

Pentland Capital Holdings Limited

Our approach to Tax

This strategy has been prepared and published in accordance with paragraph 16(2), Schedule 19, Finance Act 2016, on behalf of Pentland Capital Holdings Limited and all UK tax resident companies in the Pentland Capital Holdings Limited Group. This tax strategy is effective for the accounting period beginning on 1 January 2022.

Pentland Capital Holdings Limited (the “Group”) is a large private family-owned company based in the UK, with both UK and overseas operations. The Group’s core business is the management of a portfolio of investments across various asset classes.

As a family-owned group our values are resolutely family values which means that honesty, fairness, respect and hard work run through all that we do. Our reputation as a family-owned business is important to us. Our values are embedded within the Group’s Business Standards Policies, which include a Code of Business Conduct, an Ethics & Integrity Policy, an Employment Standards Policy, a Code of Employment Conduct for Suppliers and an Environmental Policy. We believe that good governance, effective risk management and robust legal and regulatory compliance are essential to delivering value and enhancing our reputation.

Managing tax risk

The Board sets and oversees the Group’s overall risk management strategy and the effectiveness of the Group’s internal controls, with support from the Audit Committee and the Head of Internal Audit. Our approach is three-pronged:

Prevent: create and maintain a culture that promotes our values. We strive to establish good risk management by implementing policies, procedures, training and communication and by offering advice and support.

Detect: introduce controls to identify issues, reviews and opportunities to speak up

Respond: confront issues swiftly and remediate them effectively and appropriately

In addition, applying professional judgment and common sense are invaluable.

The Board is collectively responsible for setting the Group’s global tax strategy. The Group’s CFO is the nominated Board Member with specific responsibility for monitoring compliance with the strategy, with support from the Group Head of Tax.

The taxes to which the Group are subject reflect the breadth and scale of our operations and include corporate income taxes (including withholding taxes), indirect taxes (including VAT), employment taxes, social security payments, customs and excise duties, stamp taxes and business rates.

The objectives of the tax function are to:

- Fulfil all compliance obligations under domestic and international tax laws to fairly pay all taxes at the right time.
- Manage risk
- Build constructive and open relationships with all relevant stakeholders including tax authorities
- Provide support to the business

The Group's CFO is responsible, in his role as Senior Accounting Officer, for ensuring appropriate processes and controls are in place to deliver accurate financial information to enable compliance with UK tax laws. The Group Head of Tax maintains a Tax Risk Management Framework which identifies potential tax risk and the processes and controls in place to mitigate those risks. These are reviewed regularly with the Group CFO and Head of Internal Audit.

The Group aims to be honest and open in its dealings with tax authorities. We will never knowingly seek to gain an advantage by acting dishonestly, or fraudulently, or by making false claims.

Tax planning and acceptable tax risk

The Group seeks to protect value and achieve appropriate tax outcomes for significant commercially motivated transactions, but will not knowingly undertake any transaction which

- relies on a lack of transparency or non-disclosure, or
- carries a significant risk of damage to our reputation or brands, or
- are not undertaken on arm's length terms, or
- which relies on interpretations of the law which are clearly inconsistent with the intentions of government / tax authority policy.

When managing tax risk the Board considers the impact on all stakeholders including the shareholders, customers, consumers, staff and both the UK and overseas tax authorities.

Tax rules and their interpretation are complex. The Group has dedicated resource in corporate tax, VAT, customs & duties and employment taxes with appropriate professional qualifications and experience commensurate with their responsibilities and role. The Group also obtains advice from external providers where the required expertise is not available in-house or where the size or complexity of the transaction warrants it. We also use external firms to support us in relation to tax compliance filings and to advise on tax reliefs or incentives where available (for example the exemption of proceeds from tax for the sale of substantial shareholdings in the UK). The decision whether and how to use external advisers rests with the Group Head of Tax, who ensures that such providers are aware of the principles contained in this document.

Engaging with HMRC and other tax authorities

We value our relationship with HMRC and other tax authorities, and our policy is to be open and honest in our dealings with them and we will not act improperly.

Where possible we share developments with tax authorities in real time, or where appropriate seek pre-clearance for transactions with an uncertain tax outcome.

Approved by the Board – 30 March 2022