

## **Vesuvius approach to tax management**

Vesuvius' business activities generate a variety of taxes - corporate income taxes, stamp duties, excise duties, employment and other taxes. In addition, we collect and pay employee taxes as well as indirect taxes such as sales and use tax and VAT. The taxes we pay and collect form part of our economic contribution to the countries in which we operate.

Vesuvius manages its tax affairs in a way that is consistent with our corporate values, as set out in the [Framework for business integrity and corporate values](#). We apply 4 key principles in this approach:

1. Responsible tax management;
2. Board-level responsibility for tax governance;
3. Commercially-aligned approach to tax planning; and
4. Transparent relationship with tax authorities.

### **1. Responsible tax management**

Vesuvius' approach to responsible tax management is to pay the correct amount of tax applicable to its business operations, in the right jurisdictions, on time and in accordance with tax laws and relevant practice. The tax we pay reflects the underlying commercial transactions across our business in fulfilment of our legal obligations.

Tax law is complex and can involve uncertainty, so we seek to be appropriately open and transparent about our approach and the provisions we make in respect of areas of judgement where differences of interpretation may arise. We do this principally through communication in our Annual Report and Accounts of our tax policies, critical judgements, charges and provisions, as well as key factors impacting the sustainability of our effective tax rate.

The Group's policy and approach to tax management is regularly updated to reflect changes in national and international tax laws and practice, market approaches and best practice in relation to tax. All companies in the Group are required to comply with this policy and approach in managing their local tax affairs. They confirm annually that they operate in accordance with that policy, a process which is supplemented by reviews by our Internal Audit Department.

### **2. Board-level responsibility for tax governance**

The management of the Group's tax affairs is the responsibility of the Group Finance function, headed by a main Board Director, the Chief Financial Officer ("CFO"), of Vesuvius plc.

In fulfilling its responsibilities in relation to tax, Vesuvius employs an experienced team of tax professionals ("Group Tax") based in key operating locations around the world to set and oversee its tax policy and approach.

Group tax strategy is the responsibility of the CFO, who works with the Group Executive Committee and Group Tax team to set and implement a strategy that best supports the commercial objectives of the Group. This strategy is reviewed regularly by the full Board of Directors of Vesuvius plc.

As set out in the Report of the Audit Committee included in the Group's Annual Report and Accounts, the Audit Committee (which is attended by the CFO and from time to time by the Group Head of Tax) provides a key element of critical challenge in the area of tax risk management, and regularly reviews the key areas of tax risk management and provisioning, together with the Group's external auditors.

### **3. Commercially-aligned approach to tax planning**

Vesuvius engages in tax planning to support its commercial and investment activities. In doing so, it will always check that these tax planning activities comply with tax regulations of all countries in which it operates. The risks associated with tax planning decisions are always carefully assessed.

We do aim to make use of those tax incentives and exemptions intentionally provided in law, in the UK or elsewhere, for example capital allowances and credits associated with research and development expenditure.

### **4. Transparent relationship with tax authorities**

We engage with all tax authorities, including the UK's HM Revenue and Customs ("HMRC"), with honesty, integrity and transparency in respect of all tax matters. In particular, we work collaboratively with HMRC wherever possible to resolve disputes or where there is uncertainty in the interpretation of UK tax laws and practice.

*The above statement applies to the worldwide activities of Vesuvius plc and its subsidiaries and joint ventures and other investments over which Vesuvius has control and covers the 2019 financial year. Vesuvius plc considers that the publication of this statement complies with the duty set out in Paragraph 16(2) Schedule 19 Finance Act 2016.*

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