

# UK Tax Risk Management Strategy

In compliance with section 161, paragraph 19(2) and 22(2) of schedule 19 Finance Act 2016, RPM sets out its UK tax strategy. This strategy applies to all UK sub-groups and qualifying UK companies that are not part of a UK sub-group within the RPM global group, and is published on behalf of the following:

- UK Sub-groups:
  - o New Ventures (UK) Limited
  - o Pipeline and Drainage Systems Limited
  - o RPOW UK Limited
- Other qualifying companies directly owned by overseas parents:
  - o RPM New Horizons UK Limited
  - o Legend Brands Europe Holdings Limited

This document provides insight into the approach of the Group with respect to the management and control of risks, the attitude of the group concerning tax planning, and the approach towards its dealings with HMRC.

## Key Tax Strategy Parameters

- We endeavor to effectively manage risk by application of the tax risk strategy.
- We aim to ensure that our tax planning is consistent with our overall business strategy.
- We continuously work on maintaining a transparent relationship with the tax authorities based on mutual trust and respect.
- Our aim is to operate in line with all relevant rules, standards and laws. We intend to file all appropriate tax returns and remit the appropriate tax payments in a timely manner. Furthermore, we want to comply with all reporting and compliance requirements.

## Risk Management and Governance

Tax risks may arise from developing or changing legislation and increasingly complex compliance requirements. Our goal is to mitigate this tax risk and prevent unnecessary disputes.

The management aims to achieve this by implementing appropriate policies, controls and procedures. Being compliant with tax legislation is considered as the main parameter to manage tax risks.

More specifically, in case of uncertainty and where available RPM will engage with the tax authorities to obtain pre-transaction rulings and clearances. At all times the management will keep an open and transparent relationship with the tax authorities.

Furthermore, advice from external tax professionals is acquired to ensure our tax compliance work is aligned with best practice.

External auditors provide an opinion on the Group Companies' results on an annual basis, which includes tax amounts and disclosures.

Overall, the Group endeavors to take a low tax risk acceptance approach, utilizing available reliefs and incentives, as intended by UK parliament. This is explained mainly by the fact that RPM consists of

several companies that are managed independently. As different entities within RPM will act independently, all transactions are generally considered to be at arm's length.

Hence, all affairs and transactions are structured based on sound commercial principles.

## Tax Planning

When taking investment decisions, potential tax costs or tax opportunities are taken into consideration. When available, we utilize tax incentives, for example R&D tax credits, for obtaining tax efficiencies. We utilize tax incentives as intended in the face of the applicable tax law.

We ensure that tax planning decisions are compliant and in line with the underlying business and operational strategy. Furthermore, we consider the possible impact on our reputation and relationship with the tax authorities.

## Communication with Tax Authorities

One of RPM's key tax considerations is to maintain a transparent relationship with the tax authorities based on mutual trust and respect. The European tax director is responsible for managing the relationship with the tax authorities, in coordination with an external service provider.

RPM is committed to engage in pro-active and open communication with the tax authorities. For example, to minimize the risk of disagreements or damage to RMP's credibility tax rulings are obtained from the relevant tax authorities when and where possible.

## Our People and Organization

RPM acknowledges the importance of employee awareness towards ethical management. In this respect for tax purposes we train and support all personnel to ensure the skills and technical expertise is continuously challenged and improved. We apply the principles of our code of conduct and ensure that the tax function operates in conformity with those principles.

## Tax Disclosures

We at RPM pay great attention to the various disclosure requirements concerning taxes. We also aim to comply with the requirements as prescribed in the BEPS project by the OECD. We are following the evolution of this project very carefully.

For more risky or complex tax operations, we seek advice from external experts. To ensure we comply with all tax disclosure requirements, we are frequently updated by these experts on new tax legislation and guidelines.

*Published on: May 20, 2019*