

Cambian Group Tax Strategy

Introduction

Cambian Group is one of the largest providers of specialist education and behavioural health services for children in the UK. We work with the majority of local authorities in England and Wales and employ more than 3,800 people. We provide services to almost 2,000 children and young people across 224 locations and our vision is to become the highest quality provider of specialist children's education and behavioural health services in the UK.

We recognise the importance of managing the expectations of all our stakeholders and are committed to acting ethically and with integrity in all our business relationships. Our approach to tax is governed by the same values.

Our Tax Strategy document

This document meets the requirement for the Group to publish its Tax Strategy as required by section 16(1) and section 16(2) of Schedule 19 of Finance Act 2016.

This Tax Strategy is applicable to all of our tax activities and is effective for the year ended 31 December 2017. This strategy covers all Cambian Group companies.

This Tax Strategy has been developed by the Group's Chief Financial Officer. In developing our Tax Strategy, we have aimed to ensure our approach to tax is aligned to our Group Code of Conduct which sets out broad principles based on the common values of responsibility, accountability, integrity, honesty, fairness and transparency. We endeavour to ensure that these values are reflected in all of our business relationships, including our approach to tax.

In respect of our Tax Strategy the Cambian Group is committed to:

- 1) Complying with tax laws in all countries in which we operate;
- 2) Ensuring any tax planning is aligned to commercial and economic substance and seeking external advice in the appropriate implementation of tax incentives and exemptions that are relevant to our business;
- 3) Working within a strong tax risk governance framework that ensures tax risks are escalated to the Board and senior management on a pro-active basis;
- 4) Engaging with HMRC in a transparent manner and communicating with them regularly on the tax issues affecting our business;

These are discussed more below.

1) Compliance with all tax laws

We are committed to ensuring that our tax position is reported in an accurate, understandable and complete way and that the Board have oversight of tax within the business. As well as having a dedicated in-house tax function that manages our tax position and supports the business with its reporting obligations, we continue to seek support and guidance from professional advisors on aspects of tax legislation on a regular basis.

As part of our commitment to meeting all of our compliance and reporting obligations, we comply with the Senior Accounting Officer ('SAO') requirements and undertake an annual review of our tax processes (including Corporation Tax, VAT, Employment Taxes and SDLT and Stamp Duty), working with external advisors to benchmark our SAO review processes to leading practice and seeking to implement the improvement recommendations emerging from those reviews.

2) Our approach to tax planning

We have a low risk appetite to tax planning as it affects taxation, and tax decisions are aligned to our commercial and operational decision-making processes. Like any other business expense however, we seek to create value for our shareholders by managing our taxes in a way that is compatible with the principles in this document. As such, we will respond in a way that is consistent with tax authority and government policy to tax incentives and exemptions that are relevant for our business.

We always seek to apply diligent professional care and judgement in any tax planning activities, as well as our tax reporting and compliance obligations, and provide sufficient evidence to support all judgements made.

As appropriate, we will seek external professional tax advice to support us in any tax decisions made, and to ensure we apply any tax incentives and exemptions legitimately.

3) Developing a strong tax risk governance framework

The board of directors is ultimately accountable in respect of all 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 Chief Financial Officer is responsible for ensuring that the approach in this document is adhered to and will report all tax matters of significance to the Board, on which he also sits.

The Board ensures that tax and risk matters are considered as part of significant business decisions. Additionally the Audit Committee meets several times throughout the year with tax and associated risks included, as appropriate, within the Committee's review of the wider risk governance framework.

The Tax & Treasury Manager has day-to-day responsibility over the Group's approach to tax which includes the identification, prioritisation and monitoring of tax risk across the business, as well as the escalation of tax risk to the Chief Financial Officer who is also the Senior Accounting Officer for the group. The ongoing monitoring of tax accounting arrangements as part of the annual SAO compliance process provides additional support to the existing tax risk governance framework.

4) Relationships with Tax Authorities

Our aim is to foster good working relationships with all of our stakeholders and as such Cambian Group is committed to maintaining its open and honest relationship with HMRC and operating in a transparent manner. Wherever possible, we also seek to achieve early guidance and agreement on issues and certainty, and with support from advisors, have in the past sought, and will continue to seek, pre-clearance on any areas where we might seek clarification of matters.

Approved by the Board on 22 December 2017