



Clover UK Tax strategy - (“Clover Environmental Solutions Ltd. Group”) Tax Strategy

Year ended 31 December 2017

Prepared by: Clover Tax Department
Date: December 2017

Background:

In accordance with Schedule 19 Finance Act 2016, this document sets out the UK Tax Strategy for the year ended 31 December 2017 specifically:

1. The approach of the UK group to risk management and governance arrangements in relation to UK taxation.
2. The attitude of the group towards tax planning (so far as affecting UK taxation) and the level of risk in relation to UK taxation that the group is prepared to accept.
3. The approach of UK group towards its dealings with the HMRC

This policy applies to Clover EU LLC and all the UK entities in its group (the “UK Group”) listed below:

- a. Clover Environment Solutions Limited
- b. Clover Environmental Solution Europe Limited (in liquidation in 2016)
- c. Reclaim (I.T.) Limited (in liquidation in 2016)
- d. My Cartridge Limited (in liquidation in 2016)

References to UK taxation are to the taxes and duties set out in Schedule 19 Finance Act 2016 in relation to the publication of tax strategy insofar as it affects our UK group.

Tax Strategy

The main focus of Clover’s tax strategy is to ensure that the Group remains compliant with the relevant and applicable tax laws in each jurisdiction in which it operates. The submission of tax filings and remittance of tax liabilities on a timely basis forms a key part of this strategy.

Further details relating to the tax strategy are provided below:

1. Risk Management and Governance Arrangements

We want our tax affairs to be transparent and compliant with tax legislation, and recognize that managing tax compliance is increasingly complex. Our internal structure is set up to ensure:

- The Board of Directors understand the importance of tax compliance and how it is achieved
- There is a regular dialogue between the Board and those individuals tasked with the operation of our finance function, regarding the way our company manages tax risk.
- The European Finance Director and his team is regularly updated on tax matters by tax personnel either internal or external professionals that are hired by the company.
- The European Finance Director and his team are in communications with other jurisdictions in particular the U.S. to ensure that any potential cross border risks which may arise are monitored and minimized.

- The UK group has defined policies and controls which form the basis of the UK tax strategy and ensure that it remains compliant with the relevant UK tax legislation.
- The company encourages a positive view towards tax compliance and the importance to meet our obligations.

We keep under review how we meet our tax obligations, by seeking external tax advice, investing in tax training for our staff and also how we manage our relationship with tax authorities.

2. Attitude towards tax planning and level of risk

The attitude to tax planning of the group is to ensure that Clover UK group complies efficiently with all legal requirements.

We engage in tax planning that supports our business activities and that has commercial substance. We do not use artificial arrangements in order to avoid taxation or to defeat the stated purpose of the legislation. Intercompany transactions are conducted on arm's length principles, in accordance with OECD guidelines.

Management of tax risk aims to ensure that the Group pays and collects the correct amount of tax and meets local reporting and disclosure requirements whilst meeting its business objectives. Our policies and governance framework operate to ensure compliance with tax laws and regulations both in the UK and worldwide, and to ensure we identify and mitigate tax risks.

We do not have a defined level of acceptable tax risk, but consider risks on an individual basis, in line with our overall objective of compliance.

Where there is uncertainty surrounding the interpretation of tax law, we will seek second opinions from external tax advisers, having established our own understanding of the position and/or seek to resolve the uncertainty by dialogue with tax authorities.

3. Relationship with HMRC

We seek to ensure our engagement with HMRC is professional, open and honest, and undertaken in a spirit of cooperation. Our communication with HMRC is focused around timely tax compliance, for example meeting relevant filing and payment deadlines for taxes the company pays. We aim to respond to information requests in a timely manner and ensure that access is given to all relevant information.

We employ the services of professional tax advisers to act as our agents, and in a number of cases they liaise with HMRC on our behalf. This is seen by the Board as a way to ensure we get the most out of our relationship with HMRC, thus reducing our tax risk.