



GROUP TAX STRATEGY
YEAR ENDED 31 DECEMBER 2018

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1. GROUP OVERVIEW

The Bibby Line Group ('BLG') was founded in 1807 and is a diverse and forward looking family business delivering personal, responsive and flexible customer solutions.

From its roots in shipping Bibby Line Group has grown into a diverse £1bn global business, operating in 16 countries, employing around 4,000 people in sectors including financial services, distribution, retail, marine and construction equipment hire.

It is currently in 6th generation family ownership and is committed to delivering the business safely into the hands of the 7th generation and beyond.

2. TAX STRATEGY INTRODUCTION

This document sets out the tax strategy of Bibby Line Group Limited as ultimate parent company and its subsidiary undertakings, (hereinafter collectively referred to as 'the Group')

This strategy is prepared for the following purposes:

- To define the Group's tax objectives
- To define an approved approach to tax management across the Group, including the Group's approach to tax planning, tax risk management and relationships with local tax authorities
- As a reference for the BLG divisions, to assist in their understanding of the Group's tax strategy
- To aid understanding of external parties, including local tax authorities, of the Group's tax strategy

The Group intends this tax strategy document to satisfy any statutory responsibilities it may have in certain territories to publish a tax strategy, including its duty under the Finance Act 2016, Schedule 19. The statements in this strategy apply equally to all territories in which the Group operates.

The Group tax strategy applies to all forms of taxes payable by the Group, including direct taxes, indirect taxes, payroll based taxes, customs duties etc.

The Group's tax strategy and tax objectives are together approved by the Bibby Line Group Limited Board of Directors.

3. GROUP TAX OBJECTIVES

At a high level, the Tax Objectives of the Group can be defined as:

- Ensuring compliance with relevant tax legislation and reporting, wherever we operate;
- Control and management of ongoing risks and opportunities;
- Contributing value to achieve the Group's Corporate Strategic objectives, which are:
 - To maximise the long term value of shareholders' funds;
 - To keep a business portfolio capable of generating recurring earnings and a dividend flow to the holding company to provide security against cyclical downturns in any particular market;
 - To attract, motivate and retain high quality personnel;
 - To maintain our excellent reputation for high quality, integrity and safety of operations;
 - To be aware of the impact on society of our operations and to continually improve the environment for all;
 - To continually strive for excellence in our service to customers through our flexible, personal and responsive approach; and
 - To ensure BLG values flow through the company and its individual businesses in order to protect and nurture the Group's reputation as a diverse and forward looking family business.

4. TAX GOVERNANCE

The Group's Chief Financial Officer ('CFO') has overall responsibility for ensuring compliance with the Tax Strategy in his role as Senior Accounting Officer for the Group.

Day-to-day responsibility for ensuring compliance is delegated to the Group Tax Manager. The Group Tax Manager is part of the Group Finance function, reporting directly to the CFO.

The Group Tax Manager is responsible for the overall management of Group Tax requirements including tax audits, maintenance of tax documentation, compliance with tax legislation/key tax deadlines and providing suitable training and support to both Group and Divisional finance functions.

The Group Tax Manager also works closely with the internal audit function to define and review the key internal controls in respect of tax.

From 1 September 2017, the new corporate criminal offence of failure to prevent facilitation of tax evasion came into force. We do not tolerate tax evasion, nor do we tolerate the facilitation of tax evasion by any person(s) acting on our behalf. In advance of the legislation coming into force, the Group carried out a risk assessment to ensure each division had in place reasonable procedures to

prevent facilitation of tax evasion. Each division must review its controls and attest on an annual basis to the Group CFO as part of the Senior Accounting Officer compliance process.

5. TAX PLANNING

BLG do not engage in aggressive or abusive tax avoidance but recognise the obligation to our shareholders to structure our affairs in an efficient manner and therefore we will consider the tax consequences of transactions as a factor in the planning process.

External tax advisors are utilised, where required, for both tax compliance and tax risk management purposes. Where the relevant issue is specific to a particular division, the selection and performance of such advisors is the responsibility of the divisional Finance Director, in collaboration with the Group Tax Manager. Where the relevant issue is specific to the Group as a whole, the selection and performance of advisors is the responsibility of the Group Tax Manager.

The Group operates in a variety of territories across the world. In each of those territories, the Group works with external advisors to ensure adherence to local tax legislation and ensure all relevant compliance deadlines.

6. RISK MANAGEMENT

Tax risk arises from two main areas:

- 1) Tax compliance and reporting;
- 2) Transactional risk including entering into transactions that have an uncertain tax outcome.

In general, the Group seeks to reduce these tax risks through the following mechanisms:

- Avoidance of aggressive or abusive tax planning;
- Undertaking transactions that fairly reflect the economic substance of the Group's core businesses, within the territories that those businesses operate;
- Ensuring our taxable presence is reviewed against our commercial presence when entering new territories and setting up branches or entities as required to meet our tax obligations;
- Setting transfer prices for internal transactions on an arms-length basis (subject to local regulations), in compliance with OECD guidelines and the requirements of BEPS Action 13, reflecting the relative risks undertaken and economic value added by each of the internal parties to the transaction;
- Utilisation of external advisors to support accurate and timely submission of corporate tax returns and to ensure potential tax consequences of transactions are appropriately considered; and
- Simplifying, where possible, the divisional legal entity hierarchies.

The Group's internal governance is not prescriptive on a particular level of tax risk that the Group is prepared to accept when considering a transaction. But, by engaging in transactions that have genuine economic substance, the Group aims to manage its future tax risks to minimize the chances of a future unexpected tax charges relating to historical transactions.

Tax risk also arises from errors in day-to-day tax processes such as payroll tax and indirect tax reporting. In general, the Group seeks to reduce these tax risks by setting clear policies and procedures from a Group perspective. However, where errors do arise the Group acts to identify the error, voluntarily disclose to the relevant tax authority and fix the process to minimise the possibility of future errors.

7. RELATIONSHIP WITH HMRC

BLG are committed to an open, transparent and professional relationship with HMRC, as outlined in HMRC's Framework for Co-operative Compliance. This is achieved through:

- Providing reasonable access to the CFO, Group Tax Manager and Director of Group Finance, as well as other relevant Divisional Finance personnel where required;
- Responding to questions in a timely manner;
- Review and maintenance of good internal tax controls;
- Review and maintenance of appropriate taxation documentation, including, but not limited to, transfer pricing documentation; and
- Where relevant, agreeing positions on significant tax matters or unusual transactions in advance of returns being filed.

By working in a transparent and collaborative way with tax authorities the Group aims to be considered as a low-risk tax payer by the tax authorities in the Group's main business regions.