

Midwich Group Plc

Midwich Group Plc and subsidiaries

Tax Strategy Paper

Introduction

This document has been approved by the Board of Midwich Group Plc (the "Group") and sets out the Group's policy and approach to conducting its tax affairs and dealing with tax risk. Approval was received on 8 November 2019 and it is considered effective immediately and is applicable to the financial year ending 31 December 2020.

The Group tax strategy has been published in accordance with the requirements of paragraph 16 of schedule 19 of the Finance Act 2016 and will be reviewed by the Board annually thereafter.

The approved Group tax strategy is also applicable to all of the Group's subsidiaries.

Tax Strategy

The Group tax strategy is:

- To ensure compliance with all applicable tax laws and regulations in all countries in which the group operates.
- To support the business growth and development strategy through the appropriate management of its tax affairs.

Governance & Risk Management

The Board is responsible for the long-term performance of the Group and typically meets eight times per year. This includes all significant matters, such as business strategy, corporate and capital structures, approval of key financial matters, material contracts and the Board membership and remuneration. The Board governs the business with the aim of promoting long-term value for shareholders but considering wider stakeholders (such as customers, vendors and employees) and corporate social responsibility.

The Board has ultimate responsibility for the risk management and effectiveness of the controls of the Group. As part of this, the Board is responsible for setting the global tax strategy for the Group and the Group Finance Director has overall responsibility for its implementation. The Group Finance Director reports to the Board at least annually on the tax affairs including tax strategy, tax profile, tax audits and

tax initiatives. The Group Finance Director is also the Senior Accounting Officer in respect of all UK entities.

The Group Tax Manager is responsible for the development, overall approach to and management of the Group's tax affairs with the support of the Group Tax Team and the collaboration of the business unit/geographical Finance Directors and their finance teams. The Group Tax Manager is appropriately qualified, an experienced senior member of the Group finance team and reports directly to the Group Finance Director. A combination of in-house and third-party resources are deployed to ensure tax returns are thoroughly prepared and deadlines met.

The senior management team is proactive in ensuring staff awareness of tax legislation changes, to ensure they have sufficiently current skills and knowledge to fulfil their tax responsibilities. The Group also uses third party advisors for new or complex tax issues, where external expertise is required to complement the in-house technical knowledge.

Risk appetite – the level of risk the Group is will to accept

The Group recognises the complexity and inherent risks that come with operating in an international environment. These risks are managed through a team of suitably qualified staff and appropriately supported by external advisors. The Group Tax Manager identifies and monitors tax risks through regular meetings with finance, treasury, legal and HR staff. The Group Tax Manager also has regular meetings with the commercial and M&A teams, to ensure the tax aspects of business developments are properly identified and managed.

As part of the process for any potential acquisition, extensive tax due diligence is undertaken in advance to ensure that the prospective acquisition has sufficient tax controls in place and will be able to align to the Group tax policies.

Attitude to Tax Planning

When the Group is considering any transaction, trading or otherwise, commercial substance will always be the key driver in the decision-making process and the Group does not undertake any artificial transactions, aggressive planning or tax evasion. As such, the Group has a conservative attitude towards tax planning.

As the business grows and develops, it aims to ensure that it is structured in a tax efficient manner, making use of available exemptions and incentives offered by relevant jurisdictions. However, the Group is primarily focused on being compliant with the tax regimes in all countries that it operates.

The Group takes a measured approach when considering any tax planning, ensuring close alignment with the business. Where tax planning is undertaken, there is scrutiny by the Group Finance Director and Group tax team regarding the nature of the planning, the associated risks (including reputational) and is supported by external advisors. For example, during prospective business acquisitions, the method of acquisition and funding alternatives would typically include external tax advice and be considered as part of the overall deal to ensure that the acquisition is structured efficiently.

Relationship with Tax Authorities

The Group aims to have an open, constructive and professional relationship with tax authorities worldwide. It aims to deal with any tax matters in a timely and collaborative manner.

The Group's tax compliance process, including the submission of tax returns and payments, aims to be timely and accurate and will, through full disclosure, provide enough detail to enable tax authorities to form an accurate view of the Group's tax affairs.

The Group is committed to making disclosures to tax authorities for any errors in its tax returns. It is committed to working with tax authorities through any disclosures or audits to accurately assess and quantify any resulting tax liabilities and make changes to the processes and control environment to prevent any reoccurrence.

The Group will meet all legal disclosure requirements relating to any planning undertaken and, where appropriate, will seek advance agreement with tax authorities for the tax treatment of significant and complex transactions or where the legislation is subject to interpretation.