

Firstsource Solutions UK Limited

Tax Strategy

This document sets out the Tax Strategy of Firstsource Solutions UK Limited (“Company”), in compliance with section 161 and section 19 (2) of schedule 19 Finance Act 2016 for the year ending 31 March 2018.

This Tax Strategy applies to all UK taxes as set out in s15 of Schedule 19 Finance Act 2016 and any reference to ‘tax’, ‘taxes’, or ‘taxation’ are to all taxes as defined within. This Tax Strategy is owned by the Board of Directors (‘Board’) and will be reviewed annually with any proposed amendments ultimately discussed and approved by the Board.

The Board is responsible for ensuring there is an appropriate framework for the implementation of the Tax Strategy and oversight of the identification and management of tax risk. The Board maintains responsibility for implementing new controls where material tax risks are identified.

The Board is supported by finance and tax teams who have responsibility for implementing the Tax Strategy and reporting back to the Board. A number of tax sensitive processes are performed within the finance and tax teams and each relevant individual is responsible and accountable for meeting their tax obligations, controls and policies as issued by the Board. Performance of the finance and tax teams, is reportable to the Chief Financial Officer of the Company who in turn reports up to the Board.

Scope:

The Company is a responsible taxpayer. This is recognized by the tax strategy, which establishes a clear Group-wide approach based on openness and transparency in all aspects of tax reporting and compliance. The Company’s Tax Department, guided by the tax strategy under which it operates, is both fit for purpose and dynamic enough to enable it to support the continuing development of the operational and geographic make-up of the business.

The strategy applies to the compliance, payment and reporting of all taxes borne and collected by The Company worldwide, the principal ones being corporate income, indirect, and employment taxes.

Background

The Company's principal activity is that of providing Business Process Outsourcing (BPO) services to UK companies. The Company tax strategy is aligned with the overall business strategy and to Firstsource Group's approach to corporate governance and risk management wherever we operate.

It is important that all areas of our business feel supported from a tax point of view to enable the company to achieve its commercial objectives. This includes managing tax risk but is also about making good investment decisions with the knowledge of all future associated tax costs. We will also work with the business in order to claim any appropriate tax incentives that are available and aligned with our business model.

As an organization we aim to be honest, fair and truthful in all of our dealings, and these principles of integrity are reflected in our relationship with tax authorities. In addition to operating with integrity, where possible and appropriate we seek to be proactive with tax authorities to ensure the efficient resolution of issues as they arise.

Any tax decisions are made in a manner which is consistent with the ultimate Group's strategy.

Tax objectives

The Board's objectives are to support the implementation of the Tax Strategy in order to meet the following core tax objectives:

- Implementing and maintaining controls and procedures relating to all taxes;
- Ensure compliance with all legal requirements and to make all appropriate tax returns and tax payments within deadlines;
- Forecasting and planning tax cash payments accurately;
- Seek to utilise available tax reliefs and incentives where available in a manner which is consistent with the government's policy objectives;
- Ensuring that any transactions undertaken to grow the company are effected tax efficiently in accordance with all relevant UK tax law and legislation;
- Provide support and training to those employees who have responsibilities with regards to tax;
- Consider and manage tax risks in order to maintain a strong reputation and brand.

Risk management and governance arrangements

The Company is committed to ensuring that its tax affairs are open, transparent and compliant with tax legislation.

The Company's internal structure is set up to ensure:

- The Board understand the importance of tax compliance, and how it is achieved;

- There is a constant dialogue between the Board and those individuals tasked with the operation of the finance and tax function; and
- The Company portrays a positive view towards tax compliance and the importance of meeting its obligations.

The Board has established that the following principles will form the basis of management's philosophy and the Tax Strategy to achieve the vision of compliance and governance with respect to tax:

- Good governance: The Company seeks to comply with all relevant tax legislation;
- Internal control: Implement a system of internal controls in order to minimise tax risk;
- Documentation: Ensure that agreed tax processes are documented in order to mitigate the risk of error;
- Training: Investing in training for those staff tasked with tax compliance and governance;
- External advice: Seeking specialist external tax advice where required.

Tax planning

The Company's tax strategy is aligned with the overall business strategy and to the Group's approach to corporate governance and risk management wherever we operate.

The Company does not undertake aggressive or artificial tax planning, the sole purpose for which would be obtaining a tax advantage. The Company undertakes tax decisions and planning as part of its overall business strategy and engages the services of professional advisers to assist with major or complex business decisions in order to fully understand any associated tax risks.

The Company seeks to ensure that transactions are structured such that any tax reliefs or incentives available are realized in line with the intended tax legislation and only where there is a credible technical standing.

Attitude towards risk

1. Engage with tax authorities in an open and transparent way in order to minimise uncertainty.
2. Pro-actively partner with the business to provide clear, timely, relevant and business focussed advice across all aspects of tax.
3. Take an appropriate and balanced approach when considering how to structure tax-sensitive transactions.

The Board's on-going tax risk approach is based on principles of reasonable care and materiality. Each tax risk is measured based on a balance of impact (both financial and non-financial) of that risk and the likelihood that it will materialize. Risks identified are then communicated down to the finance and tax teams in order that they may be appropriately

managed. There is no one level of risk that the Company is prepared to accept but each is considered on a case by case basis having taken into consideration all available facts and information.

The Company has close relationships with professional advisers that allows it to seek expert advice where necessary which in turn aids compliance.

The Company is conscious of the potential adverse publicity that a negative tax attitude can bring and seeks to minimize any reputational damage through the actions set out in this Tax Strategy.

Relationship with HMRC

The Company is committed to the principles of openness and transparency in its approach to dealing with HMRC. In line with HMRC's consultation on 'Improving Large Business Tax Compliance' the Company aims to:

- Promote a professional and collaborative relationship which is based on principles of transparency and justified trust;
- Make fair, accurate and timely disclosure in correspondence and returns, and respond to queries and information requests openly and honestly in a timely fashion;
- Resolve issues with HMRC in a timely manner, and where disagreements arise work with HMRC to resolve issues by agreement where possible;
- Ensure all interactions with HMRC are conducted in an open, collaborative and professional manner; and
- Disclose and correct any inadvertent errors as soon as is reasonably practical and implement controls to ensure future compliance.

Tax Management and Organization

All finance personnel employed the company are responsible for complying with the principles and strategy set out in this document and with wider tax governance requirements.

We are committed to providing training to non-tax personnel in key areas such as HR, finance, and business affairs to ensure that they are able to inform the tax team of relevant developments, and to make decisions with tax consequences in the best interests of the company and in line with this strategy

External advisors

Tax advice may be sought from external advisors in respect of material transactions as and when needed.