

# Tax Strategy

## Introduction

We are a global medical products and technologies company, focused on solutions for the management of chronic conditions, with leading market positions in advanced wound care, ostomy care, continence and critical care, and infusion care. Our products provide our customers — including doctors, nurses, and patients — with a range of benefits, from infection prevention and protection of at-risk skin, to improved patient outcomes and reduced care costs. With around 10,000 colleagues and operating in over 100 countries through direct sales and local distributors, our business activities generate a substantial amount of taxes. These include both corporate income taxes and non-income taxes such as payroll taxes, property taxes, VAT/Sales & Use taxes, and other taxes.

We operate in an industry that is constantly changing and highly regulated. Convatec is fully committed to meeting the highest standards of compliance and ethical behaviour, adhering strictly to all applicable laws, regulations, and policies, and conducting ourselves with integrity and honesty – every day, in everything we do.

Convatec's Code of Ethics and Business Conduct requires that all its books and records accurately and fairly reflect its transactions, and our approach to tax aligns to that code.

Our tax approach is based on the following principles:

### 1. Tax Strategy

Our tax strategy is aligned with our overall Group strategy which seeks to drive sales and earnings whilst managing costs and mitigating risks, underpinned by the Group's 5 pillar strategic framework in achieving its vision of 'Pioneering trusted medical solutions to improve the lives we touch'.

Our transfer pricing policies aim to ensure that transactions between Convatec affiliates follow those as set out in OECD Guidelines and seek to align profits to value creation. Transfer pricing is the method and rules for pricing transactions between enterprises under common ownership or control which results in an arm's length allocation of profit among Convatec affiliates. The arm's length principle dictates that companies within the same group must price transactions as if they were priced between independent enterprises, with each affiliate appropriately rewarded based on the functions performed, assets employed, and risks undertaken when entering intra-group transactions.

### 2. Tax Risk Management and Governance

Given the nature of our business, along with the size and the number of different jurisdictions we operate within, tax risk is inherent in our everyday business. Convatec has not a set a level of tax risk it is prepared to accept as the tax risks it faces need to be managed within the context of the issue and the competing considerations that apply. The Group relies on internal and external advice to assess tax risk on a case-by-case basis and where possible seeks to reduce the tax risks. Convatec considers it paramount to take a consistent and systematic approach to the management of these associated tax risks.

Our tax risk management follows Convatec's Group Tax Policy, Grant of Approval, Reserved Powers, and applicable internal control processes. Our Group Tax Policy covers all tax processes including tax planning, accounting, and compliance. Tax risks are identified through early assessment and appraisal of changes to tax legislation, business decisions and the external environment within which we operate. We apply risk management controls over the Group's tax affairs and monitor effectiveness of tax compliance activities of all group companies. This reflects our commitment to ensuring we comply with the requirements of each of the countries in which we operate.

Our Global Tax team, led by the Global Head of Tax, and made up of experienced and qualified dedicated tax specialists, is responsible for implementing Convatec's tax approach and ensuring global compliance with this approach by the group. Global Tax is responsible for ensuring that policies and procedures that support this approach are used consistently throughout the group. The tax team has the requisite skills to implement this approach by working closely with the business and other group functions.

The Global Head of Tax reports indirectly to the Group Chief Financial Officer through the VP, Financial Controller and Transformation. We report on a periodic basis to the Audit Committee and Board on how tax risks are managed, and on improvements that are being made. Our governance framework is supported by regular updates with the Senior Accounting Officer.

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## 3. Tax Planning

Our tax arrangements are derived from the commercial needs of our business operating model, and that minimises tax risk in respect of compliance, uncertainty, cross border transactions and disputes. Convatec's business operating model takes advantage of substance-based tax incentives provided by fiscal authorities. Convatec does not engage in artificial tax arrangements – those without business or commercial substance – and we do not seek to avoid tax using “tax havens” or transactions we would not fully disclose to a tax authority. We take a zero-tolerance approach to tax evasion and accordingly, in line with UK legislation, we take a risk-based approach and put in place reasonable procedures to prevent the facilitation of tax evasion.

Convatec operates through legal entities, which are established in countries where we undertake business operations or financing activities. All transactions between group companies are conducted on an arm's length basis in accordance with OECD principles and supported by appropriate documentation and studies.

Convatec seeks to utilise tax incentives and exemptions where these are made available by governments or tax authorities in the countries in which we operate, to enhance the value of investment and financing decisions aligned with the commercial objectives of the business. Where possible, we will seek to engage with local tax authorities to ensure there is an agreed understanding of the basis and validity on which we will claim tax incentives or exemptions.

Convatec uses external tax advisers where specific expertise is required, as well as for mitigating tax risks and complying with all tax laws.

## 4. Transparency and relationships with tax authorities

Convatec fully supports the moves towards greater transparency with tax authorities and the initiatives being introduced to enable this. We recognise the needs of society to raise taxes, and we are fully committed to meeting our legal obligations in this respect.

We believe in being proactive with tax authorities where possible, both in terms of early communication and to obtain agreement where appropriate on areas which reduce uncertainty for both Convatec and the tax authorities. Our relationship with tax authorities, including HMRC in the UK, is based on respect for the function they are performing and the legal framework in which we operate.

This Statement was approved by the Audit Committee on behalf of Board on 6 December 2023, applies to Convatec Group Plc and all the members of its group, and meets the UK legislative requirements of paragraph 16(2) Schedule 19 to the Finance Act 2016 in respect of the accounting period ended 31 December 2023.