



## RENOLD Plc-Tax Strategy for the Financial Year to 31 March 2020

Renold plc heads an international group of companies (Group ) delivering high precision engineered power transmission products to our customers worldwide. The Group's international footprint includes manufacturing and sales operations in eight countries and a further ten countries where we have sales operations, strategically located to support our customers within our two operating divisions. The Renold Chain division is a global market-leading supplier of chain for many applications, including heavy duty, high precision, indoor or outdoor, high or low temperature and in clean or contaminated environments with manufacturing sites across the world, including in the USA, Germany, India, China, Malaysia and Australia in addition to local service capabilities in a number of other markets. The Renold Torque Transmission division is a global manufacturer and developer of industrial coupling and gearbox solutions, from fluid couplings to rubber-in-compression and rubber-in-shear couplings, and a complete range of worm gears, helical and bevel helical worm drives.

With over 2,000 employees worldwide, operations in 18 countries and distribution of products around the world, our business activities interact with a substantial number of taxes. These include corporate income taxes, payroll taxes, property taxes, withholding taxes, VAT or Sales-based taxes, Customs Excise and Duty, which are all covered within the scope of this strategy.

Renold employees are expected to act in accordance with the Group's Values being to: Operate with integrity; Value our people; Work together to achieve excellence; Accept accountability; and Be open-minded. This commitment to integrity includes accounting for all transactions accurately and fairly, and our tax strategy aligns with this outlook.

This Tax Strategy covers Renold plc and all subsidiary entities within the Group.

### Tax objectives

Renold expects to pay the appropriate amount of tax in all jurisdictions in which it operates. Renold has policies and controls in place that seek to ensure that the business operates in compliance with all tax legislation in the countries in which it operates, with appropriate visibility and control over tax risks. The objective of the Group's approach to transfer pricing is to align profitability to where value is created.

### Tax governance

Overall responsibility for tax compliance rests with Renold plc's Board. Day to day management of tax compliance is the responsibility of Divisional Finance Directors with central oversight from the Group Finance Director, Group Financial Controller and the Group Tax and Treasury Manager.

The Group Finance function is responsible for the preparation of transfer pricing policies and master data, and co-ordinate the preparation and maintenance of local transfer pricing documentation.

### Tax Planning & Risk management

Tax risks are managed under the same governance framework for internal control processes as other risks within the group. Renold seeks to manage tax risk in line with the board's overall risk appetite which is described in the annual accounts as 'tending to risk averse'. In accordance with this the business has processes and controls in place to maintaining and monitoring compliance with tax filing requirements in all jurisdictions. Whilst these procedures should minimise errors, when errors in the processing of taxes are detected they are rectified and disclosed to the relevant authorities, with amendments to processes and controls to reduce the risk of future non-compliance where appropriate.

# **RENOLD**

Renold conducts regular reviews of its tax presence against commercial operations in the territories in which it operates, with appropriate transfer pricing documentation and contracts to reflect the trading operations of the business. Transfer prices are set on an arms-length basis, reflecting the risk in compliance with OECD guidelines and local requirements. Renold obtains advice from external advisors to assist with maintaining tax compliance.

Renold does not engage in aggressive or abusive tax avoidance schemes but recognises the obligation to shareholders to structure our affairs in an efficient manner and therefore we will consider the tax consequences when planning significant transactions and in the structuring of the business. No transactions are entered into without genuine commercial substance.

## **Relationship with HMRC**

Renold seeks to maintain a constructive relationship with HMRC. The business aims to respond to queries and questions in a timely manner, with the Group Finance Director, Group Financial Controller, Group Tax and Treasury Manager, and other senior finance staff as appropriate, available for discussion if required. Whilst the business is not within the Senior Accounting Officer regime Renold nonetheless conducts an annual assurance process over tax compliance across the group to self-review compliance.

## **Corporate Criminal Offences under the Criminal Finances Act**

In line with the group's values, Renold does not tolerate tax evasion or the facilitation of tax evasion by others. The group requires an annual sign off on controls and procedures from senior finance staff around the group to attest to the implementation of appropriate controls to prevent tax evasion.

The Group intends this tax strategy document to satisfy any statutory responsibilities it may have in certain territories to publish a tax strategy, including its duty in the UK under the Finance Act 2016, Schedule 19.

The statements in this strategy apply equally to all territories in which the Group operates. The Group tax strategy applies to all forms of taxes payable by the Group, including direct taxes, indirect taxes, payroll-based taxes, customs duties etc.

The Group's tax strategy was approved by the Renold Plc Board of Directors on 17 July 2019.

**Version : 17 July 2019**