

Rexnord Corporation UK Tax Strategy

In compliance with section 161 and section 19(2) of Schedule 19 Finance Act 2016, Rexnord Corporation is publishing its tax strategy effective from the date of publication until it is superseded and for the period to 31 March 2020. Rexnord Corporation is the head company of a group of UK entities (“the UK Group”) and confirms this strategy will apply to the following companies.

- Rexnord Industries (UK) Limited
- Micro Precision Gear Technology Limited
- Autogard Holdings Limited
- British Autogard Limited
- Centa Transmissions Limited

The Group has set out its tax strategy below as it relates to UK taxation using the main headings within Schedule 19 Finance Act 2016 and in accordance with the Group’s wider compliance objectives.

Tax Governance and Risk Management:

Rexnord Corporation complies with tax requirements in every jurisdiction where we operate, including the UK. Our tax and finance professionals around the globe are committed to the highest compliance standards and are well educated in relevant tax laws and regulations. We have established procedures, including the use of outside advisors where appropriate, to ensure the integrity of our tax filings and other tax compliance obligations that facilitates appropriate identification, measuring, management and reporting of tax risks.

We have established internal controls in accordance with accounting and reporting principles. Across our businesses, we ensure oversight and governance of tax matters through internal review and approval procedures by appropriate members of our Tax team, Internal Audit Department, Executive Boards where appropriate and oversight by the Audit Committee of the Board of Directors.

Tax Planning:

Rexnord Corporation complies with all tax rules and regulations on a worldwide basis and only engages in tax planning that is aligned with its commercial business activities.

Tax planning may be undertaken to utilize appropriate tax incentives or reliefs as set out in legislation and where these meet the commercial objectives of the Group. External advice

may be sought to assist in measuring any tax risk and to ensure any planning is carried out in accordance with the intentions of the local government and the purpose of the legislation.

For international transactions, Rexnord Corporation adheres to the UK Double Tax Treaties and the relevant guidance issued by the Organization for Economic Co-operation and Development (OECD) for international tax matters.

Level of Tax Risk:

Rexnord Corporation's tax arrangements are based on its commercial business and economic activities. Rexnord Corporation monitors and reviews its operations in the UK and elsewhere to realign its tax arrangements when necessary to be compliant with the tax rules and regulations.

The Group will only accept minimal levels of tax risk that does not have a material tax impact on any transaction and will take external advice where the tax risk is uncertain. This level of acceptable risk is applicable across all taxes.

Rexnord Corporation aligns its transfer pricing policy with the OECD guidelines as well as the guidelines of the various jurisdictions in which Rexnord Corporation operates. Rexnord Corporation's applies the arm's length standard to ensure intercompany transactions are consistent and within the OECD guidelines. Consistent with Rexnord Corporation's tax policy, Rexnord Corporation regularly seeks professional opinions and advice from independent external advisors on tax matters.

Relationship with HMRC:

We seek to ensure that our engagement with HMRC is professional, open and honest and in a spirit of cooperation. We aim to respond to information requests in a timely manner and ensure that access is given to all relevant information. In the event a tax authority disagrees with our views on the appropriate tax treatment of a given item, we will work constructively to try to resolve the issue timely through appropriate methods of dispute resolution. We seek to be a valued partner to governments and advocate for tax legislation that provides clarity and encourages innovation and growth.