



Inmarsat Tax Strategy

Board Approved

Inmarsat is a UK headed multi-national enterprise and this strategy is published in compliance with Finance Act 2016 s161 Schedule 19 of the UK tax legislation. This approach to tax is relevant for the year ended 31 December 2020.

TAX STRATEGY

BOARD APPROVED 23 MARCH 2020

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Tax Mission Statement

To ensure that the Group's tax risk is managed conservatively and professionally, by seeking to comply with the applicable tax laws in all territories in which we operate. We seek to work proactively and collaboratively with our stakeholders, including tax authorities and colleagues within the business, whilst ensuring that the Group's tax strategy is aligned with the wider business and its commercial strategy of generating sustainable value for our shareholders.

Key principles

The Board of Directors of Inmarsat Group Holdings Ltd approves our tax strategy, regularly reviews its effectiveness and maintains a system of risk management and internal control.

Inmarsat's tax function is committed to:

- Observing all applicable laws, rules and regulations in meeting our tax compliance and reporting responsibilities everywhere we operate;
- Applying diligent professional care and judgement to ensure that the tax risk is managed with a high degree of certainty;
- Working positively, pro-actively and transparently with tax authorities to minimise the extent of disputes, to achieve early agreement on disputed issues when they arise and achieve certainty wherever possible; and
- Ensuring that tax strategy is aligned with the wider business and commercial strategy.

These are considered in further detail below:

Observing all applicable laws, rules and regulations in meeting our tax compliance and reporting responsibilities everywhere we operate.

Compliance with laws, rules and regulations

Inmarsat is committed to observing all applicable laws, rules and regulations in meeting our tax compliance and reporting responsibilities everywhere we operate.

We apply diligent professional care and judgement to ensure all decisions are well considered and documented. If an area is identified where there is not expertise within the Group, we use third party advisors as required. This enables us to ensure that we are paying the right amount of tax in the right places, in a timely manner.

Whilst seeking to minimise tax liabilities for the benefit of customers and shareholders, the Company's policy is not to take an aggressive interpretation of tax legislation or use artificial tax avoidance schemes.

We are proactive in ensuring that we are aware of any developments in tax legislation and the implications for Inmarsat's business, including OECD Base Erosion and Profit Shifting.

Where appropriate we apply tax incentives and exemptions.

Tax compliance and reporting

We deploy a combination of in-house and third party resource to ensure that tax returns are prepared to a high standard, that deadlines are met and that taxes are paid where due.

Transfer Pricing

We aim to pay an appropriate amount of tax according to where value is created within the normal course of commercial activity. Transactions between entities within the Group are determined using the 'arms-length' principle to ensure our policies are consistent with the OECD transfer pricing guidelines and the wider Base Erosion and Profit Shifting initiative.

We ensure that our Transfer Pricing policies are applied consistently across the Group.

Applying diligent professional care and judgement to ensure that tax risk is managed with a high degree of certainty

Management of business tax risk

Inmarsat's approach to tax risk management is based on the following main principles:

- Ensuring that all personnel with tax responsibilities have a clear and consistent understanding of how tax risk is identified, assessed, reported and managed;
- Using third party advisors to supplement the tax technical expertise within the tax function where required;
- Ensuring that there is a quality control review of all work undertaken within the tax team, with the involvement of third party advisors where required;
- Ensuring that any analysis relating to tax positions being taken by the business is clearly documented, and reviewed by the Vice President, Tax & Treasury, together with the Chief Financial Officer if required, before any decision to proceed is taken;
- Ensuring Internal Audit undertake periodic tax process reviews in order to identify any process risks arising and to mitigate the impact of these on a timely basis;
- Ensuring that the business is informed in a timely manner of any tax changes to the tax landscape which may impact them, for example through training or the issuance of tax policies which can be followed in order to mitigate risks from arising.

All tax risks are assessed on a case by case basis, allowing the Group to arrive at a conclusion on how each risk should be managed.

Our people

Inmarsat's tax team is part of the Finance function which reports to the Group's Chief Financial Officer. Our Vice President, Tax & Treasury leads a team who have specific geographical and technical responsibilities, including specialists in Transfer Pricing and Indirect Taxes. Regular update meetings taken place between the Vice President, Tax & Treasury and the Chief Financial Officer, and periodic updates are provided to the Board, with an overview of the Inmarsat tax function, including the current tax strategy, tax profile, issues and initiatives.

We have clearly defined reporting lines, responsibilities and accountabilities.

We employ appropriately qualified and trained tax professionals with the right levels of tax expertise, and train and supports all personnel with responsibilities for tax matters to ensure that they have the skills and knowledge to effectively and accurately fulfil their tax responsibilities, meet their development needs and perform to the best of their abilities, whilst remaining motivated and challenged in their roles.

The Group uses third party advisors for particular issues or transactions, for example around a specialist area of tax legislation or where the Group is undertaking business in a new jurisdiction, where external expertise is required in order to complement the Group's in-house technical knowledge. In each case, we look for best value whilst using the best firm for the specific piece of work.

Working positively, pro-actively and transparently with tax authorities to minimise the extent of disputes, to achieve early agreement on disputed issues when they arise and achieve certainty wherever possible

We strive for an open dialogue with HMRC and overseas tax authorities, working positively, pro-actively and cooperatively with them. We have regular update meetings with HMRC, to provide an overview of changes to the business and to discuss any ongoing developments.

To the extent that there are any disputes, this approach of looking to agree positions on a real-time basis enables us to avoid uncertainty, wherever possible. Enabling us to close down these issues for the best possible value for the business in as short a period of time as possible is a key priority for the Tax function.

Ensuring that tax strategy is aligned with the wider business and commercial strategy

Consistency with Group strategy

The tax strategy is aligned to and supports the strategic vision of the Group. It is focused on ensuring that stewardship of our tax affairs provides a sustainable outcome, with a view to optimising shareholder value during the growth and diversification of the business.

Business Partnering

Our engagement and interactions with all of our stakeholders is important to us. The tax team has Tax Business Partners who are the point person for each of the Business Units on all tax matters, working to ensure tax is a consideration in any material business decision at an early stage. This enables the Tax function to work efficiently with the Business, and enables clear, timely, relevant and business focused advice to be provided.

Approach to tax planning

When considering the viability of investments, tax is one of the factors we examine, however all transactions are driven by a business need and must fit with our core values.

We do not use contrived or abnormal tax structures that are intended for tax avoidance, have no commercial substance and do not meet the spirit of local or international law.