



Indutrade AB

Tax Policy

Adopted by the Board of Directors on 5 December 2017

1. INTRODUCTION

Indutrade is an international industrial group that sells components, systems and services with a high-tech content in industrial selected niches. Its products and solutions help customers improve their own products as well as improve the efficiency of their own production processes. We are growing steadily through acquisitions of well managed and profitable companies. Indutrade operates according to a decentralised organisational model through more than 200 subsidiaries with approximately 6,300 employees in 28 countries across four continents.

2. SCOPE

This document constitutes Indutrade's tax policy and applies for all subsidiaries and employees of the Indutrade Group.

This tax policy applies from the date of adoption until further notice.

3. INDUTRADE'S APPROACH TO TAX

For Indutrade it is important that tax is paid in the country in which value is created, in due time and in accordance with local tax rules.

Indutrade's view is that tax is a business cost which, managed correctly and effectively, can help reduce the Group's business risk.

Indutrade's goal is to pay the shareholders a dividend which over time shall range from 30% to 60% of net profit.

4. GOVERNANCE

This tax policy has been approved by Indutrade's board of directors and shall be adopted annually.

The tax policy covers all levies paid to the respective countries' tax authorities and applies for all subsidiaries and employees of the Indutrade Group.

Indutrade's CFO has ultimate responsibility for the Group's tax position worldwide. The CFO has delegated the day-to-day responsibility for tax to the respective local managements of each Indutrade subsidiary.

The CFO has delegated the following responsibilities to the accounting and finance function within the Parent Company:

- ensuring transfer pricing compliance for the Parent Company;
- correct tax reporting, preparation of tax returns and tax payments for Indutrade AB;
- managing Group tax reporting, including Country-by-Country Reporting (CbCR) and the Group's Transfer Pricing Masterfile; and
- responsibility to seek advice from external tax advisers and to determine when such advice is required at the Group level.

The subsidiaries are responsible themselves for managing ongoing domestic tax-related issues and tax compliance. This includes but is not limited to:

- ensuring local transfer pricing compliance and updating transfer pricing documentation for their respective companies, if required by local rules;
- correct tax reporting, preparation of tax returns and tax payments;
- maintaining sufficient knowledge of local tax rules;
- seeking external advice when deemed necessary on local tax issues in consultation with the Parent Company's accounting and finance function; and
- reporting significant tax risks, including enquiries, tax audits, legal processes and acquisitions to the Parent Company's accounting and finance function in a timely manner.

5. TAX RISK PROFILE

Indutrade has a low tax risk profile, and risk management is key aspect of Indutrade's overall business strategy. Indutrade does not engage in tax structures that lack business logic for the purpose of avoiding tax. Indutrade adheres to applicable legislation and double taxation treaties, and takes advantage of available tax incentives, deductions and exemptions to lower its tax cost and in such a way enhance cost efficiency. Examples of such incentives include:

- utilising Group contribution rights;
- utilising tax losses;
- using tax incentives in special investment zones that are available to all companies; and
- tax consideration in the day-to-day business activities and in business decisions.

6. RELATION TO TAX AUTHORITIES

Indutrade shall act in a transparent and honest manner in all relations with the respective countries' tax authorities, governments and stakeholders. Indutrade shall respond to requests from tax authorities in a reasonable amount of time in a cooperative and professional manner.

Unintentional errors in submissions to tax authorities shall be corrected and communicated to the relevant tax authorities as soon as they have been identified.

7. COMMUNICATION

The local management of each Indutrade subsidiary is responsible for communication with local tax authorities concerning domestic tax issues, such as tax returns, tax payments and tax compliance.

For any international tax or transfer pricing questions, the local management of each Indutrade subsidiary shall inform the Parent Company's accounting and finance function in order to coordinate further communication.

The CEO and Head of Communications are responsible for the Indutrade Group's contacts with the media and other external stakeholders.

8. ACQUISITIONS

Acquisitions are a key aspect of Indutrade's business strategy, and effective tax risk management in connection with acquisitions requires that tax is incorporated as part of the Group's due diligence process. Prior to all acquisitions, the tax issues shall be assessed to evaluate potential tax risks. If any tax risks are identified during the due diligence process, the CFO or the Parent Company's accounting and finance function shall be informed before proceeding with the acquisition.

Appendix 1

This tax policy applies for the following Indutrade Group companies in the UK, among others:

ESI Process U.K. Ltd
Filtration Ltd
Verplas Ltd
Corrosion Resistant Products Ltd
Micro Spring & Presswork Company Ltd
Trelawny SPT Limited
Fluid Controls Ltd
Sunflower Medical Ltd
Young Black Industrial Stapling Ltd
Alphr Technology Ltd
International Plastic Systems Ltd
Precision Products (UK) Ltd
Birmingham Specialities Ltd
ALH Systems Ltd
Bailey Morris Ltd
Flintec UK Ltd
Indutrade UK Ltd
Adaero Precision Components Ltd
Milltech Precision Engineering Ltd
Pipe Equipment Specialists Ltd
Beldam Crossley Ltd
Vacuum Engineering Services Ltd
Flowstop Ltd
Irvine Spring Company Ltd
Ellard Ltd