

STHREE PLC

TAX STRATEGY FOR YEAR ENDED 30 NOVEMBER 2020

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OUR APPROACH TO TAX RISK MANAGEMENT AND GOVERNANCE

Responsibility for tax governance and strategy lies with the Chief Financial Officer, with oversight of the Board and Audit Committee.

Our Tax Strategy is well understood and applied consistently by all companies within the worldwide group.

We manage tax risks by:

- Recruiting qualified and experienced tax professionals, who are supported with their continued training and professional development
- Continually building relationships throughout the business to build commercial awareness
- Utilising the services of specialist external advisers to support the in-house team

Roles and responsibilities

The Chief Financial Officer is the Senior Accounting Officer. Operational responsibility for tax risk management rests with the Head of Tax. In addition, support is provided by a team of qualified and experienced professionals, who have responsibility for different geographies and areas of technical expertise. The Head of Tax meets the Board of Directors once a year to discuss tax developments and sign off the tax strategy.

Systems and controls

The Tax Department's primary responsibility is to ensure the group is tax compliant across all geographies. It achieves this by building relationships throughout the business in order to anticipate and identify tax risks. In addition, the department aims to educate business leaders to help them identify tax risks. This is an ongoing process which requires continual investment due to changes in legislation, personnel, and the wider commercial environment.

The group utilises industry leading software to ensure the integrity of our financial data, and tax calculations. Data is reviewed and cross-checked against multiple sources. Tax calculations, compliance and reporting are automated as far as possible using specialist software.

OUR ATTITUDE TO TAX PLANNING

We seek to ensure that the right amount of tax is paid, consistent with our legal obligations and the intentions of government. This includes utilising tax incentives, for example research and development tax credits, to the extent they are relevant to our business. External advice may be sought where issues are technically complex and / or material. We do not engage, promote, or support tax evasion, or implement tax planning which we believe to be artificial or aggressive. Transactions between Group companies are conducted on an arm's length basis.

OUR TAX RISKS

We manage tax risk by ensuring that the tax implications of commercial transactions is appropriately assessed. In doing so, we take account of all stakeholders' views, and consider our reputation and corporate responsibility as key factors in our decision-making process.

We do not define a rigid level of acceptable tax risk as material issues tend to be judged on a case by case basis.

We maintain a risk register covering all tax risks. Controls are in place to minimise and mitigate risks identified. These are reviewed quarterly and escalated to the Group's Risk & Compliance Committee and, if material, the Board of Directors.

HOW WE WORK WITH HMRC

We are committed to maintaining a transparent and collaborative working relationship with all tax authorities. For the UK, this means that we engage regularly with our HMRC Customer Compliance Manager and their wider team on a real-time basis. Where possible, we prefer to secure advance agreement with tax authorities on the tax treatment of proposed transactions. On historic tax risks, we have a full disclosure policy with the aim of ensuring agreement on the right amount of tax due.

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