures are in place to ensure that in certain circumstances, the management of the division of which the Company is a member, or of

the Group as a whole, are either consulted or have ultimate responsibility in respect of tax matters.

2) Attitude towards tax planning

Code of conduct

In order to comply with the Group's Code of Conduct, all employees dealing with tax matters must:

- Observe all applicable laws, rules, regulations and disclosure requirements;
- Apply diligent professional care and judgement to arrive at well-reasoned conclusions;
- Seek external advice if the tax law is unclear or subject to uncertain interpretation in respect of a particular transaction;
- Monitor changes in relevant tax laws and participate in regular training, as applicable to their job, to mitigate any potential risk of non-compliance or inadvertent mistakes being made.

Use of External Advice

The Company makes use of the services of external professional advisors in respect of taxation matters. It is the Company's policy to consult with external advisors where there is uncertainty over the tax outcome of a particular transaction.

Tax planning

The commercial requirements of the Company are of utmost importance to any planning, whether tax or otherwise, undertaken by the Company. Any and all tax planning undertaken by the Company during the accounting period has been undertaken primarily with a view to furthering the commercial success of the business.

The Company's tax planning strategy is always to act within law. Where possible the Company will seek to maximise efficiency through such available reliefs as it considers the Company is entitled to. Prior to claiming any relief in a return the Company will seek external advice on the availability of the relief and ensure the circumstances under which the relief being claimed are appropriately disclosed to HM Revenue & Customs.

The Company does not consider itself to be involved in any aggressive tax planning and does not seek to enter into transactions where the primary motive is to obtain a tax advantage.

3) Risk Review

The Company is prepared to accept a low level of risk in respect of UK taxation matters.

The tax policies of the Company in the UK are under the day to day responsibility of GTF, finance director and the division CFO. Overall responsibility lies with the Group CFO and the board of directors of Bucher Industries AG. All parties play a part in reviewing and monitoring the Company's tax risk. Professional advice is sought where necessary to determine the level of tax risk applicable to a particular transaction

When considering tax risks and tax planning opportunities due consideration is given to:

- Both the short and long terms considerations and risks of the planning;
- The impact on the reputation of the Company and its brand;
- The relationship the Company has and seeks to have with HM Revenue & Customs and other UK governmental departments;
- The benefits of certainty of the tax outcome; and
- The potential consequences of disagreements with HM Revenue & Customs over the application of law.

4) Approach to dealings with HMRC

How we work with HMRC

The Company aims to develop and foster good relationships with HM Revenue & Customs. The Company seeks to achieve this by ensuring all dealings with HM Revenue & Customs, other governmental bodies or officials and third parties are conducted in a professional, courteous and timely manner..

The directors consider that the Company has a productive and sustainable relationship with HMRC.

Dealing with risk

The Company's attitude to tax risk is described above. Where the Company is considering entering into transactions where there is potentially a high level of tax risk, the Company seeks to ensure that this risk is reduced to an acceptable level before proceeding.

Interpreting the law

United Kingdom tax legislation can be complex and therefore it is possible that differences of opinion and uncertainty over the interpretation of tax law may arise in certain scenarios. It is the Company's policy to refer to both professional guidance and guidance from HM Revenue & Customs where there is uncertainty over interpretation to ensure that it has robustly considered the risk of misinterpretation of the law before entering into a transaction.