MACFARLANE GROUP PLC

GROUP TAX STRATEGY

The publication of this strategy statement is regarded as satisfying the statutory obligation under Para 16(2), Schedule 19, Finance Act 2016 for all companies in Macfarlane Group, comprising the parent company, Macfarlane Group PLC and all subsidiary companies which are owned by Macfarlane Group PLC or through one of its subsidiary companies (collectively "Macfarlane Group" or "the Group").

This strategy paper applies to all taxes, including corporate income taxes, VAT and other sales taxes, property taxes and all employment related taxes and takes effect from 1 January 2019. This statement covers the period from 1 January 2026 to 31 December 2026.

How Macfarlane Group manages tax risks Compliance, Risk Management and Governance

The Group seeks to comply with tax laws, rules and regulations in all jurisdictions where the Group operates. Compliance for Macfarlane Group means:-

(i) Complying with all relevant tax legislation and regulations;
(ii) Paying the right amount of tax, as calculated by our teams, at the right time;
(iii) Disclosing all relevant facts and circumstances to the tax authorities; and
(iv) Claiming relevant reliefs and incentives where they are available.

Responsibility for the Group's tax affairs lies with the Group Finance Director who is the Senior Accounting Officer ("SAO") for Macfarlane Group, with governance and oversight by the Board of Directors of Macfarlane Group PLC who approve this Tax Strategy.

As a Group with turnover in excess of £200m, Macfarlane Group is subject to SAO compliance which includes annual reviews of the Group's tax streams to ensure there are robust and accurate information gathering mechanisms to record and report tax liabilities.

The Tax Strategy is applied consistently to all companies in the Group and is understood within the Finance teams in the Group.

Group Tax Strategy is informed and underpinned by the Group's principles:-

(i) Demonstrating integrity in corporate conduct; and
(ii) Ensuring openness and transparency.

Reliance is placed upon Macfarlane Group's external tax advisers where there is a need for specialist guidance and support for specific transactions, e.g. on acquisitions, disposals, restructuring, RDEC credits and significant capital projects. However, day-to-day responsibility for tax and decisions around tax remains with the respective senior members of the Finance teams within the Group.

Macfarlane Group's objective in relation to tax risk

Tax risks for Macfarlane Group principally arise from

(i) The volume of transactions undertaken by the Group;
(ii) The growth of the Group by acquisitions; and
(iii) The decentralised nature of the Group.

Whilst central management oversees all aspects of tax strategy, planning and administration, our local finance teams are responsible for ensuring tax risks are promptly identified and properly managed at our sites.

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Tax risk is one of a number of commercial risks that Macfarlane Group is exposed to. Management of tax risk aims to ensure that Macfarlane Group collects and pays the correct amount of tax and meets reporting and disclosure requirements whilst meeting its business objectives.

Our aim is to have appropriate certainty in tax matters. Where there is uncertainty surrounding the interpretation of tax laws, we will seek second opinions from external tax advisers, having established our own understanding of the position. We may then seek to mitigate the uncertainty by dialogue with tax authorities.

Macfarlane Group's approach to tax planning

Macfarlane Group carefully considers the tax position inherent in every commercial transaction, in the same way as for any other cost. Where there are significant investment decisions, the Group will evaluate our entitlement to tax incentives and deductions. Therefore, tax implications are likely to follow the commercial outcomes, taking account of the need for tax efficiency and the Finance teams' understanding of the currently applicable laws and practice, rather than being the main driver for any commercial decision-making.

Our Finance teams seek to deliver clear, timely and relevant business and tax advice. The key Directors and Managers in the business work closely with the Finance teams and understand that the Finance teams need to be involved at an early stage in order to ensure all tax obligations of the business are met and compliance is achieved in accordance with the Group's tax strategy.

All intra-Group transactions are conducted on an arm's-length basis and in accordance with legislation and documentation requirements.

Macfarlane Group will not enter into contrived or artificial tax planning arrangements in order to avoid taxation or to defeat the stated purpose of the legislation, or consider any tax planning that requires DOTAS notification to HMRC.

Tax considerations

Given the scale of our business and volume of tax obligations, risks will inevitably arise from time to time in relation to the interpretation of tax law and nature of our compliance arrangements. We take a responsible approach to managing our tax affairs and will always seek to comply with applicable tax laws and regulations.

By being tax compliant we aim to minimise tax risk and this is judged on an issue by issue basis.

Our approach to tax risks follows the same principles that apply to all other business risks. We consider reputation and corporate social responsibility as well as purely financial impacts.

Relationships with tax authorities

We seek to manage our relationships with tax authorities on a consistent basis and with integrity.

We aim to work in an open, professional, courteous and transparent manner with tax authorities.

We aim to work positively with tax authorities to minimise the extent of disputes, aim to demonstrate compliance with all relevant legal disclosure requirements. We shall disclose information to achieve early agreement on disputed issues where they arise and thereby achieve certainty in tax matters.

This policy applies to Macfarlane Group PLC, as well all its current trading and dormant subsidiaries.