

CERO GENERATION UK Tax Strategy

Date: March 2024

1. General

The publication of this Tax Strategy is in line with the statutory obligation under paragraphs 19(2) and 22(2), Schedule 19, Finance Act 2016 and covers the UK companies within the Cero Generation Group for the period ended 31 March 2024.

2. Our approach to risk management and governance arrangements

Responsibility for tax governance and strategy lies with the Chief Financial Officer, with oversight of the Board.

Cero Generation's Tax Strategy is applied consistently across all Group companies

Day to day responsibility for the application of the Group Tax Strategy and the management of the Group's tax affairs is delegated to the Head of Tax (or delegate) who is required to report annually to the Board on compliance with the Tax Strategy.

The groups' tax function is based in the UK HQ Location and supported by the Group's finance team. The tax function in collaboration with the wider finance team identify, manage and, where possible mitigate tax risks.

The Group seeks the advice of external tax advisers where there is a need for specialist guidance and support, for example on acquisitions, disposals, and general structuring of investments. We also rely on external advisers where there is a need for specific local tax input and local tax compliance matters.

3. Our approach to tax planning and tax risk

Tax risk is one of the commercial risks that the Group is exposed to because of its activities in multi jurisdictions. Non-compliance with applicable tax laws, regulations or rulings or a failure to meet other tax authorities' requirements or expectations can have adverse financial or non-financial impacts.

Management of these tax risks aims to ensure that the Group fulfils its obligations whilst meeting its business objectives.

3.1 Key Principles

We are guided by the following key principles in managing our Tax risks:

- Tax risks are to be identified, assessed, controlled, and reported.
- Compliance with all tax laws and regulation wherever we operate.
- Be a responsible taxpayer, which includes paying the right tax at the right time.

- Document and maintain policies and procedures relating to tax risk management.
- Maintaining the integrity of our tax data, compliance, and reporting systems.
- Responding to and resolving issues with the tax authorities promptly as they arise.
- We will not knowingly enter into artificial arrangements in order to avoid taxation or to defeat the stated purpose of the legislation.

3.2 Transactions

The business understands that tax needs to be involved at an early stage of commercial transactions in order to deliver the most value from the tax advice and support provided.

When seeking tax input to transactions, the business unit is responsible for providing full disclosure and all necessary information to the Head of Tax (or delegate) to facilitate a tax sign-off.

The business is responsible for ensuring that a transaction is implemented appropriately and any departure or variation from the fact pattern upon which the tax input and/or tax sign-off is provided is promptly brought to the attention of the Head of Tax (or delegate) or Tax function.

In the event of tax uncertainty, Cero Generation may seek advice from external tax advisors or discuss with the relevant tax authority.

3.3 Tax returns and other reporting

Cero Generation employs compliance procedures to enable accurate and complete tax returns and other reporting. Regular reviews of the Tax Function are conducted to determine the appropriateness of resourcing, the robustness of processes and that compliance procedures are accurate and supported by appropriate controls, systems, and technology.

3.4 Internal tax reporting

Tax issues and risks are regularly considered with the CFO and escalated to the board where appropriate. In addition, the CFO, with the assistance of the Head of Tax (or delegate) will report to the board periodically in relation to tax matters and tax governance.

3.5 Tax Risk Management

The Tax Function oversees and monitors the tax risks of all entities within Cero Generation. The Tax function is accountable for ensuring that appropriate controls are in place to manage identified risks. The design and effectiveness of the tax control framework will be regularly reviewed with the CFO.

We take a responsible approach to managing our tax affairs and we will as a group, always comply with applicable tax laws and regulations in the countries where we operate.

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

Specifically, we do not have any tax risk threshold and each transaction is assessed on a case-by-case basis to ensure each individual risk is managed appropriately and in line with our reputation, our corporate social responsibilities, and our relationships with the tax authorities.

Cero Generation may engage external tax advisors as part of managing the tax risk to help with the evaluation of the risk or discuss with the relevant tax authority. The Tax Function will participate in relevant industry fora and consultation processes as appropriate to ensure Cero Generation is engaged with current tax issues and industry related risks.

4. Our approach to dealing with HM Revenue & Customs (“HMRC”)

Cero Generation is committed to the principles of openness in its approach to dealing with HMRC and will endeavour to:

- Maintain a professional relationship with HMRC. The objective of establishing and maintaining professional relationships with HMRC is to enable an efficient and collaborative approach to managing tax issues.
- Maintain a transparent and constructive relationship with HMRC by having open dialogues on significant tax issues and developments in the Group’s business.
- Raising doubtful and contentious issues through any clearance procedures as prescribed by legislation or prevailing practice and or through direct dialogue.
- Leveraging on the relationship of our shareholder with their Customer Compliance Manager (CCM)
- Make fair, accurate and timely disclosure in correspondence and returns, and respond to queries and information requests in a timely fashion.
- Seek to resolve issues with HMRC in a timely manner, and if disagreements arise work with HMRC to reach a resolution by agreement.
- Be open and upfront with respect to decision-making, governance, and tax planning.