

NCH Corporation UK Group of companies

This document sets out the tax strategy for the NCH Corporation UK group of companies in the UK for the financial year ended 30 April 2020

Business Strategy and Tax Strategy Vision

NCH Corporation is a global leader in industrial, commercial, and institutional maintenance products and services, and one of the largest companies in the world to distribute products through direct selling to customers. We have over 8,500 employees, with branch offices and manufacturing plants located in six continents. We distribute in more than 50 countries with an extensive and varied product line, and our outlook for growth in the market remains strong.

Our overall vision is to grow our business in a sustainable way that delivers value to stakeholders whilst following all applicable laws and regulations, maintaining high ethical and moral standards and maintaining a normal and healthy relationship with government organisations.

Our Tax Strategy is aligned with the overall business strategy for our European businesses including the UK and to the Group's approach to corporate governance and risk management. Our tax strategy is to pay tax and file tax returns in a timely manner and in accordance with all applicable laws, regulations and practices. This includes ensuring that intragroup transactions are priced on an arm's length basis and properly reflect where value is created.

Approach to tax risk management and governance

Our UK tax strategy is owned by the Board, with the Senior Vice President Finance, Europe responsible for its delivery through a robust system of internal control and risk management. This facilitates the capturing of key risks, such that they can be mitigated through the operation of effective controls.

Group Tax works with relevant business teams to ensure the implications of major transactions or changes to the business on tax compliance matters is understood by the Board.

Our Finance personnel that manages our tax affairs works in conjunction with our qualified external tax advisors to ensure there is sufficient technical knowledge to comply with taxation legislation. Employees are expected to act responsibly in relation to all tax affairs and comply at all times with the relevant laws and regulations.

The UK Finance Tax Department meets regularly to discuss key tax matters which may be raised with the Board at the discretion of the Senior Vice President Finance, Europe with input from Group Tax as appropriate. Our internal tax processes and procedures cover how tax risk is identified, assessed and mitigated through the operation of effective controls. Additionally, we seek external professional advice from our tax advisors to identify key tax risks to ensure our compliance with our tax obligations.

Level of risk we are prepared to accept

We accept a low level of tax risk, requiring a strong technical basis for any tax positions adopted and supported by external professional advice if necessary.

We acknowledge that the elimination of all tax risk is impractical due to the complexity of tax legislation and differences in interpretation that occur. Areas of tax risk are assessed regularly and appropriate actions are put in place to mitigate any risks that are above our accepted level of risk.

Our tax risk management processes are proactively managed by suitably qualified personnel, with support from external professional advisors as required. We are comfortable that our low tax risk tolerance can be achieved.

Attitude towards tax planning

We do not enter into any aggressive tax planning arrangements but we will consider the most tax efficient structure for a business transaction as long as it is commercially driven and whilst being mindful of our low appetite for tax risk. We will also always engage with our external tax advisors to support our decision making process when any significant transaction is undertaken or in areas of complexity.

The advantages of available tax reliefs, incentives and exemptions are considered, for example available tax deductions on capital investments and research and development credits and are only taken if aligned with commercial and economic activity.

Approach towards dealing with tax authorities

The Group's approach is to ensure that all HMRC filings are submitted on a timely basis, with full disclosure, and that any areas of uncertainty are discussed with HMRC with the support of external professional advisors.

We will engage with HMRC with high standards of honesty, integrity and ethics and in the spirit of co-operative compliance.

We will also work with HMRC to answer any queries or resolve any differences in a timely and professional manner, aiming to respond to enquiries by due dates and cooperating fully in our engagements with them.

Our published tax strategy applies to all UK companies and branches of the NCH Corporation group and covers all relevant UK taxes and duties. It has been approved by the Board and satisfies paragraph 19 of Schedule 19 of the UK Finance Act 2016 in respect of the period ending 30 April 2020.