

TAX STRATEGY – SYKES GLOBAL SERVICES LTD (SGSL)

1.1 High level overview

SGSL, part of the Sykes Enterprises Inc group of companies, is a business process outsourcing (BPO) leader in providing comprehensive inbound customer agent services in the communications, financial services, technology and retail industries. In conjunction with the above, fulfilment services which include multilingual sales order processing via the internet and phone, payment processing, inventory control, product delivery and product returns handling are integrated with the BPO services.

SGSL also trades under the McQueen Targets banner providing Military & Police Targets to the UK Ministry of Defence, Police Commissions and Shooting organisations primarily within the UK.

SGSL has been successfully operating for nearly 20 years within its industry and continues to win business within its designated lines of business and is therefore confident that it will continue to maintain revenues and margins in the years to come.

1.2 Business strategy statement

Operating within clear guidelines for ethical and respectful conduct is important to SGSL especially for its clients and employees. It allows the opportunity to advise clients as a trusted partner and sets the foundation as an employer of choice. Employees receive continuous education and information with regards to SGSL's Standards of Conduct and conversation about the standards is encouraged to help employees navigate through everyday business situations. Employees are informed of their right and responsibility to report questionable or fraudulent activity through a anti-fraud hotline. In addition to the Standards of Conduct, SGSL also complies with the UK Modern Slavery Act.

Specific policies and practices adhered to by SGSL include:

- Disabled Employees – full and fair consideration given for all vacancies in accordance with aptitudes and abilities. Training, career development and promotion opportunities identical to that of other employees.
- Employee Involvement - employees informed of matters affecting them and of operational, financial and economic factors affecting the performance of the company. This is achieved through regular newsletters, monthly briefings and presentation of the annual business plan. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.
- Environment – in recognition of environmental responsibilities SGSL monitors its impact on the environment and designs and implements policies to reduce any damage that may be caused by its activities. Initiatives designed to minimise impact include safe disposal of waste, recycling and reducing energy consumption.

1.3 Tax strategy statement

SGSL is committed to (1) complying with laws in a responsible manner and (2) building and maintaining a professional and constructive working relationship with the UK tax authorities based upon principles of mutual transparency and trust.

These commitments are explained in more detail below.

1. Approach to tax risk management and governance arrangements

SGSL's business is relatively low complexity and the level of tax risks the business faces is in line with the complexity of its business model. Appropriate internal policies and procedures are utilised to

support its tax control framework with any major tax issues being notified to its parent company, who have a full tax department, and who are provided with full training in order to manage any tax risks.

In this respect ultimate tax responsibility of UK tax is overseen and approved, where appropriate, by the Group's Global Tax function.

2. Attitude towards tax planning

SGSL does not undertake structured tax planning with the sole intention of achieving a tax advantage thus adhering to the clear intentions of the legislation concerned.

This is done in a way which is aligned with SGSL's commercial objectives and meets its legal and ethical standards.

3. Level of acceptable tax risk

SGSL maintains compliance with the appropriate tax rules and regulations, including transfer pricing guidelines.

SGSL aligns its transfer pricing policy with set guidelines as well as the guidelines of the various jurisdictions in which it operates and applies the arm's length standard to ensure the parties to intercompany transactions are appropriately remunerated.

Consistent with its tax policy, SGSL regularly seeks professional opinions and advice from independent tax advisors on tax matters.

4. Approach to dealings with Her Majesty's Revenue & Customs (HMRC)

SGSL is committed to the principles of openness and transparency with the UK tax authorities and when necessary has historically entered into dialogue in order to remove uncertainty with regards to business transactions thus allowing HMRC to review possible risks.

SGSL will continue to engage early with HMRC in advance of undertaking any transactions with potentially complex tax outcomes, and will continue to be proactive and collaborative in its dealings with HMRC.

SGSL is currently designated by HMRC as a Low Risk organisation and has been for the last 5 years. It is also the case that SGSL have been downgraded from a Large Business to Mid-Size organisation by HMRC.

Sykes Global Services Ltd regards the above as complying with its duty under paragraph 16(2), Schedule 19, Finance Act 2016 for the year ended 31 December 2019.