

ANDRITZ GROUP: UK TAX POLICY

FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2016

Company profile

ANDRITZ is a globally leading supplier of plants, equipment, and services for hydropower stations, the pulp and paper industry, the metal-working and steel industries, and solid/liquid separation in the municipal and industrial sectors. The publicly listed technology Group is headquartered in Graz, Austria and has a staff of approximately 25,200 employees. ANDRITZ operates more than 250 sites in over 40 countries.

In 2016 ANDRITZ owns companies and permanent establishments in the UK which operate in all business areas described above.

Tax policy

As part of the ANDRITZ GROUP the subsidiaries in the UK are included in ANDRITZ GROUP's tax policy. The following components are relevant to UK tax:

Tax risk management

As a global company serving a variety of different markets and customers, the Group is subject to different risks, including also tax risks. ANDRITZ companies are subject to local tax laws in the respective countries and have to pay taxes on income as well as other taxes. As part of ANDRITZ's code of conduct, all business transactions must be fully and clearly in accordance with legal and other regulations. Tax risks are identified, analyzed and accounted appropriately.

ANDRITZ's approach to tax risk is included in the Group-wide control and steering system (ICS) whose main task is to identify nascent risks at an early stage and – if possible – to take countermeasures. This is an important element of active corporate management. The Executive Board of ANDRITZ is responsible for implementing and monitoring the ICS. For this purpose, binding Group-wide regulations and guidelines/policies have been implemented.

Tax planning

As ANDRITZ is a responsible tax payer ANDRITZ pays corporate income taxes and all other applicable business taxes; in addition ANDRITZ collects and pays employee taxes and indirect taxes such as VAT. In the Group there exist neither any aggressive tax planning strategies, nor tax-saving schemes. Tax incentives from governments are adopted in the way they are intended. Intercompany transactions between affiliated companies of the ANDRITZ GROUP are determined at arm's length conditions according to the OECD principles.

ANDRITZ cooperates closely with tax experts (big 4 companies) to handle tax matters in the most professional way.

Relationships with HMRC

ANDRITZ strives for a relationship with fiscal authorities based on mutual trust, fairness and respect. ANDRITZ GROUP's subsidiaries in the UK are committed to fulfilling their tax obligations with transparency, fully complying with all UK tax laws and cooperating with HMRC in a constructive, efficient and effective manner.