

Group Tax Strategy – December 2024

This Group Tax Strategy document is published in accordance with paragraph 16(2) of Schedule 19 of Finance Act 2016, as at 31 December 2024. This document is reviewed annually.

Melrose is committed to paying the right taxes at the right time, complying with all applicable laws and engaging with all applicable tax authorities.

Attitude toward tax planning and risk

The Group does not engage in aggressive tax planning and has a zero-tolerance approach to tax evasion, and the facilitation of tax evasion. The Group does seek to maintain tax efficiency by, for example, matching profits and losses in the same tax group(s) and seeking to pay tax on profits only once. The Group looks to benefit from tax credits and exemptions where intended by both the spirit and the letter of the law.

The Group does not seek to structure transactions in a way that would generate tax results inconsistent with the underlying economic outcomes; it does not use marketed tax avoidance schemes and has no one-sided deductions. The current Group has neither profits accruing to, nor IP owned by, companies located in tax havens and seeks to generate profits commensurate with the functions performed and risks borne in each of the territories in which it operates.

External advice is generally sought to ensure compliance with difficult or uncertain aspects of tax law and the positions taken are discussed with tax authorities as appropriate. Advice would also be sought should a tax authority enquire into an aspect of the Group's tax returns.

Approach to risk management and tax governance arrangements

Although the Group generally adopts a low appetite for tax risk, the Group's Tax Policy (applicable to all Group companies) does not prescribe an 'acceptable' level as this will necessarily depend upon the facts of any given situation or risk. The Group's Tax Policy requires that our businesses have the appropriate internal controls and procedures to ensure adherence to our Group Tax Strategy. Significant tax decisions are agreed by the Head of Tax and Chief Financial Officer. The Board requires that the Head of Tax updates the Executive Directors on a real-time basis of any change in the Group's tax risk profile and expects regular updates to be provided to the Full Board.

The Board has approved the Group Tax Strategy

The Group Audit Committee includes a review of the Group's tax affairs and risks at each year-end and interim reporting period.

The Head of Tax is responsible for ensuring that appropriate policies, procedures and systems are in place to support this strategy and that the global tax team is appropriately resourced and has the required skill to implement this approach and enable the Group to pay the correct amount of tax.

Approach toward its dealings with HMRC

Melrose enjoys and encourages a transparent and constructive relationship with HMRC. The Group engages with HMRC on a real time basis and seeks to notify HMRC of areas of tax risk including any positions taken which the Group believes HMRC may disagree with. The Group considers applying for clearance under the relevant statutory provisions for significant transactions where this option is available and where this would provide additional certainty regarding the tax position. If disputes arise, wherever possible, we aim to work collaboratively with authorities to find a resolution.

The Group wishes to maintain this relationship and expects to be able to do so. The Group's UK approach is replicated where possible around the world, though many tax authorities do not adopt HMRC's 'Customer Compliance Manager' model so it is not always possible to discuss complicated items prior to filing the relevant tax return(s).