

UK Tax Strategy

Prepared in accordance with Schedule 19, para 16 (2) of the United Kingdom Finance Act 2016

Coesia Group is a group of innovation-based industrial and packaging solution companies. The Group is headed by Coesia S.p.A., an operating holding company based in Via Battindarno 91, Bologna – Italy. Coesia Group constitutes Italian and foreign entities, directly or indirectly controlled, in more than 30 tax jurisdictions.

This document (the “**UK Tax Strategy**”) has been prepared in accordance with Schedule 19, para 16 (2) of the United Kingdom Finance Act 2016. The UK Tax Strategy applies to all UK-based/registered entities (hereinafter “**UK entities**”) within the Coesia Group as at 31 December 2017, listed below:

- FLEXLINK SYSTEMS LIMITED, operating in the automated industrial solutions and conveyor systems business sector;
- G.D AUTOMATIC MACHINERY LTD, operating in the tobacco making-packing machineries business sector;
- NORDEN (UK) LIMITED, operating in the tube filling systems (applicable to cosmetics, pharmaceuticals, toothpaste, food and industrials) business sector;
- R.A JONES & CO. (UK branch), operating in the packaging machinery (for food, pharma, dairy, cosmetics and consumer goods) business sector;
- MPRD LIMITED, operating in the design, development and manufacturing of automated processing machineries (Molins business), as well as in the instrumentation segment (Cerulean business) for the tobacco industry.

The UK Tax Strategy is effective for the Financial Year ending on 31 December 2018 and will be reviewed on an annual basis. The Tax Strategy has been approved by the Managing Director from each UK entity, as listed above.

Approach of the UK entities to tax governance and risk management

The UK entities aim to comply with UK tax law, rules and regulations as well as best tax practices, in conformity with the letter and spirit of the law. All UK entities have implemented internal procedures and controls in order to ensure that UK taxes are accounted for and paid, and that tax compliance obligations are met.

The responsibility for UK tax affairs and the related day-by-day tax compliance for each UK entity is delegated to the individual finance manager of each entity. The local finance managers are under the supervision, monitoring and control of the UK-region finance manager.

The UK entities seek to identify, evaluate, monitor and manage tax risks related to business transactions. Where there is a significant uncertainty or complexity due to complex tax law, external tax advice and/or Headquarter Tax Department advice is sought to support the business decisions, with the aim of managing and minimising tax risk.

With specific reference to the intercompany business transactions in which UK entities are involved, the Coesia Group transfer pricing policy is applied with the support of an international tax advisor network. The Group transfer pricing policy is aligned with OECD guidelines, taking into account the specific regulations applicable in the tax jurisdictions where the Coesia group UK entities operate.

Attitude of the UK entities towards tax planning

The UK entities do not enter into aggressive tax planning schemes; the UK entities' tax planning is aligned with their commercial business and economic activities. Where applicable, the UK entities may surrender losses to the wider group, in accordance with UK Group tax relief legislation.

The UK entities do not adopt extreme or aggressive interpretations of law that, by their nature, may have any associated high risks of failure or reputational damage.

As mentioned above, transfer prices related to intercompany transactions involving UK entities are compliant with the principles and guidelines of Coesia Group's Transfer Pricing Policy.

Level of risk in relation to UK taxation that the UK entities is prepared to accept (risk appetite)

The UK entities apply a prudent approach to tax risks when evaluating transactions.

The UK entities aim to minimise the level of risk in relation to UK taxation. The UK entities are not prepared to accept a level of risk that would expose them to reputational damage or which could adversely affect their

relationship with HMRC. Where there is a significant uncertainty or complexity in relation to a tax risk, external tax advice is sought.

Approach of the UK entities towards its dealings with HMRC

The UK entities engage with HMRC in an honest, respectful, transparent, and co-operative manner. The UK entities do not take positions on tax matters that may create reputational risk or jeopardise the relationship with HMRC.