

## Telestack Limited – Tax Strategy

### Background

Telestack Limited (“Telestack”, “company”) and its non-trading parent company, Mill Row Limited, are the only UK entities in the US parented Group, Astec Industries, Inc. (“Group”). The principal activity of the company is the design and manufacture of mobile, telescopic and radial stockpiling conveyors.

The purpose of this strategy is to set out the company’s approach and policy to responsible tax administration and management and it has been published in accordance with the measures outlined in section 161 and Schedule 19 of Finance Act 2016.

This strategy document relates to the financial year ending 31<sup>st</sup> December 2018.

### Risk Management

Telestack’s Finance Director has overall responsibility for UK tax accounting arrangements, with oversight provided by the Board of Directors.

The Board of Directors meet when required to discuss any updates on significant tax matters and developments. The Finance Director attends all meetings where the Board has the opportunity to highlight any significant tax matters and developments.

The day to day operation of the company’s tax affairs are managed by the Finance Director who acts as the main point of contact for all the company’s tax related inquires and is also responsible for ensuring that statutory tax requirements are both identified and adhered to.

The Finance Director maintains close contact with external legal and tax advisors to obtain any updates on rules and regulations that might have a material impact on the company and for relevant support on key business processes.

The Executive Team and Board of Directors of Astec Industries, Inc. are responsible for establishing and maintaining adequate internal control over financial reporting for the Group. Management evaluates these controls using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), Internal Control - Integrated Framework (2013). These controls extend to financial reporting for income taxes on a worldwide basis. COSO is comprised of the five major accounting professional associations in the United States: the American Accounting Association (AAA), the American Institute of Certified Public Accountants (AICPA), Financial Executives International (FEI), The Institute of Internal Auditors (IIA), and the Institute of Management Accountants (IMA).

Astec Industries, Inc. maintains a formal Code of Conduct and Ethics, which applies to all employees and all subsidiaries worldwide. The Code of Conduct and Ethics is publically available on the Group’s website.

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### **Attitude to Tax Planning**

Tax is one of the factors considered when making business decisions but the company will not enter into any business transactions with the sole purpose of obtaining a tax advantage.

The company engages in appropriate tax planning that supports our business and reflects commercial and economic activity. The company will, where it is responsible and appropriate to do so, take steps to reduce its tax liabilities, for example by claiming available reliefs and incentives (e.g. Patent Box relief and Research & Development tax credits).

The company will aim to make interpretations in the spirit of the legislation as intended by government.

External specialist advice will be sought to support a tax position or assess tax risk where it is considered appropriate, giving regard to the quantum of tax in issue, the complexity of the relevant rules and the commercial arrangements and circumstances of the matter.

### **Level of tax risk**

The focus of the company is to conduct business in a way that both meets and exceeds our stakeholder's expectations including customers, suppliers, communities and employees. Operating with this focus impacts how the company considers all tax affairs. Tax is an important part of business and the company's tax contributions play an important role in the communities in which they operate.

The Finance Director has overall responsibility for the tax affairs of the company, including monitoring, managing, and where appropriate, the escalation of tax risks.

The company is committed to complying with all applicable tax laws and has a low risk appetite in relation to tax matters, assessing tax risk and making tax decisions with regard to its reputation, integrity and status as part of the Group whose shares are listed on the Securities and Exchange Commission.

### **Working with HMRC**

Where appropriate, the company would aim to discuss any issues in real time with a view to them being resolved in a timely manner with a full disclosure of the relevant facts and circumstances presented to HMRC.

The strategy is reported and approved at Group Board level, it will be reviewed annually and will remain in effect until any amendments are approved by the Board.

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