



MonoSol AF, Ltd - Tax Strategy

This Tax Strategy document sets out our approach to conducting the tax affairs of MonoSol AF Ltd. The Tax Strategy has been approved by the MonoSol Group Board of Directors, covers all UK taxes and relates to the financial year ending 31st December 2017.

Our corporate vision is to enhance everyday life and enable a sustainable future through innovative water-soluble technology. Our philosophy is to provide a safe environment for employees, service providers, partners and customers. We believe in collaboration, use of best practices, continuous training and reinvesting in people and infrastructure to support our business.

It is the policy of the MonoSol Group to conduct our business in a manner that protects the health and safety of our employees, the communities where we operate, and the environment. Our Corporate Social Responsibility ethos is key to our making a positive change to the world around us and includes regular donations of employee time and financial assistance.

MonoSol AF, Ltd's (hereinafter referred to as MonoSol UK) responsibilities as a legal entity are taken very seriously. These include our duties to report accurately and paying taxes due. The purpose of this tax strategy is to set out the company's approach to tax risk management and governance in conjunction with our normal business activities, it also confirms our attitude towards acceptable tax risk, tax planning and our approach towards dealings with Her Majesty's Revenue & Customs (HMRC).

Approach to tax risk management and governance

Ultimate responsibility for our tax risk management and governance of all relevant UK taxes and duties falls with the MonoSol Group Board of Directors.

The MonoSol UK Company Secretary (who also acts as the Senior Finance Officer) oversees the day to day controls (including tax), fully supported by the UK Finance team who are responsible for daily transactions posted to the company ledgers. In addition, regular communications between departments ensures finance is aware of any exceptional items that may require specific tax treatment, for example capital project prepayments or consignment inventory agreements.

All finance staff are given appropriate training and resources to ensure robust business systems and processes are in place to provide accurate financial data to substantiate all tax computations and returns. When necessary, external specialist tax advice for more complex or significant business transactions will be obtained. All significant tax risks are reported to the Board of Directors for their review.

When considering tax risks, MonoSol UK encourages ethical and transparent business practices and an open and honest dialogue with all relevant business parties. This is to ensure we are able to identify and manage tax risk and meet all tax obligations as well as being aligned with the Group's business strategy and governance framework.

Level of acceptable tax risk

MonoSol UK's appetite for tax risk is low and as a consequence we do not engage in any aggressive tax planning schemes.

Our business affairs are based on sound commercial principles and in accordance with relevant tax legislation, allowing MonoSol UK to utilise tax reliefs and allowances available in the manner intended by Acts of Parliament.

Eliminating all tax risk is difficult to fully achieve due to the uncertainty that arises from different interpretations of tax legislation. We aim to manage tax risk to a level in-keeping with the complexity and size of our business, through implementation of our business model which includes our approach to tax risk management.

Attitude towards tax planning

MonoSol UK operates using only established accounting principles and we aim to always adhere to relevant tax legislation. We will consider a range of tax outcomes based on an underlying commercial intention of any business activity or transaction.

Any uncertain or complex areas will involve discussions with external tax advisors or HMRC as appropriate, and are initiated by the MonoSol UK Company Secretary.

When considering the tax outcome of transactions and our attitude towards tax planning, we strive to align these with the MonoSol UK Corporate Social Responsibility policy.

Approach towards dealings with HMRC

MonoSol UK is committed to the principles of transparency and openness in its approach to dealing with HMRC.

As required, we will engage in a pro-active dialogue with HMRC to resolve any areas of uncertainty when interpreting legislation, in order to minimise any tax risk.

MonoSol UK always aims to resolve any issues that may arise in an honest and timely manner.

By making this strategy freely available MonoSol AF, Ltd regards its publication as fulfilling its responsibilities under Schedule 19 of the Finance Act 2016.

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