

tiso blackstar group.

June 2020

TISO BLACKSTAR GROUP TAX STRATEGY

INTRODUCTION

This document, approved by the Board of Directors (the “Board”) of Tiso Blackstar Group SE (“Tiso Blackstar” or the “Company”) sets out Tiso Blackstar’s policy and approach to conducting its tax affairs and dealing with tax risk, and is applicable to the Company and its subsidiaries (“Tiso Blackstar Group” or the “Group”) which operate in various jurisdictions across the world. It is made available to all Tiso Blackstar stakeholders. This document will be reviewed annually, updated where appropriate and approved by the Board.

Tiso Blackstar Group is committed to being a responsible taxpayer, acting in a fair manner which is fully compliant with tax laws, paying the appropriate amount of taxes and filing timely and accurate tax returns that reflect our fiscal obligations in the jurisdictions within which we operate.

This document is effective for the year ending 30 June 2020 and applies until amended or replaced.

BACKGROUND

Tiso Blackstar is a UK registered Company with a primary listing on the Main Board of JSE. The Group is a global company with its roots in South Africa, operating market-leading broadcast and retail marketing properties. Tiso Blackstar Group’s brands create and deliver superior content, services and experiences. We’re focused on creating value for our investors, clients and customers. The Hirt & Carter group is the biggest marketing solutions company for the retail sector in Africa. Along with the leading retail solutions provider, Hirt & Carter, Tiso Blackstar Group also owns Uniprint, Silo and Paton Tupper. All these companies provide market leadership in retail marketing, bespoke design, cutting edge technology and industry innovation. Collaboration between these companies provides clients with opportunities for creative and technical innovation.

The Tiso Blackstar business model is underpinned by a unique network of assets, dedication to excellence and a strong entrepreneurial focus. We are committed to providing quality content and services to our varied audiences and customers and value to our investors. We take Corporate Governance seriously and are dedicated to operating in accordance with the highest standards of accountability, honesty, integrity and ethics. As a responsible corporate citizen and a listed entity on the Main Board of the JSE in South Africa, we are required to comply with the UK Companies Act, the King Code of Governance Principles for South Africa (“King IV”) and the JSE Listing Requirements. We are committed to these principles and rules and continue to develop our policies, practices and procedures in line with an integrated governance, risk and compliance framework.

GROUP TAX POLICY

As a Group we acknowledge the importance of good corporate governance established both by law and internal practices. We aim for our tax affairs to be sustainable, well governed and transparent, and in order to achieve this we will:

- Comply with all relevant legal requirements, regulations and reporting disclosure requirements, making all appropriate tax returns and tax payments accurately and timely
- Apply professional diligence and care in the identification and management of all risks, including tax matters and ensure governance and assurance procedures are appropriate to the risk being managed
- Consider tax as part of every major business decision. Not to undertake transactions whose sole purpose is to create a tax benefit which is in excess of what is reasonably understood to be intended by relevant tax legislation, or are not in line with our Group Code of Ethics or business strategy
- Nurture a constructive relationship with HMRC and all other relevant tax authorities cooperatively, collaboratively and on a real time basis with honesty and transparency

Our tax strategy applies to UK taxation and taxes of all other countries in which we operate, in respect of businesses we control. Where we have material interests in businesses but do not have control of them, we will, where possible, exercise our influence as shareholder to ensure that those businesses' tax strategies are aligned to ours.

TAX COMPLIANCE, GOVERNANCE AND RISK MANAGEMENT

Tiso Blackstar is committed to follow and comply with tax law and practice in the UK. Compliance for the Group means paying the right amount of tax in the right place at the right time. It involves disclosing all relevant facts and circumstances to the relevant tax authorities and claiming reliefs and incentives where available.

Ultimate responsibility for tax strategy, policies and the management of tax risk rests with the Board. The Tiso Blackstar Audit Committee ("Audit Committee") has delegated authority from the Board for oversight of the integrity of the Tiso Blackstar Company and consolidated Group's financial statements and Integrated Report as well as the reporting process. The Audit Committee is also authorised by the Board to oversee the risk management arrangements of the Group. The Audit Committee ensures that the material risks facing the Group have been identified and that appropriate arrangements are in place to manage and mitigate those risks effectively. In this context, Tax strategy and risk is part of the Audit Committee's overall considerations and the Audit Committee receives updates on significant tax risks and developments to the extent that they are material to the Group. This tax strategy was approved by both the Audit Committee and the Board.

A critical element of Tiso Blackstar's everyday business is risk management that takes place at all levels of our organisation. The Group operates a system of tax risk assessment which seeks to reduce tax risk arising from its operations as far as is reasonably possible through an ongoing commitment to improving control effectiveness and by ensuring that all tax or tax-related processes are allocated to appropriately qualified members.

The Financial Directors/CFOs of each business division within the Group have executive responsibility for all tax matters and report to their divisional CEO's who in turn are responsible for reporting to the Group CEO who ultimately reports to the Board. The day-to-day responsibility for the operation of the Tax function rests with the divisional financial management team who report to their Financial Directors/CFOs. These finance teams are staffed by professionals with appropriate qualifications, training and expertise. Diligent professional care and judgement will be employed to assess tax risks in order to arrive at well-reasoned conclusions on how the risks should be managed. Where there is uncertainty as to the application or interpretation of tax law, appropriate written advice, risks and conclusions are taken from third party advisers to support the decision-making process.

ATTITUDE TO TAX PLANNING

When structuring our commercial transactions, Tiso Blackstar will consider – among other factors – the tax laws of the countries in which we operate, with a view to maximising value on a sustainable basis for our shareholders.

In reviewing the risks of transactions which have a tax impact, always bearing in mind the requirements of the Group Tax Policy, the following would be considered:

- tax laws of the countries in which we operate;
- the legal and fiduciary duties of directors and employees;
- input from external tax advisors either through an informal discussion or a formal opinion where relevant (where tax cost or tax risk is considered high);
- the requirements of our Tiso Blackstar Group values and policies in place such as the Group's Code of Conduct and Ethics Policy;
- the maintenance of corporate reputation, having particular regard to the principles embodied in the Group's Code of Conduct and Ethics Policy regarding the way we interact with the communities around us;
- the tax benefits and impact on the Group's reported result comparative to the potential financial costs involved, including the risk of penalties and interest; and
- the wider consequences of potential disagreement with tax authorities, and any possible impact on relationships with them.

The level of risk which Tiso Blackstar accepts in relation to taxation is consistent with its overall objective of achieving certainty in the Group's tax affairs. Tiso Blackstar seeks to comply fully with its regulatory and other obligations and to act in a way which upholds its reputation as a responsible corporate citizen.

RELATIONSHIP WITH TAX AUTHORITIES

Tiso Blackstar seeks to have an open, transparent and constructive reciprocal relationship in its approach to dealing with tax authorities wherever we operate around the world, with regular communication. All dealings with the tax authorities and other relevant bodies will be conducted in a collaborative, courteous and timely manner. Tiso Blackstar strives for early agreement on disputed tax matters, and to achieve certainty wherever possible.

UK CONTEXT

Tiso Blackstar Group SE regards the publication of this tax strategy as complying with its duty under Schedule 19 to the Finance Act 2016 to publish the group tax strategy in the current financial year and which is applicable to all of its UK domiciled subsidiaries.

In particular, Tiso Blackstar commits to:

- adopt an open and collaborative professional relationship at all times with HMRC;
- where relevant, engage in full, open and early dialogue with HMRC to discuss tax planning, strategy, risks and significant transactions;
- 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 real time and before returns are filed where possible, and where disagreements arise, work with HMRC to resolve issues by agreement;
- be open and transparent about decision-making, governance and tax planning;
- reasonably believe that transactions are structured to give a tax result which is not inconsistent with the economic consequences (unless specific legislation anticipates that result), nor contrary to the intentions of Parliament; and
- interpret the relevant laws in a reasonable way, and ensure transactions are structured consistently with a co-operative relationship.