

Primetals Technologies Group

Tax Policy and Strategy

Year Ended 31 March 2017

Introduction

Primetals Technologies Group is a joint-venture for the Metals Machinery industry established in 2015 by Mitsubishi Heavy Industries (MHI) and Siemens. With this joint venture both partners are forming a globally-operating complete provider of plants, products and services for the iron, steel and nonferrous industries. The joint venture is headed by Primetals Technologies Ltd. (UK). Mitsubishi-Hitachi Metals Machinery (MHMM) - an MHI consolidated group company with equity participation by Hitachi, Ltd. and IHI Corporation - holds a 51% stake and Siemens a 49% stake in the joint venture.

The group Tax Policy and Strategy has been approved by the Board of Primetals Technologies Ltd. And will be reviewed on an annual basis.

The Tax Policy and Strategy sets out the Primetals Technologies Group policy and approach to conducting its tax affairs, managing tax risk and working with tax authorities world-wide.

The Group Tax team partners with our businesses to ensure that the Tax Policy and Strategy is adopted and applied consistently across the group; aligned to the Group Vision and Mission, and follows the Group Compliance Principles.

Group Tax Policy

The Primetals Technologies Group is committed to conduct its tax affairs within the following Policy statements:

Full compliance with prevailing tax laws and regulations in the countries within which we operate.

Consistent alignment of the Tax Strategy with the Group's overall Vision and Mission, Compliance regulations and the Group's approach to risk management.

Professional governance and management of all tax related matters, including reporting tax disclosures and tax filings, and that the correct amount of tax is paid at the right time.

Transactions between Primetals technologies Group companies are conducted on an arm's length transfer pricing basis, in accordance with current OECD principles.

Group Tax Strategy

Tax Risk Management and Governance

Tax Risk Management is part of the overall Group Risk Management process. Material risks and litigations are reported each quarter to Board members of Primetals Technology Group. In

this way, the Group Risk management process provides governance and senior management oversight of tax risk.

The Group Tax team identifies, assesses and manages tax risk and accounts for them appropriately. Risk Management measures are implemented, including process and control reviews, monitoring of tax return compliance, Group tax reporting review, transfer pricing review and documentation, and guidance in respect of cross border business contracts with customers.

Governance is applied by the requirement of all Group personnel to follow internal Group tax topic policies and guidelines, which are issued by Group Tax.

Tax Planning

In accordance with our Corporate Culture, tax planning is undertaken within a framework of transparency, strict compliance with prevailing laws, regulations and corporate policies, and the creation of value for our shareholders.

The Group engages in tax efficient planning, that supports the business and enables the Group to conduct worldwide business effectively within the laws of the respective countries. The Group does not engage in aggressive tax planning, nor implement artificial tax arrangements and is not involved in tax avoidance.

The Group follow relevant tax laws, and look to minimise tax risk, uncertainty and disputes / litigation.

Government / state implemented tax incentives and exemptions are applied in the manner in which they are intended.

Working with Tax Authorities

The Group applies the values of its Corporate Culture in all dealings with tax authorities. In particular, we interact with all our stakeholders in a trustworthy and reliable way and contribute to society, applying the values of transparency and strict compliance with prevailing laws.

The Group seeks to adopt a professional, open and constructive relationship with fiscal authorities. Where possible, the group engages in full, open and timely dialogue with tax authorities with a view to reaching agreement and certainty.

Relevant laws are to be interpreted and applied by the Group in a reasonable, fair and consistent manner, in alignment with third part advice and generally accepted views.

UK Context

As required by UK law, the following additional details are presented regarding the Group's relationship with HM Revenue and Customs (HMRC):

The UK Companies adopt an open and collaborative approach with HRMC and discusses key tax risks / issues during regular meetings with the Customer Relationship Manager.

UK tax issues are raised proactively, and where possible in advance, with HMRC. All material changes to the business are discussed with HMRC and tax consequences are fully disclosed.

The UK Companies will, if appropriate, make a full disclosure of any tax errors made in tax returns and tax payments (past and present) as soon as the Company becomes aware and is able to quantify such mistakes.

HMRC is notified of large material transactions and the tax impacts in advance of their occurrence. Where possible, advance agreement is obtained in order to have clarity and certainty with respect to past, current and future tax returns.

Two handwritten signatures in blue ink. The signature on the left is more cursive and appears to be 'M. Mansoor'. The signature on the right is also cursive and appears to be 'Peter L. J.'.

Signed on behalf of the Board of Primetals Technologies Ltd group:

Date 23 August 2016