

CDT's Tax Strategy

Introduction

Cambridge Display Technology Ltd.'s principal activities are firstly in Research and Development for its ultimate parent company in four principal areas of Flexible Organic Light-Emitting Diodes, Lighting and Power, Sensors and New Technologies and secondly, in commercialising its proprietary light emitting polymer ("LEP") technology in the global display and lighting market.

Further information on our business can be found at <https://www.cdtltd.co.uk>.

We are committed to acting responsibly in all our activities and place an emphasis on compliance, safety and quality. In the UK we support our communities through paying a number of taxes including corporate income tax on our profits, employment taxes, customs duties and VAT. Further information on our group's approach to corporate social responsibility can be found at <http://www.sumitomo-chem.co.jp/english/csr/>.

Our approach to risk management and governance arrangements in relation to UK taxation

The tax governance of our business is led by the Board of Directors, who delegate responsibility for day to day tax matters to the General Manager and the Financial Controller.

Tax risks are identified across the business by those individuals and escalated as necessary to the Board. It ensures that all staff are fully aware of their tax responsibilities.

In order to ensure that tax returns are appropriately reviewed, there is a separate preparer and reviewer of our tax returns. Further, tax payments must be authorised in line with our approval matrix.

Senior Management discusses business changes and the tax consequences of any such business changes are considered within that forum.

The Group's Internal Audit Team, which is based in Japan, will periodically visit our offices in the UK and will seek to identify any significant tax risks and determine the appropriateness of the controls in place over those risks.

Where there is complexity or uncertainty as regards to our tax affairs we will also seek external advice to help us to reduce the risk of any errors materialising.

Our attitude to tax planning

We seek to be efficient with our tax affairs, appreciating that we have an obligation to the shareholders of our Group. However, our primary objective is to be compliant with the tax legislation and we ensure that our tax arrangements are aligned with the commercial reality of our business. Tax is merely one of the factors that we consider with financial and reputational factors in order to comprehensively judge our business transactions.

The level of risk in relation to UK taxation that we are prepared to accept

We have a low tolerance as regards to tax risk. To minimise tax risks, any potentially significant tax risks are identified, assessed and controlled by the General Manager.

Approach to dealings with HMRC

Because our tax affairs are relatively straightforward, there is rarely a need to communicate with HMRC outside of our normal compliance process. When we do correspond with HMRC, we are open and transparent in our communications and we will voluntarily disclose any issues which may arise as soon as is practicable.

This tax strategy applies to the year ended 31 March 2018 and has been prepared in accordance with the requirements of paragraph 22(2) of Schedule 19 of the Finance Act 2016. It applies to all CDT group companies resident in the UK and therefore includes CDT Holdings Ltd, CDT Oxford Ltd and CDT Licensing Ltd.