

UK GROUP TAX STRATEGY

1. Introduction

This document sets out the Tax Strategy of the Atlas Copco UK Group (hereinafter “the UK Group”) to conducting its tax affairs and dealing with risk. The strategy applies from the date of publication until superseded.

The UK Group Tax Strategy applies to the following UK companies:-

- Atlas Copco (UK) Holdings Limited
- Atlas Copco Limited
- Air Compressors & Tools Limited
- Atlas Copco IAS Limited
- Tentec Limited
- Atlas Copco Medical Limited
- Edwards Limited
- Edwards High Vacuum International Limited
- Leybold UK Limited
- Walker Filtration Limited
- Atlas Copco N.I. Limited
- Compressed Air Systems (Lisburn) Limited
- Medaes UKCO
- Isocool Limited

2. The UK Group Tax Strategy

The UK Group is committed to conducting its tax affairs in line with the following objectives: -

1. To comply with all relevant laws, rules, regulations, and reporting and disclosure requirements, wherever we operate.
2. To pay the right amount of tax required of it under the laws and regulations of the countries in which we operate.
3. To ensure the UK Group Tax Strategy is at all times consistent with the Atlas Copco Group’s overall strategy and its approach to risk.
4. To apply professional diligence and care in the management of all risks associated with tax matters, and to ensure that governance and assurance procedures are appropriate.
5. To foster constructive, professional and transparent relationships with the UK tax authorities, based on the concepts of integrity, collaboration and mutual trust.

This strategy is adopted and followed consistently across the UK Group, with clear lines of responsibility and accountability.

3. Tax Risk

The Board of each UK legal entity has ultimate responsibility for tax strategy and compliance. In relation to any specific issue or transaction the Board is responsible for identifying the tax risks which need to be addressed, and for determining what actions should be taken to manage those risks, having regard to the materiality of the amounts and obligations in question. The UK finance and tax teams are accountable to the Board for the implementation of the Tax Strategy and the management of tax and related risk.

The UK Group seeks to ensure that personnel engaged in all aspects of finance and tax affairs are appropriately trained and qualified, and applies this policy in hiring new employees into relevant positions.

There is a framework of governance that ensures tax controls and processes are kept under ongoing review. This includes the provision of a tax risk register for each key tax area operating under the authority of the Senior Accounting Officer. Professional care and judgement will be employed to assess tax risks in order to arrive at well-reasoned conclusions on how the risks should be managed. Where there is uncertainty as to the application or interpretation of tax law, appropriate written advice evidencing the facts, risks and conclusions may be taken from third party advisers to support the decision-making process.

Atlas Copco's Group Tax department will employ various risk management processes and systems to provide assurance that the requirements of the Tax Strategy are being met. This will include compliance and risk monitoring systems and internal audit reviews of tax compliance activity across the Group.

4. Tax Planning

The UK Group's tax planning aims to support the commercial needs of the business by ensuring that the companies affairs are carried out in the most tax efficient manner whilst remaining compliant with all relevant laws. The tax function is therefore involved in commercial decision making processes and provides appropriate input into business proposals to ensure a clear understanding of the tax consequences of any decisions made.

In cases where the tax guidance is unclear or the Group does not feel it has the necessary expert knowledge to assess the tax consequences adequately, external advice would be sought to support the Group's decision making process.

5. Approach towards dealings with HMRC

The UK Group is committed to the principles of openness and transparency in its approach to dealing with HMRC, and in particular the UK Group commits to:

- Make fair, accurate and timely disclosure in correspondence and returns, and respond to queries and information requests in a timely fashion.

- Seek to resolve issues with HMRC in a timely manner, and where disagreements arise work with HMRC to resolve issues by agreement where possible.
- Be open and transparent about decision-making, governance and tax planning.
- Reasonably believe that transactions are structured to give a tax result which is not inconsistent with the economic consequences (unless specific legislation anticipates that result), nor contrary to the intentions of Parliament.
- Interpret the relevant laws in a reasonable way, and ensure transactions are structured consistently.
- Ensure all interactions with HMRC are conducted in an open, collaborative and professional manner.

Approved by the Directors

December 2020