

Bakelite - UK Tax Strategy 2024

Introduction

Bakelite Synthetics is a leading global integrated manufacturer of phenolic specialty resins, aromatic polyols, moulding compounds, formaldehyde and other chemical derivatives, with leading market shares in Europe and America.

Bakelite Synthetics is a strategic supplier and business partner to major manufacturers / OEMs across four key end-markets: (i) Building Materials, which represents the largest share of sales volumes and includes resin applications mainly for wood panels, insulation products and laminates; (ii) Industrial Applications, addressing a variety of sub-segments, with foundries being the largest; (iii) Transportation, which includes various uses of resins in vehicles, such as oil and air filtration, but also in mass transit applications (fire resistant composites – expected to benefit from the increasingly relevant electrification trend); and (iv) Chemical Intermediates & Specialties, offering a broad portfolio of intermediate formaldehyde solutions and hexamine products (i.e., not resins) for a wide range of end-uses, including coatings, printing plates, printed circuit boards and adhesives.

We are committed to responsible tax management, Bakelite has zero-tolerance approach to tax evasion or the facilitation of tax evasion.

Bakelite's Tax Strategy is applied consistently to all companies within the worldwide Bakelite Group and, is widely understood within the Group. It is reviewed and updated where necessary to reflect changes in the Group's business and our approach to taxation generally.

In compliance with the duty under paragraph 19(2)/22(2) of Schedule 19 of Finance Act 2016, Bakelite is publishing its UK tax strategy related to the financial year ended 31 December 2024. This strategy applies to all Bakelite companies in the UK:

- Bakelite UK TopCo. Ltd.
- Bakelite UK Intermediate Ltd.
- Bakelite UK Holding Ltd.
- Peach Holdco Limited.
- Bakelite Synthetics UK Limited.

The UK tax strategy aims to ensure:

- compliance with both the Bakelite Group Tax Procedures and HMRC's guidelines;
- compliance with all tax obligations and laws;
- to apply professional diligence and care in the management of all risks associated with tax matters, and to ensure that governance and assurance procedure are appropriate;
- to ensure constructive and transparent relationship with the UK tax authorities; and
- that the right amounts of tax are paid at the right time.

Our commitment to compliance means that we will endeavor to be compliant with all aspects of UK tax law. For us, compliance means paying the right amount of tax in the right place at the right time and claiming reliefs and incentives in line with the provisions of the tax law, where available.

Risk management and governance arrangements

The Group Tax Strategy is informed and underpinned by Bakelite Ethics Code.

In particular, The Group has a code of ethics, which prescribes that operating in an ethical manner is the foundation for ensuring it complies with the letter and the spirit of the law. The Group adheres to the highest ethical standards in the conduct of its business and complies with all laws and regulations that are applicable to the business. Each associate has the responsibility to maintain and advance the ethical values of the Group. The ultimate responsibility for the implementation of the code resides with the Board of Directors.

In line with its code of ethics, the Group is committed to comply with the tax laws and practices in all the territories in which it operates also to mitigate the tax risks. All taxes that are required to be paid are paid in a timely manner. All relevant facts and circumstances of importance to assess the applicable tax liabilities are disclosed to the tax authorities (including HMRC) and any firms involved in tax compliance and advisory services for the Group. Available reliefs and incentives are claimed, when appropriate.

The Tax Strategy application is subject to regular reviews by the Group's internal audit department.

Responsibility and accountability for Bakelite tax affairs is clearly defined. The Global Tax VP Director reports directly to the Chief Financial Officer. The Chief Financial Officer is part or reports to the Board of Directors.

The Global Tax VP Director is supported by the Bakelite Tax Department, which is adequately staffed by dedicated and appropriately qualified in-house tax professionals. The Bakelite Tax Department collaborates with the other Bakelite departments to provide the advice and guidance necessary to ensure compliance with applicable laws. Furthermore, the tax department operates to obtaining advice from external tax advisors where and when appropriate.

Attitude towards UK tax planning

The UK based companies do not engage in aggressive tax planning and/or artificial transactions, for the sole purpose of reducing UK tax liabilities. However, the UK based companies may undertake commercial transactions in a way most favorable from a UK tax perspective, providing this is in alignment with the business reality and objectives. The Group does not undertake tax planning in cases not driven by business objectives, corporate and social responsibilities, or future working relationships with HMRC.

Attitude towards tax risk

The Group has implemented procedures and controls designed to ensure that tax risks are identified and appropriately managed, resulting in the submissions of accurate tax returns both in the UK and globally. The Group has outsourced its corporate tax compliance to a reputable accounting firm who has local expertise. Indirect tax compliance is taken care of by the Group itself, and the same accounting firm is consulted in the event of (possible) uncertain positions or questions about the legislation and the interpretation thereof. Employees taxes are managed internally with the support of a reputable firm. The Group strives to minimize tax risks.

In case there is uncertainty about the application or interpretation of tax law in a specific situation or transaction, general written advice is taken from a reputable firm to support the decision making process. Whenever possible and appropriate upfront clearance from Tax Authority (including HMRC) will be requested.

Level of risk that our business is prepared to accept for taxation

We have a low tolerance for tax risk, and we are fully committed to complying with all applicable tax laws. We take a responsible approach to managing our tax affairs; as a Group we will always comply with applicable tax laws and regulations in the countries in which we operate.

Our approach to tax risk follows the same principles that apply to all other business risks. We consider reputation and corporate social responsibility as well as purely financial impacts. We are particularly aware of our reputation with a wider population of stakeholders in matters related to tax, including the tax authorities.

When making decisions on tax we consider the materiality of any item, as well as the costs of effective risk mitigation actions

Relationship with UK tax authorities

The UK companies comply with all relevant legal disclosure and approval requirements and all information is presented clearly to HMRC as appropriate. There will be an open, honest and transparent manner of acting in any dealings with HMRC. By acting like this, the Group seeks to avoid having disputes with HMRC.

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