

## Tax Strategy

This document sets out the strategic tax objectives for *Trifast* plc as required by Finance Act 2016, Schedule 19 para 16. This strategy applies to all *Trifast* plc entities. This strategy is not designed to be an operational manual with detailed instructions on the execution of the processes. The processes and controls which support the delivery of the strategic tax objectives are regularly reviewed. Our tax strategy is reviewed annually.

The Chief Financial Officer is responsible for management of the tax affairs of the Group. This strategy applies from the date of publication until it is superseded.

References to 'UK taxation' are to the taxes and duties in the UK which include:

- All corporate income taxes;
- Indirect taxes (VAT, Stamp Duty Land Tax);
- Employment taxes (PAYE / National Insurance); and
- Other applicable tax matters

The tax strategy is approved by the Board of *Trifast* plc and sets out the group's general tax arrangements as well as the policy and approach to tax risk management, attitude to tax planning and working with HMRC.

**March 2020**

## Trifast Tax Strategy

The strategy covers the following four areas:

- the approach of the group to risk management and governance arrangements in relation to UK taxation,
- the attitude of the group towards tax planning (so far as affecting UK taxation),
- the level of risk in relation to UK taxation that the Group is prepared to accept, and
- the approach of the Group towards its dealings with HMRC.

### How your business manages UK tax risks

We manage tax risk within our Group wide risk management and governance framework. Our Board is accountable for risk management and ensures that an effective Risk Management Framework is in place, which encompasses a tax risk strategy.

*Trifast* plc has a tax strategy focusing on the following three key areas:

- Integrity in compliance and reporting;
- Governance framework; and
- Controlling and managing risks.

Responsibility for the tax strategy, including integrity in compliance and reporting, the supporting governance framework and controlling and management of tax risk primarily **resides with the heads of local finance departments residing within the *Trifast* legal entities and ultimately sits with the Group Chief Financial Officer**. Day to day group responsibility sits with the Group Financial Controller.

Key risks and issues related to tax, including unusual or risky tax positions, are escalated to and considered by the Board and the Group Audit Committee. The adequacy or otherwise of positions taken is assessed through a process of debate and discussion, however, generally the tax risk is managed by the prevention of unnecessary disputes, whilst *Trifast's* risk appetite is governed by the "more likely than not" principle, providing an objective measurement standard for determining whether a tax position will be allowable under applicable tax laws.

Within the *Trifast* governance framework, statutory tax reporting and compliance is largely managed by the heads of local finance departments residing within the *Trifast* legal entities with support of external advisors in the UK and overseas. The day to day responsibilities for tax management and reporting are outlined in a Group RACI matrix (Responsibility, Accountability, Consulted, Informed) and periodic risk and control self-assessments are conducted internally and by external advisors for significant locations. Where key risks are identified, controls are implemented, and processes put in place to mitigate those risks.

Controlling and managing risks is focused on ensuring that taxes (and tax risks) are managed to provide outcomes consistent with commercial reality and are within the parameters of the Group's strategic objectives. The strategy also requires that all tax obligations are complied with in the UK and other relevant jurisdictions.

With the tax landscape constantly changing, *Trifast* Group's tax affairs and tax risk management control procedures are regularly reviewed to ensure that processes and measures are up-to-date so that we can identify, assess, manage and mitigate tax risk as well as being aligned with the *Trifast* Group's business strategy and governance framework.

*Trifast* will use incentives and reliefs to minimise the tax cost of conducting our business while ensuring that reliefs are not used for purposes which are knowingly contradictory to the intent of the legislation.

### **Your business's attitude to tax planning**

Our **appetite for tax risk is low**. Our business model and operating structure is straightforward and not subject to significant judgement in the application of tax law. Following our integrity and compliance principles, we do not seek to artificially manipulate our business affairs to unreasonably minimise our tax liabilities and aim to pay the right amount of tax on time and in accordance with the spirit of the law in all jurisdictions.

We seek to be efficient in our tax affairs and in this context, we ensure that all tax planning is built on sound business activity. The economic benefits associated with tax planning must never override compliance with all applicable laws and *Trifast* are committed to ensuring that tax arrangements are simple, well-understood and based on best practices.

We give due consideration to *Trifast's* reputation and the reputation of the overall *Trifast* Group, our brand in the UK and overseas, corporate and social responsibilities when considering tax planning, as well as the impact of the responsibilities and accountabilities of officers and employees of *Trifast*.

In cases where the tax guidance is unclear, or the Group does not feel it has the necessary expert knowledge to assess the tax consequences adequately, external advice may be sought to support the Group's decision-making process.

### **The level of risk your business is prepared to accept for UK taxation**

We adopt a conservative policy in managing our tax risk. The Group's tax risk appetite requires that, where tax law is unclear or subject to interpretation, its adopted tax position is at least more likely than not to be allowable under applicable tax laws. Where considered appropriate we make a prudent assessment of the provision based on our policy.

We believe in safeguarding our reputation and our relationships with clients, shareholders and tax authorities alike and we are not subject to undue shareholder influence.

We will seek external tax advice in certain situations, for example:

- in respect of large, one off transaction's such as a business acquisition or disposal, to ensure that we do not suffer any unforeseen or unreasonable tax outcomes;
- in areas where we may have insufficient internal expertise; and
- as a second opinion in cases where we believe there is uncertainty with respect to the application of tax law, although we may also approach HMRC directly, to seek clarity or obtain clearance.

*Trifast* Group's appetite for tax risk is low and we only structure our affairs based on sound commercial principles and in accordance with relevant tax legislation. Aggressive tax planning is not proactively considered, and *Trifast* Group does not engage in artificial tax arrangements.

### **How your business works with HMRC**

The *Trifast* Group is committed to the principles of **openness, transparency and proactivity** in its approach to dealing with HMRC and other tax authorities, and seeks to comply with its tax filing, tax reporting and tax payment obligations globally. The Group commits to:

- Adopt open and collaborative **professional** relationships with HMRC.
- Make fair, accurate and **timely disclosure** in correspondence and returns, and respond to queries and information requests in a timely fashion.
- Seek to resolve issues with HMRC in real time and before returns are filed if possible, and where disagreements arise work with HMRC to resolve issues by agreement where possible.
- Engage in full, open and **early dialogue** with HMRC to discuss tax planning, strategy, risks and significant transactions.
- Fully disclose any inadvertent errors in submissions of tax returns and tax computations made to HMRC as soon as reasonably practicable after they are identified.
- As with any large group, from time to time differences of opinion may arise about the application of the UK tax legislation – where this is the case, we will seek to discuss and resolve these in an open, honest and transparent manner with HMRC.

*Trifast* plc regards the publication of the information set out above as complying with the duty under paragraph 16 of Schedule 19 of the Finance Act 2016 (duty to publish a tax strategy).