



TAX STRATEGY

Clinigen Group plc
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RIGHT MEDICINE RIGHT PATIENT RIGHT TIME



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TAX STRATEGY

Introduction

Clinigen Group plc (“Clinigen”) is committed to full compliance with all statutory obligations and full disclosure to Tax Authorities. Our policy is to manage tax affairs in a responsible and transparent manner.

This statement is made in pursuant to part 2 of Schedule 19, Paragraph 16 of the Finance Act 2016 and sets out the steps taken by Clinigen Group plc (“the company”) has taken to ensure that the Group’s tax affairs are managed in a way which is consistent with the Group’s commitment to high standards of governance.

The Tax Strategy is set by the CFO and has been reviewed and approved by the Board of Clinigen Group plc.

Scope of strategy

Clinigen Group plc is incorporated as a public limited company under the Companies Act 2006. The Group is a trusted global leader in the highly regulated pharmaceutical industry, listed on the Alternative Investment Market (“AIM”) of the London Stock Exchange.

This strategy applies to Clinigen Group plc and all group companies. A list of the entities to which it applies is set out below. In the strategy, references to ‘Clinigen’ or ‘the Group’ are to all these entities. The strategy has been published in accordance with paragraph 16(4) of the Schedule by being available to download from the Group’s corporate website.

This strategy applies from the date of approval until it is superseded and is subject to regular review. References to ‘UK Taxation’ are to the taxes and duties set out in paragraph 15(1) of the Schedule which include Corporation Tax, PAYE, NIC and other employee taxes, VAT, Insurance Premium Tax, Stamp Duty Land Tax and other property taxes, Customs & Exercise Duties, and withholding taxes in the UK. References to ‘tax’, ‘taxes’ or ‘taxation’ are to UK taxation and to all corresponding worldwide taxes and duties.

Aim

Clinigen is committed to full compliance with all statutory obligations and full disclosure to tax authorities. The Group’s tax affairs are managed in a way which is consistent with the Group’s commitment to high standards of governance.

Our policy is to manage our tax affairs in a responsible and transparent manner, to comply with relevant legislation and to have due regard to our reputation. Through this we seek to promote the long-term success of the Group and deliver sustainable shareholder value.

Our approach to risk management and governance

Clinigen identifies and manages risks and opportunities, including tax risk, that may affect the achievement of its strategic objectives and business plans, its shareholder value and its reputation, through its risk management process. The Board has responsibility for establishing and maintaining the Group's internal control systems which are monitored by the Audit and Risk committee to ensure compliance with laws and regulations. The Chief Financial Officer ("CFO") supported by the Group Head of Internal Audit & Risk provides updates to the Board on key risks and controls within the Group.

Tax risk arises due to the complexity of tax legislation and potential differences in interpretation, and in relation to Clinigen's business operating model. Clinigen has established policies and procedures to ensure the integrity of its tax filings and other tax compliance obligations in the UK and worldwide, and our processes are subject to the same level of internal controls, review and external audit as the rest of the business. Tax risk is viewed no differently to any other business risk encountered. A detailed tax risk register is maintained and reviewed at least annually to ensure compliance with HM Revenue & Customs ("HMRC") Business Risk Review ("BRR") and Senior Accounting Officer ("SAO") requirements.

Clinigen operates a system of tax risk assessment and controls as a component of the overall Internal Control framework ("ICF") applicable to the Group's financial reporting system.

Tax risk is considered in terms of the impact and likelihood; and covers both financial and non-financial factors. Clinigen seeks to reduce the level of tax risk arising from its operations as far as it is reasonably practicable by ensuring reasonable processes and due care is applied in relation to processing which could ultimately impact and effect its compliance with its tax obligations.

For routine and established tax compliance procedures we have a very low tolerance of risk and aim for a high standard of accuracy and compliance with reporting procedures and deadlines.

Clinigen has appropriately qualified finance resource who receive the necessary guidance and training to keep up to date with new tax legislation and are supported to seek additional professional tax advice where appropriate. The finance resource maintains regular lines of communication with the commercial and functional teams across the business to ensure the tax effects of business developments are identified and understood.

Clear accountabilities regarding tax compliance and risks have been established. The Group carries out a review of activities and processes periodically to identify key risks and mitigating controls in place. The key tax risks are monitored for business and legislative changes which may impact them.

Our attitude to tax planning

We have a responsibility to our shareholders to ensure our operations and financial activities are conducted in a tax efficient manner. We aim to structure our operations and finances in a tax efficient manner which may include tax planning. This tax planning is seeking to maximise shareholders value by utilising available tax reliefs, incentives and exemptions where appropriate and ensuring that any arrangements are in the spirit of and comply with the tax legislation in question.

Professional advice is sought on a transactional basis, with the depth of that advice driven by our assessment of the risk presented and level of complexity involved.

Level of tax risk we are prepared to accept

Clinigen's approach to tax planning is to ensure compliance with tax laws and regulations, both in the UK and worldwide, and to ensure that we identify and mitigate tax risks. Tax risk is assessed for each significant transaction. We have no defined limit of the risk we are prepared to accept, we will assess, manage and mitigate the tax risk to an acceptable level on a case by case basis. We maintain relationships with reputable external tax advisors that allow us to seek expert advice on specialist areas of tax, and in situations where the tax law is unclear or where internal expertise is insufficient.

Our approach to dealing with tax authorities

Clinigen seeks to ensure its engagement with HM Revenue and Customs (and other tax authorities in other jurisdictions) is professional, open and honest and undertaken in the spirit of cooperation. Our aim is to work collaboratively and proactively with tax authorities to resolve matters arising which may include areas such as where legislation or guidance is unclear and there is a significant tax impact. We aim to respond to requests for information in a timely manner and we submit all returns on time. Where appropriate the Group seeks advance clearance from tax authorities on the proposed tax treatment of transactions.

Tax principles

The Group has established that the following principles form the basis of the management philosophy and the tax policy of the Group. These principles set out a shared vision and standard for Group tax compliance and performance:

Good Governance

The Group seeks to comply with the UK Corporate Governance Code and the rules of the UK Listing Authority ensuring compliance with the highest standards of Corporate Governance.

Full Compliance and Disclosure

It is considered essential that we pay the right amount of tax at the right time, under all relevant UK and International tax legislation. Relevant tax laws and requirements placed upon the Group are interpreted in a reasonable way, consistent with our stated approach and relationship with individual tax authorities.

We aim to be open and transparent with HM Revenue & Customers and International Tax Authorities concerning our tax affairs, and to provide all information necessary for those Tax Authorities to review possible risks.

Clinigen will only engage in tax planning where this is aligned with commercial and economic activity and does not lead to an abusive result.

Risk and Control

The Group has implemented a system of internal controls designed to respond effectively to significant risks to achieving the Group's corporate objectives.

The internal controls are designed to manage risk rather than eliminate it and therefore cannot provide absolute assurance against material misstatement or loss. The Group applies these same principles to its tax affairs and accounting.

We will maintain a robust system of internal controls to enable us to put into practice the above principles.