

# M&C SAATCHI

## M&C Saatchi PLC UK Tax Strategy

This Tax Strategy is applicable to our tax activities as they relate to UK taxation.

This document meets the requirement for M&C Saatchi to publish its Tax Strategy as required by section 161 and paragraph 16(2) of Schedule 19 of Finance Act 2016. It is effective for the accounting period ended 31 December 2018 and is relevant for M&C Saatchi plc and its subsidiary companies ( 'M&C Saatchi' or 'Group').

### Introduction

**History:** M&C Saatchi was formed in January 1995 by Jeremy Sinclair (Chairman), Bill Muirhead, David Kershaw (Chief Executive) and the brothers Maurice and Charles Saatchi.

**What we do:** We are a global marketing services business working across a wide variety of industry sectors with a strategy focused on winning new business and starting new businesses. The strategy is carried out by our 2,483 staff, employed in over eighty business units run by local entrepreneurs who are regularly in touch with their local stakeholders and head office.

**Business principles:** Our responsible business principles help guide our governance, policies and practices and include accountability, transparency, ethical behaviour and respect for human rights. These business principals require all M&C Saatchi companies to comply with the laws and regulations of the countries in which they operate (providing they fit with international norms and UK legislation).

### Tax Compliance and Reporting Principles

Processes and controls to ensure compliance with all laws, rules and regulations relating to tax are embedded in the business.

We seek to apply diligent professional care and judgement in our tax compliance activities, and where applicable provide sufficient evidence to support all judgements made.

## **Attitude to Tax Planning**

Our approach to tax seeks to align the long-term interests of all our stakeholders, including governments, shareholders, employees and clients.

As a principled people-based business, the Group pays the tax that it is legally due. All tax decisions are made in response to commercial activity, and tax is one of many factors that are taken into account when making business decisions. We will not take an aggressive stance in our interpretation of tax legislation and align taxable profits with substance and economic value creation.

Like any other business expense however, we seek to create value for our shareholders. As such, we may respond to tax incentives and reliefs where appropriate and in a way that is consistent with HMRC and government policy.

## **Governance and Tax Risk Management**

Our Board of directors is ultimately accountable in respect of all UK tax matters, and provides oversight in ensuring that tax is considered within the wider context of the business and in how tax risk is managed across the Group.

The day-to-day management of tax compliance sits with the Group Company Secretary (supported by the finance team), who escalates any tax-risk matters as appropriate to the Group's Chief Financial Officer and the Board. Board meetings are held six times per year. Tax is included on the agenda as necessary.

M&C Saatchi have developed systems, controls, policies, procedures and training to manage tax risk. Risks inherent in the calculation, collection and payment of UK tax are mitigated by these.

M&C Saatchi seeks to maintain a low threshold for risk in respect of UK taxation and this aligns with the group's approach to maintaining our commitment to operating in the highest ethical manner. We are not prepared to accept a level of risk that could expose us to reputational harm and / or which could adversely affect our relationship with HMRC.

Where there is significant uncertainty or complexity in relation to tax risk, we seek input from external advisors.

## **Relationships with UK Tax Authorities**

M&C Saatchi is committed to working with HMRC in an open, honest and transparent manner. Wherever possible, we will seek to work collaboratively with HMRC in terms of keeping them up to date about any commercial developments and events in our business that may have a tax impact and will work with HMRC to achieve early agreement on matters of complexity.

## **Approval**

This Tax Strategy has been developed by the Group Company Secretary.

This Group's tax strategy is approved annually and was last approved by the board on 5 December 2018.