

TENNANTS CONSOLIDATED LIMITED

Group Tax Framework

(last reviewed and updated May 2023)

Introduction

Tennants Consolidated Limited (“TCL”) is the UK parent of an international conglomerate of highly autonomous subsidiaries (“The Group”) that vary in size and complexity.

The Group’s operations are spread across the UK, Ireland, Continental Europe, China, India and North and South America. They include the production and distribution of chemicals, colours and construction materials.

The Group has a conservative, low risk / high compliance approach to tax. It takes its tax obligations seriously and is committed to complying with all applicable tax laws. Tax compliance is part of the Group’s governance and risk management processes.

This framework applies to all Group companies and operations.

1. Tax strategy

The Group’s strategy is for tax affairs to be:

Compliant. The Group is committed to observing all applicable tax laws, rules and regulations in all jurisdictions where it conducts business activities.

Consistent. This strategy is consistent with the Group’s overall approach to corporate governance and risk management and is designed to provide assurance to the Group’s stakeholders.

Passive. The Group does not undertake any contentious or aggressive tax planning. The Group only undertakes tax planning which is aligned to economic activity. When making commercial decisions, tax is one of many factors that are taken into consideration.

Transparent. The Group aims to pay the right amount of tax, at the right time, in the countries where it operates and in accordance with local legislation. There is no target for the Group’s effective tax rate.

Open. The group aims to foster positive, collaborative and open working relationships with tax authorities. Full cooperation is given to any enquiries or investigations with full and timely responses to any information requests.

Controlled. The Chief Financial Officer has overall responsibility for the oversight of Group tax matters supported by the Group Tax Controller. Day to day tax matters are managed locally with delegated authority and accountability for compliance lying with the Group’s employees specifically charged with that responsibility. The Group has a quarterly internal sign off procedure for relevant taxes, in all Group companies. The Audit & Risk Committee reviews the

effectiveness of the Group's internal controls, including those relating to the management of the Group's tax affairs.

Communicated. Communication is central to the Group's tax risk control and review framework. This strategy is communicated to, and must be understood and adhered to, by all people with responsibility for tax matters in the Group. Any tax issues should initially be considered at subsidiary Board level and then, if unresolved, be escalated through the Group Tax Controller for consideration at Group level.

Professional. The Group applies diligent professional care and judgment to its tax decisions. Where appropriate, Group companies take advice on compliance from respected, independent accountancy firms.

Documented. Thorough, accurate documentation is maintained on the tax aspect of any business decisions. Detailed documentation of internal control systems designed to ensure tax compliance ("tax controls") is maintained by all Group companies.

Reviewed. The Audit & Risk Committee reviews the Group's Tax Framework annually and it is approved by the Group Board annually. Tax compliance and outstanding issues which have been escalated as referenced above are considered at least quarterly by the Group Board. An annual review of the Group's tax position explains the tax numbers reported in the annual statutory accounts to the Board.

2. UK tax

This document is prepared on behalf of all qualifying entities in the Tennants Consolidated Limited Group pursuant to paragraph 16(2) of Schedule 19, Finance Act 2016 in respect of the year ended 31 December 2023.

The UK Group is within HMRC's Senior Accounting Officer ("SAO") regime.

The Chief Financial Officer is the appointed SAO and maintains an open, proactive and collaborative relationship with the Group's HMRC Customer Compliance Manager ("CCM"). The Group's tax controls support the SAO's annual certification.

With the Group being UK managed and owned, with overseas subsidiaries, this Group framework reflects the UK approach to tax risks and applies equally across all tax jurisdictions, including the UK.

3. Tax responsibilities

Group Board

- Consider and approve the adoption of the Group's Tax Framework.
- Consider outstanding matters identified by subsidiary boards and escalated to Group level.
- Ensure that the tax consequences of any significant transactions are fully considered.
- Consistently endorse and promote the Group's Tax Framework to subsidiary boards.

Audit & Risk Committee

- At least annually, to review the Group's Tax Framework to ensure this appropriately reflects the objective of achieving and maintaining compliance with relevant laws and regulations and provides a control environment designed to minimize tax risks across the Group.
- To consider any material tax decisions to ensure these do not represent the adoption or application of schemes, the sole or primary purpose of which is the saving of tax. This does not preclude the Group from seeking to mitigate its overall tax liability through the surrender of losses, use of allowances and other generally accepted tax planning measures.

Chief Financial Officer

- At least annually, review and update the Group's Tax Framework for consideration by the Audit & Risk Committee and Group Board.
- Review quarterly subsidiary tax reports and take action as appropriate.
- To act as the Group's Senior Accounting Officer ("SAO") for UK compliance and certify on an annual basis the Group's compliance with SAO regulations to HMRC.

Group Tax Controller

- Ensure local compliance with the Group's Tax Framework.
- At least annually, review and update the Group's Tax Control Guidance.
- Review local tax controls and documentation to ensure it is complete and proportionate.
- Ensure that the documented local tax controls have been applied and followed as appropriate (including onsite reviews of completed returns as and when required).
- Ensure the Group's Transfer Pricing Guidance is up to date and follows best practice (e.g. OECD guidelines) and that documentation meets local requirements.
- Review the tax consequences of significant transactions where considered appropriate by the Chief Financial Officer.
- Liaise with subsidiaries to identify unresolved tax matters for possible escalation to Group level.
- Monitor and review changes to tax legislation and best practices, communicating these across the Group as appropriate.
- Provide appropriate and timely tax training and support across the Group.
- Consider the Group's tax risks as part of the Group's Risk Register.
- Support the Group's SAO in making annual certifications.

Group Financial Controller

- Support the Chief Financial Officer and Group Tax Controller in ensuring local compliance with the Group's Tax Framework, Tax Control Guidance and Transfer Pricing Guidance.

Subsidiary Boards

- Consider local tax matters and escalate to the Group Board as appropriate.
- Appoint competent, independent professional tax advisors.
- Ensure local tax matters and decisions are in line with the Group's Tax Framework.
- Consider the risk that actions could involve, facilitate or encourage tax evasion or tax fraud and mitigate these risks appropriately.

Subsidiary Company Secretary / Head of Finance

- Overall responsibility for managing local tax matters and filing obligations.
- Ensure local tax affairs are managed in accordance with the Group's Tax Framework.
- To provide financial information to the external advisors to enable the accurate and timely preparation of tax returns and other related documents.
- To review and sign-off tax returns and pay amounts due.
- To report on tax matters quarterly to the Chief Financial Officer.
- Manage queries raised by local tax authorities.
- Early reporting of tax issues initially to subsidiary Board level.
- Design, document and implement adequate and proportionate tax controls to allow the calculation and payment of the right amount of tax at the right time in accordance with local legislation.
- Maintain complete, detailed documentation for all tax filings and decisions.
- Ensure compliance with the Group's Transfer Pricing Guidance.
- Be aware of changes to local tax regulations and implement adequate and proportionate controls and systems to ensure compliance.
- Ensure that reasonable prevention procedures are in place to mitigate the risk of tax evasion and its facilitation by associated persons.

4. Significant transactions

The Group considers transactions which may have material (either value or judgmental) tax consequences to be significant. These include the acquisition, transfer or disposal of new entities, businesses or land or buildings, the transfer of assets or people between Group entities and large, non-trading transactions (e.g. pension funding).

Third party tax advice should be obtained in connection with any significant transaction. The advice should be considered by the subsidiary board and clarification sought on any contentious aspects.

Details of, and decisions on, all significant transactions should be notified to the Chief Financial Officer.

5. Tax evasion

The Criminal Finances Act 2017 includes a corporate offence of failure to prevent the facilitation of tax evasion. Tax evasion is an illegal, fraudulent and deliberate act, or omission, to evade the payment of tax. The facilitation of evasion is to knowingly take steps that assist tax evasion by any Group company or associated persons of a Group company. Associated persons include employees, contractors or agents acting on behalf of a Group company.

The Group has a zero tolerance approach towards tax evasion and does not knowingly engage in any actions which include, facilitate or encourage tax evasion or tax fraud, anywhere in the world. The Group reviews its risks associated with the facilitation of tax evasion and implements reasonable prevention procedures to mitigate these risks.

6. Transfer pricing

The Group has Transfer Pricing guidance which applies to all Group companies, operations and connected parties. In summary, where transactions take place between companies in the Group these should be as if the parties were independent i.e. on a third party arm's length basis. The Transfer Pricing guidance follows OECD guidance.

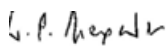
7. Tax control documentation

All Group companies and operations are expected to follow the issued Tax Control guidance. This provides guidance for the design, implementation and documentation of tax controls.

8. Tax risks

Global tax risks are considered as part of the Group Risk Register.

Approved by the Board on 1 June 2023.

Signed 
W P Alexander, Chairman