

ERM Global Policy

Tax

The ERM International Group Limited and Subsidiaries (“ERM” or the “Group”)



1.0 Introduction

ERM is a leading consultancy which has been providing environment, health, safety, risk, social and sustainability consulting services for over 40 years. The Group has offices in over 40 countries and delivers innovative solutions to enable clients to maximize performance, comply with regulations, improve corporate reputation and public perception. Sustainability is at the heart of the services that ERM provides and how it operates.

The delivery of these services results in ERM paying a significant amount of tax to local and national governments in the countries in which the Group operates. This includes corporate income taxes on profits, withholding taxes on sales income, indirect taxes on purchases and social taxes on employment. In addition, ERM collects indirect taxes charged to customers and taxes paid by employees.

ERM recognises that the tax it pays and collects is an important part of the Group’s wider economic and social impact, and that this plays a key role in the development of the countries where it operates. Applying the right tax treatment requires careful judgement in the various tax returns and filings in the countries where ERM operates. It is therefore important to ensure that consistent and effective tax standards are maintained across ERM as tax can have a significant impact on the Group from a cash, profit and loss, balance sheet and reputational perspective.

The purpose of this document (referred to as the “Tax Policy”) is to communicate the framework in which tax is managed within ERM. The Tax Policy, which has been approved by the Board of The ERM International Group Limited (the “Board”), is arranged under the following headings:

- Tax Objective
- Tax Principles
- Tax Governance
- Tax Risk Management

ERM regards this Tax Policy as complying with the UK duty under para 16(2) and para 25(1), Sch 19 FA16.

2.0 Tax Objective

The tax objective is to manage ERM’s tax affairs in an effective, active and compliant manner while:

- Enabling and supporting ERM’s business strategy;
- Balancing the various interests of ERM’s stakeholders (including shareholders, employees, clients, governments and the communities in which ERM operates);
- Complying with ERM’s Principles and Code of Business; and
- Upholding Conduct and Ethics which set the standards of behaviour (including in relation to tax matters) expected within the Group.

3.0 Tax Principles

Building on the above, ERM is committed to the following tax principles:

- Tax governance: having a clear internal governance framework for tax decisions to be made at the appropriate level;
- Tax compliance and reporting: complying with all relevant tax laws, regulations and reporting requirements in all countries in which ERM operates;
- Transfer pricing: undertaking intercompany transactions on an ‘arms-length basis’ in accordance with appropriate transfer pricing rules and OECD principles;
- Tax Planning: only undertaking tax planning which is aligned with a business purpose or commercial rationale and is not based on arrangements which are contrived or artificial; and
- Relationship with Tax Authorities: continuously developing and maintaining strong working relationships with Tax Authorities based on pro-active engagement, open communications, mutual respect and trust.

4.0 Tax Governance

The Board has delegated day to day management and implementation of the Tax Policy to the Tax Committee.

The Tax Committee comprises the Group Finance Director and the Head of Tax who, from an operational perspective, are the most senior supervisory persons for all tax related activities at ERM. This committee has operationalised the Tax Policy through a tax framework which sets the structure for tax management within ERM; working in line with this framework is mandatory.

In addition, there is an Audit Committee which monitors the effectiveness of the Group's risk management and internal controls system (including in relation to tax).

Both the Tax Committee and the Audit Committee report to the Board on their activities, make recommendations and escalate any significant tax risks or issues to the Board as appropriate.

5.0 Tax Risk Management

ERM has a tax risk appetite that is commensurate with the tax profile of the Group. Given the variety and volume of tax obligations, risks will inevitably arise from time to time in relation to the interpretation of tax law and nature of compliance arrangements. While it is impossible to eliminate all tax risk, the possibility of suffering a loss as a result of unexpected tax liabilities is mitigated by:

- The adoption of an approach within the operational structure which has: initial review at local level; secondary review at regional level; and final review at group level;
- Having an experienced, qualified and trained in-house tax team with responsibility for establishing and putting in place policies and procedures across the Group to support the management of key tax risk areas;
- Having documented systems, processes and controls to support the taxes it pays and the preparation and submission of related tax returns;
- Internal reviews of certain controls (including relating to tax) which take place on a rolling basis and are conducted by a cross-functional team;
- Only undertaking tax planning which is driven by a business purpose or commercial rationale;
- Seeking tax advice from independent external advisors where it is judged necessary (e.g. on material transactions) or specialist knowledge is required;
- Developing collaborative relationships with Tax Authorities; and
- Ensuring tax matters receive the appropriate consideration at all levels (including the Board).

ERM Global Policy Manual Administration

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The original approved version is maintained by the Tax Group.

Policy Description: The framework in which tax is managed within ERM.

Authority to Amend this Written Policy: Tax Committee

Authority to Waive this Policy: None.

Policy Review Cycle: Annual, by the end of each financial year

Docket Responsibility for Review Cycle: Tax Committee