

Tax Strategy of the MHC UK Ltd Group

December 2024

This is Mölnlycke

Mölnlycke Health Care is a world-leading MedTech company that specialises in sustainable solutions for wound care and surgical procedures. Mölnlycke® products and solutions are used daily by hospitals, healthcare providers and patients in over 100 countries around the world. Founded in 1849, Mölnlycke is headquartered in Sweden and owned by Investor AB. Investor AB is listed on NASDAQ OMX Stockholm.

The UK market is the fourth largest within Mölnlycke's world-wide activities, and all UK group companies are held by the parent MHC UK Limited.



Background

Purpose

This document outlines the strategic tax objectives of MHC UK Limited and its subsidiaries (“the UK Group”) and fulfills the UK Group’s requirement to publish its tax strategy under paragraph 16(2), Schedule 19 of the Finance Act 2016.

Ownership and approval

The Tax Strategy is approved by the Board of Directors of MHC UK Ltd. The Mölnlycke Group Tax Director is responsible for leading the Tax Strategy, assisted by the UK Finance Director. The Tax Strategy will be periodically reviewed, and any amendments will be approved by the Board of Directors.

Scope

The UK Group is subject to a wide range of taxes, including corporation tax, VAT, insurance premium tax and national insurance contributions. In addition, the UK Group has around 350 employees, contributing significantly to the economy through PAYE and NIC.

The Tax Strategy applies to all companies within the UK Group in terms of tax compliance and tax financial reporting.

Internal ownership and structure

The Mölnlycke Group Tax Director implements the world-wide group tax strategy (a part of the Group Tax Policy), which includes the UK Group tax strategy. Within the UK Group, the Mölnlycke Group Tax Director and the Group Tax Team collaborate with the UK Finance Director, the UK Finance Manager, and other members of the Group Finance team to manage tax-related matters.

The tax strategy is approved by the Board of Directors.

External Consultants

For matters where the Group Tax Director and UK Finance team consider they have insufficient skill or experience, external expert consultants who have suitable knowledge of the Mölnlycke Group, the industry and tax law are engaged to provide advice and guidance.

Tax risk management

It is the policy of the UK Group to ensure that all tax positions taken are consistent with the core values of the Mölnlycke Group, which notably include respect for the environment, people and communities. The policy ensures that the UK Group pays the appropriate amount of tax in relation to its commercial activities.

The main tax risks for the UK Group are identified as:

Tax compliance and reporting risks

These risks are associated with failing to comply with the tax regulations of the appropriate authorities within each market the UK Group operates. The risk is mitigated by using external professional advisers to prepare, advise and review tax computations and submissions, together with an in-house team of qualified accountants and experienced tax experts.

Transactional risks

The UK Group primarily has commercial activities in the United Kingdom and the Republic of Ireland but does source raw materials and finished goods internationally from third-party organisations and the wider Mölnlycke group respectively. UK Group-manufactured goods are also sold and dispatched into Europe to the wider Mölnlycke group, and royalties are also received from Mölnlycke group subsidiary companies outside the UK. Given the complex tax issues associated with international business, the UK Group always seeks advice from professional advisers when new channels are established, or current transactions amended, in order to ensure adherence to the correct rates and treatment of tax.

Reputational risks

The UK Group ensures they are open and transparent with every governing entity in each market, primarily with the HMRC in the UK. The UK Group adopts a conservative approach to tax planning and aims to have open communications with all tax authorities.

Approach to tax

Tax Planning

The UK Group strives to maintain a low-risk rating with HMRC. While seeking to be efficient in the tax affairs and reduce the tax liability by taking of reliefs and incentives where applicable, the UK Group ensures that any tax planning is based on sound commercial principles but will show respect at all times for the intention and spirit of the law, as well as the letter of the law.

Relationship with HMRC and other tax authorities

The UK Group seeks to build and sustain honest, transparent relationships with HMRC and other tax authorities that are constructive and based on mutual respect, avoiding unnecessary delays and disputes wherever possible.

Documented Policies and Procedures

The UK Group will comply with documented policies and procedures in relation to tax risk management and will conduct risk assessments before entering any new initiatives. Where appropriate, this will include obtaining external professional opinions to verify and support the UK Group tax management team's conclusions.



Summary

The UK Group is committed to paying the correct amount of tax required under the laws and regulations of UK tax legislation and practice. The UK Group takes a conservative approach to tax planning and does not pursue aggressive tax planning arrangements.

The UK Group uses third party advisors to provide advice and guidance to help assess the tax risks and ensure its compliance with applicable laws, rules, regulations and disclosure requirements.