



**Stelrad Group plc**  
**Group Tax Strategy**

## **Introduction**

As a responsible business, the Stelrad Group plc (the 'Group') seeks to be a responsible taxpayer, paying a significant amount of tax to national and local governments, including employment taxes, corporation taxes and business-related taxes.

The Group Board is committed to maintaining the right processes, controls, governance and culture across our businesses to facilitate these values and behaviours.

## **Purpose**

This document sets out the Group's policy and approach to conducting its tax affairs and dealing with tax risk.

## **Scope**

The tax strategy of the Group is aligned with the Group's strategy and the Group's Code of Conduct and applies equally to both UK and non-UK taxes and to all forms of tax.

## **Objectives**

The Group manages its tax affairs in accordance with the following objectives:

- Pay the correct amount of tax in accordance with all relevant laws and regulations in all jurisdictions in which the Group operates, minimising the Group's exposure to interest and penalties.
- Apply a high level of professional care and diligence to managing tax risks.
- Ensure that all communications with tax authorities are conducted in a transparent and professional manner.

## **Risk management and governance**

The Group's tax strategy will be reviewed on an annual basis by the Chief Finance Officer of the Group and by the Audit & Risk Committee and any amendments will be approved by the Audit & Risk Committee. The Audit & Risk Committee will receive updates on tax matters from the Group Finance department at least once per year and more often if required. In addition, the Audit & Risk Committee will review the Group's risk register on a periodic basis and where appropriate this will include tax risks.

The Group identifies tax risks on a jurisdictional basis. The Group works closely with external advisers to ensure tax risks are identified and suitably managed.

The Group has a direct or flat management structure with regular communication between the Finance Directors of the business units and the Chief Finance Officer of the Group, in addition to the Group Finance Director and Group Financial Reporting Manager, ensuring material tax matters can be discussed in a timely and open manner. The Group has a clear delegation of authority which requires transactions outside the ordinary course of business or with unusual tax consequences to be referred to the Group Finance department who will decide the best course of action and escalate to the Audit & Risk Committee and to the Group Board if felt appropriate.

The Group has a clear policy on the UK's Corporate Criminal Offence of failure to prevent the facilitation of tax evasion.

It is acknowledged that the global taxation landscape is complex and constantly evolving. To reflect this, the Group actively monitors local and international developments, with the assistance of professional advisers, and aims to manage the tax costs and tax risks associated with all commercial transactions in the same way as for other commercial costs. This includes considering how changes in tax legislation in the UK and overseas will impact on the Group's effective and cash tax rates.

### **Attitude to tax planning**

The Group actively manages its liabilities across all taxes in the UK and overseas. The Group seeks to ensure that it pays the right amount of tax at the right time based on the laws, rules and regulations of the territories where it operates.

The Group will not enter into tax planning, transactions or structures that are notifiable to tax authorities under mandatory tax avoidance disclosure regimes. The Group will seek to minimise the tax cost of commercial business transactions by making use of available reliefs and incentives.

The business comprises a number of business units which are autonomously managed. The Group operates a transfer pricing policy which reflects this and all transfers of goods and services between related companies are conducted on an arm's length basis.

### **Acceptable levels of tax risk**

Deliberately failing to comply with tax law is unacceptable. The Group has a low tolerance to tax risk, and whilst the Group does not undertake transactions led by a planning purpose, it will consider the tax consequences of commercial activities. When evaluating a taxation matter, consideration will be given to various factors including reputational, financial and operational risks, any potential impact on relationships with tax authorities, the ease of implementation and consideration of any tax reliefs or opportunities available that are clearly within the legislation.

The Group recognises that tax laws are complex and may be subject to different interpretation. As a consequence, tax positions may be reviewed and challenged by tax authorities from time to time. We seek to mitigate this risk by taking appropriate professional advice and by fostering good working relationships with tax authorities.

### **Dealings with tax authorities**

In our approach to dealing with tax authorities:

- We act in a professional and courteous manner at all times;
- We seek an open and transparent relationship based on trust;
- We aim to respond to all enquiries in a timely fashion; and
- We seek to resolve any disagreements amicably by discussion wherever possible.

**Policy review**

Responsibility for document:	Group Finance Department
Effective date:	December 2021
Frequency of review:	Every three years
Next review date:	December 2024

**Version control**

<b>Date</b>	<b>Version</b>	<b>Reason for change</b>	<b>Author</b>
December 2021	1.0	Original document	Group Finance Department