

Kitwave Wholesale Group Tax Strategy

1. Background

1.1 Ownership & approval

This document sets out the strategic tax objectives of Kitwave Wholesale Group and its subsidiaries.

This Tax Strategy will be owned by the Board of Kitwave Group ('the Board').

1.2 Review and communication

Within Kitwave, the tax strategy is primarily of relevance to the Board of Directors, Audit Committee and members of the Group Finance Department. It is also relevant to all finance, legal, and operational personnel and any other functions at Kitwave whose decisions have tax consequences. The strategy is publicly available on Kitwave's website in order to allow external stakeholders to understand the Group's approach to tax. The strategy is compliant with the UK tax strategy publication requirement set out in Part 2 of Schedule 19 FA 2016.

The global tax environment is rapidly evolving, and so the tax strategy will be subject to regular review, and developed if necessary. It will be reviewed at least annually by the SAO, for approval by the Board of Kitwave Group. Any proposed changes will be discussed and approved by the Board.

1.3 Purpose and scope

The purpose of the Tax Strategy is to communicate the policy for the management of tax within Kitwave Group Limited and its subsidiary undertakings ("the Group"). It is important to ensure that consistent and effective tax standards are maintained across the Group as tax (both direct and indirect) can have a significant cash and profit and loss impact on the Group and therefore on many of the Group's business activities.

Kitwave Group is a responsible taxpayer. This is recognised by the tax strategy, which establishes a clear Group-wide approach based on openness and transparency in all aspects of tax reporting and compliance, wherever the business operates.

The Group finance teams, guided by the tax strategy under which it operates, are both fit for purpose and dynamic enough to enable it to support the continuing development of the operational and geographic make-up of the business. The tax strategy shares the same approach to risk as Kitwave's overall strategy and there will be frequent reviews to ensure that the level of tax risk is in line with Kitwave's overall risk appetite. The strategy applies to the compliance, payment and reporting of all taxes borne and collected by Kitwave Group, the principal ones being Corporation Tax, PAYE, employee taxes, VAT, Stamp Duty Land Tax, Stamp Duty Reserve Tax, Customs & Excise Duties and withholding taxes. This strategy will be updated regularly to reflect any changes to this scope.

1.4 Implementation

Guidance and training on how to implement the tax strategy will be provided to those with responsibility for taking decisions that could impact the successful achievement of the Group's strategic tax objectives.

2. Strategy Statement

2.1 Policy principles

Kitwave's tax strategy is aligned with the overall business strategy, and to the Group's approach to corporate governance and risk management wherever we operate. It is of primary importance that we pay the correct amount of tax at the right time, under all relevant laws and regulations. In order to do this, we operate an effective tax control framework to identify key tax risks and to manage those risks through appropriately designed and operated controls.

It is important that all areas of our business feel supported from a tax point of view to enable Kitwave to achieve its commercial objectives. This includes managing tax risk but is also about making good investment decisions with the knowledge of all future associated tax costs. The company may consider different tax outcomes when considering how to structure commercially motivated transactions, but does not undertake aggressive tax planning for the purpose of tax avoidance. We understand the importance of corporations not wilfully engaging in tax schemes that go against the intention of legislative authority.

As an organisation we aim to be honest, fair and truthful in all of our dealings, and these principles of integrity are reflected in our relationship with tax authorities. In addition to operating with integrity, where possible and appropriate we seek to be proactive with tax authorities to ensure the efficient resolution of issues as they arise.

The Board has established that the following principles will form the basis of the management philosophy and the tax policy of the Group. These principles set out one shared vision within the Group of tax compliance and one view of performance in respect of this:

Good Governance - The Group complies with the UK Corporate Governance Combined Code and the rules of the UK Listing Authority ensuring we are able to demonstrate our compliance with the highest standards in corporate governance;

Risk and Internal Control - The Group has implemented a system of internal controls designed to respond effectively to significant risks to achieving the Group's business objectives. The system is designed to manage rather than eliminate the risk of failing to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Group applies these same principles to its tax affairs and accounting;

Change Management - Ensuring that there is a change management policy (see below) adopted to enable the Group to handle the risks identified due to developments in legislation or changes to the business operations or processes.

Transaction Planning - The Group will strive to ensure that transactions are structured such that any tax relief available to the business is realised in line with materiality considerations, efficiencies realised, and the reduction of, and recovery of, the taxes is maximised where opportunities with a credible technical standing are available, and are permitted within the approved parameters of the tax planning framework and tax planning criteria set out in this policy.

2.2 Tax objectives

The Finance department is responsible for all taxes within the Group. Its objective in relation to tax is to support the Group's strategy whilst ensuring compliance with relevant laws and filing obligations.

Tax performance will be measured in the following ways:

- A clearly understood, communicated and supported strategy;
- Paying the appropriate amount of tax at the appropriate time;
- Forecasting and planning tax cash payments accurately;
- Ensuring the most effective tax elections, claims and options are considered, with respect to materiality, to manage the tax paid by the Group;
- Ensuring that any transactions undertaken to grow the Group are effected tax efficiently;
- Implementing and maintaining controls and procedures relating to all taxes ensuring that the correct amount of tax is paid, inspections or reviews by HM Revenue & Customs ("HMRC") and other regulators do not lead to the imposition of any fines or penalties and enabling the Senior Accounting Officer to provide the annual certification required under Schedule 46 Finance Act 2009; and,
- Act in a proactive fashion in relation to the Group's tax affairs;
- To maintain the Group's reputation as a fair contributor to the UK economy which applies tax rules in good faith and in the spirit they are intended.

2.3 HMRC relationship

The Group maintains an open and honest relationship in its dealing with HMRC and will seek to work in 'partnership' with HMRC in relation to its tax dealings:

- In the event of any inadvertent error(s) arising, full disclosure, where required by law will be made to HMRC;
- The Group will disclose any relevant planning it undertakes to HMRC in line with the legal disclosure requirements and criteria set out by HMRC; and
- The Group will continue to meet and cooperate with HMRC to facilitate a mutually beneficial relationship.

3. Tax Management and Organisation

3.1 Finance and other personnel

All finance personnel employed by Kitwave are responsible for complying with the principles and strategy set out in this document and with wider tax governance requirements. We are committed to providing training to non-tax personnel in key areas such as HR, finance, and business affairs to ensure that they are able to inform the finance team of relevant developments, and to make decisions with tax consequences in the best interests of Kitwave and in line with this strategy.

3.2 External advisors

Tax advice may be sought from external advisors in respect of material transactions, and when the Group Finance Department do not have the expertise required in a particular area. The SAO is responsible for the appointment of external advisors and agreeing terms of engagement.