

SOPHOS

Sophos Group plc

Tax Policy

This document sets out our group tax policy and how we manage our tax affairs in line with this policy.

TAX POLICY

Introduction

Sophos has been providing cybersecurity for over 30 years, currently securing more than 100 million people across 300,000 businesses in 150 countries. Our products are designed to work together to eliminate threats and keep data in the right hands. Our goal is to keep security simple so that information technology teams can focus their energy on what's important. We require every Sophos business to operate lawfully and responsibly. Every employee has a responsibility to act at all times with honesty and integrity in all business dealings.

Our strategy is to manage our tax affairs in accordance with our tax policy. This is aligned with the Group's wider values and operating model.

Our Tax Policy

The three overriding objectives of this Policy are:

- To comply fully with all applicable laws, rules and regulations, in line with our values and stakeholders' expectations,
- For our tax affairs to be sustainable, well-governed and transparent; and
- To manage our tax affairs so as to protect value for the company, in line with our broad fiduciary duties.

The Group Tax Function

The group employs suitably qualified tax specialists to manage taxes. Training is provided to employees to ensure that compliance is carried out with the appropriate level of expertise.

The group tax function is measured against the following performance objectives:

- To comply with all tax-related legal obligations
- To manage the Group's tax risk and reputation
- To partner with commercial operations as trusted advisors
- To forecast, report and manage the tax charge and cash tax for the Group

Our Approach to Tax

1. Governance

The Group Board receives, via the Audit and Risk Committee, regular updates on tax operations in the business, material tax issues, tax disputes, effective tax rates and cash tax payments. Formal tax reports are delivered to the Chief Financial Officer quarterly, the Vice President Group Tax attends the Audit and Risk Committee meetings and delivers a report annually.

2. Compliance with tax laws

Our policy is to comply with all relevant tax laws, regulations and tax reporting requirements in all jurisdictions in which we operate, including utilising available tax allowances and incentives. We aim to file returns on time and pay tax in accordance with relevant legislation. We maintain all documentation required by law to support our tax filing position.

Sophos will not participate in or facilitate the criminal evasion of any tax in any jurisdiction whether carried out by an employee or an associated business partner acting on our behalf. We will not transact with anyone engaging in such behaviours in any jurisdiction.

3. Relationships with governments and tax authorities

Sophos actively engages with policy makers, tax administrations and industry bodies, including participating in consultations with the U.K. government and the Organisation for Economic Co-operation and Development (OECD.) We pursue open working relationships with tax authorities. We will discuss and consult on our interpretation of the law with relevant tax authorities as required and we will seek to resolve potential areas of contention or uncertainty. Where appropriate, we will seek tax clearances and rulings prior to undertaking transactions. We are open and transparent about our tax affairs.

4. Risk management

We actively manage tax risks impacting our business with the aim of managing financial uncertainty and any wider business impact. The key factors which could affect our tax risk originate both externally and within our group. Our ability to control these factors varies from no control over external factors to a high degree of control over internal matters.

Changes to tax legislation and the interpretation of tax legislation is a significant risk. These changes may result in additional tax cost or complexity in complying with new regulations. We actively monitor changing legislation and engage with tax authorities to interpret these changes and assess the impact on the group. We ensure that internal processes and systems are updated at the earliest feasible point to comply with these changes.

We evaluate risks strategically, including financial, commercial and other risks, against the potential outcome of any tax arrangement or filing position. We seek to minimise uncertainty over any position, and obtain external advice and engage with tax authorities, as necessary. We document, monitor, review and report tax risks regularly. Within the group risk management system, we monitor the operation of mitigating actions and controls, and progress is reported to the Audit and Risk Committee. We have a low tolerance of tax risk for error, compliance failure, late filing of returns and late payments.

Our in-house internal audit function reviews our risk processes quarterly to ensure that they remain sufficient and appropriate.

5. Transparency

We comply with all current tax reporting requirements and aim to provide meaningful information for stakeholders by publishing information in addition to the minimum requirements of accounting standards.

6. Transfer pricing

We align all of our activities to the commercial drivers of the business and do not artificially transfer profits from one business location to another to reduce taxation. We pay tax where value is created by normal commercial activity.

7. Business structuring and tax planning

In making commercial decisions, we treat tax in the same manner as any other business cost. We seek to optimise our tax position and undertake appropriate planning that we believe will be of overall benefit to the Group and its stakeholders, provided that it is compliant with local laws. We seek to be efficient with our tax affairs and utilise reliefs and incentives made available by relevant governments. We do not request in any given country or region any specific tax advantages that are not generally available or properly legislated for.

We will not enter into any planning arrangements that are notifiable to tax authorities under mandatory disclosure regimes or where there is no commercial business purpose.

Note: In accordance with paragraph 16(2), Part (2), Schedule 19, UK Finance Act 2016 Sophos regards the publication of this Tax Policy as complying with the duty to publish a company tax strategy in the current financial year.

United Kingdom and Worldwide Sales
Tel: +44 (0)8447 671131
Email: sales@sophos.com

North American Sales
Toll Free: 1-866-866-2802
Email: nasales@sophos.com

Australia and New Zealand Sales
Tel: +61 2 9409 9100
Email: sales@sophos.com.au

Asia Sales
Tel: +65 62244168
Email: salesasia@sophos.com