

Northgate plc tax strategy

April 2018

Introduction

Northgate plc (the Group) is a UK listed company with operations in the UK and Europe. The primary nature of business is the rental of light commercial vehicles (LCV) to commercial customers on variable length contracts.

Under UK legislation, Northgate plc is required to publish its approach to the management of UK taxes. The statement below is published to allow the Group to comply with its UK statutory duty under Part 2 of Schedule 19, Finance Act 2016.

This policy has been approved by the Board of Directors. It applies to tax strategy in relation to all UK subsidiaries of Northgate plc and is effective from the date of this report until it is superseded.

Taxes paid in the UK either directly or collected and remitted indirectly include corporation tax, employment taxes, VAT, Insurance Premium Tax and stamp duties along with business rates and vehicle taxes.

Tax strategy

The Group is committed to paying the right amount of tax in a timely manner and complying with all tax legislation and reporting requirements.

The overall tax strategy of the Group is set by the Board of Directors within the context of the overall risk appetite of the Group, which is to take a conservative view towards risk and minimise exposure to undue risk. The tax strategy is summarised as follows:

1. To take a low risk approach towards the tolerance of tax risk and apply this within the Group's governance framework
2. To comply with all tax legislation requirements in a timely and accurate manner
3. To not engage in aggressive tax planning or make use of tax avoidance schemes
4. To maintain an open and transparent relationship with HMRC

Governance

Ultimate responsibility for the Group's tax strategy and compliance rests with the Board of Directors of Northgate plc.

The Audit and Risk Committee monitors the integrity of the Group's financial reporting systems, internal controls and risk management framework. Within this remit the Audit Committee ensures that the Group is not exposed to undue tax risk and that tax strategy and policy is adopted and monitored across the Group.

The Group seeks to reduce the level of tax risk from its operations by maintaining a good system of financial processes and internal controls.

The CFO is delegated as the Board member directly responsible for tax matters.

Group Taxation reports directly into the CFO and provides oversight of the Group's tax affairs and compliance with legislation. The Group makes use of professional advisors to provide oversight and

an independent view on tax compliance in all areas. Day to day management of tax affairs in the UK is delegated to the divisional UK Finance Director.

Tax risk management

The Group takes a low risk approach towards tax risk management and the tolerance of tax risk. The Group is committed to paying the right amount of tax in a timely manner and complying with all tax legislation and reporting requirements.

Tax risks arise due to the size and complexity of transactions, operations and compliance with changing legislation. Tax risk in operations is reduced by ensuring that reasonable care is applied in relation to all processes which could affect compliance with tax obligations.

Attitude to tax planning

The Group is committed to complying with tax laws in a responsible manner. Working within the spirit and policy intent of legislation, the Group will continue to manage its tax affairs efficiently.

When entering into commercial transactions the Group will seek to take advantage of available tax incentives, reliefs and exemptions in line with and in the spirit of tax legislation. All areas of the business operate and transact on a commercial basis.

The Group does not engage in aggressive tax planning strategies. No transactions or arrangements of the Group are conducted solely for the purpose of avoiding or reducing the amount of tax payable.

Working with HMRC

The Group seeks to maintain a transparent and constructive relationship with HMRC through regular meetings and communications in respect of developments in the Group's business, current, future and retrospective tax risks and interpretation of the law in relation to all relevant tax risks.

Any inadvertent errors in submissions made to HMRC are fully disclosed as soon as reasonably practicable after they are identified. Where required we will work collaboratively with HMRC to resolve any disputes or enquires in a timely manner to achieve early agreement and certainty.

Date approved: 27 April 2018