



This paper sets out the tax strategy of the Mersen Group UK subsidiaries undertakings (the “Mersen UK Group”), and in making this strategy available, the Mersen UK Group is fulfilling its responsibilities under Schedule 19 of the Finance Act 2016. It is effective for the year ending 31 December 2019, and will remain in effect until any amendments are approved by the Mersen UK Group Board of Directors.

This tax strategy applies to all UK taxes applicable to the Mersen UK Group and the document is owned by the Board of Directors of Mersen UK Holdings Ltd., Mersen Scot. Holding Ltd. and their subsidiaries in the UK.

It will be reviewed when necessary, updated as appropriate and approved by the Board. The Board is responsible for setting and monitoring the strategy. The finance teams of the Mersen UK Group are accountable to the Board for the implementation of the tax strategy and the management of tax and related risk.

The Mersen UK Group’s Tax Strategy is guided by our expertise and approach to electrical power and advanced materials, providing industrial companies around the world with innovative solutions to enhance the performance of their products and services. To achieve this, our goal is to deliver the best possible solutions or processes by building on the products and services that provide the best fit. In our permanent quest for excellence, we put our technological expertise, constant innovation and close customer relationships to work on a daily basis.

Our tax strategy reflects our commitment with a strong governance and consideration of our reputation, while delivering returns to our shareholders.

### **How the Mersen UK Group manages its tax risks**

The Mersen UK Group’s on-going approach to UK tax risk management and governance is based on the principles of reasonable care and materiality, and ensuring we comply with all regulations.

### **The Mersen UK Group’s attitude to tax planning**

The Mersen UK Group will not engage in artificial transactions the main purpose or one of the main purposes of which is to reduce UK tax. However, the UK Group will consider undertaking a transaction in a way that gives rise to UK tax efficiencies providing this is aligned to the Mersen UK Group’s commercial objectives as detailed above and complies with the associated UK tax legislation. The Mersen UK Group will not engage in tax efficiencies if the underlying commercial objectives do not support the position, or if the arrangements impact upon the Mersen UK Group’s reputation, brand, corporate and social responsibilities, or future working relationships with HMRC.

### **The Mersen UK Group and its tax risks**

The Mersen UK Group’s strategic aim is to maintain a low UK tax risk approach. The Mersen UK Group seeks to achieve this aim through: (a) submission of all UK tax returns on a timely basis, including sufficient detail to enable HMRC to form an accurate view of the affairs of the company, filing the return with an adequate supporting audit trail and sign-off process; (b) paying the appropriate amount of tax at the right time. Where this view may differ to the position taken by HMRC, the Mersen UK Group aims to be transparent about the filing position it has taken; (c) maintain tax accounting arrangements which are robust and accurate; (d) ensuring



that the Mersen UK Group departments who are involved in the Mersen UK Group's tax processes are both adequately resourced, supported and that key personnel are retained in order to manage tax compliance issues on a timely basis; and (e) ensure all tax filing positions are supported with appropriate documentary evidence.

### **Working with HMRC**

The Mersen UK Group will comply with all relevant legal disclosure and approval requirements and all information will be clearly presented to HMRC as appropriate. In its dealings with HMRC, the Mersen UK Group will act in an open, honest and transparent manner. The Mersen UK Group's strategic aim is to avoid unnecessary disputes with HMRC and thus minimise tax risk, and we will seek to achieve this through: (a) hosting face-to-face meetings with HMRC to discuss current business initiatives and the associated tax accounting when requested; (b) where appropriate, seeking pre-transaction clearances from HMRC; and (c) making the tax compliance procedures and controls available for review by HMRC upon request.

This Tax Strategy document is communicated to all the relevant stakeholders within the Mersen UK Group, from the Senior Management who are making regular commercial decisions to those individuals who are involved in the daily tax processes/procedures that we operate, so that it is firmly embedded in the culture that we adopt.