



As at the 31 December 2016, Turbo Power Systems Limited (“the Company”) was part of the Vale S/A group of companies. As such the Company is part of a larger group and required by the Finance Act 2016 to publish the Tax Strategy.

This document, approved by the board of Turbo Power Systems Limited, sets out the Company’s approach to conducting its tax affairs and dealing with tax risks for the year ending 31 December 2016.

The Company is committed to:

- Following all applicable laws and regulations relating to its tax activities.
- Maintaining an open and honest relationship with the tax authorities based on collaboration and integrity.
- Applying diligence and care in our management of the processes and procedures by which all tax related activities are undertaken, and ensuring that our tax governance is appropriate.
- Using incentives and reliefs to minimise the tax cost of conducting our business while ensuring that these reliefs are not used for purposes which are knowingly contradictory to the intent of the legislation.

Tax risk management

Tax considerations impact on all the Company’s commercial operations whether these are corporate business taxes based on trade results, research and development tax credits, VAT and customs duties on the products we buy and sell, employment tax responsibilities when paying staff we employ, or property taxes on the premises from where we operate.

The Board is ultimately responsible for the management of tax risk. Minimising the tax risk relies heavily on the accounting systems and controls in the business. The Board is responsible for implementing and monitoring these systems and controls, with delegation to the Chief Financial Officer (“CFO”) for the day to day management. The CFO seeks advice from external tax advisors to ensure that the Company is up to date with appropriate legislation. External auditors provide an opinion on the Company’s results on an annual basis, which includes tax amounts and disclosures.

Overall, the Company’s appetite for tax risk is low and it structures its affairs based on sound commercial principles.

Identified tax risks are assessed on a case by case basis, allowing the Company to arrive at well-reasoned conclusions on how each individual risk should be managed. Where there is uncertainty in how the relevant tax law should be applied, external advice may be sought to support the Company’s decision making process.

When reviewing the tax risks associated with a specific decision or action, the Company ensures that the following are considered:

- The legal and fiduciary duties of directors and employees.
- The requirements of any related internal policies or procedures.
- The maintenance of the Company’s corporate reputation, having particular regard to the way we interact with our stakeholders.

Tax planning

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

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

Approach towards dealings with HMRC

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

- Make fair, accurate and timely disclosure in correspondence and returns, and respond to queries and information requests in a timely fashion.
- Be open and transparent about decision-making, governance and tax planning.
- Ensure all interactions with HMRC are conducted in an open, collaborative and professional manner.

Signed on behalf of Turbo Power Systems Limited



Charles Rendell

Chief Financial Officer and Director

22 December 2017