

## Tax Strategy

The company's principal activities are firstly in Research and Development for CDT's ultimate parent company (Sumitomo Chemical Co, Japan) within Functional Materials, Technologies and Devices and in the four principal areas of Light, Power, Sensors and Other new technologies and secondly, in commercialising its proprietary light emitting polymer ("LEP") technology in the global display and lighting market. Further information on the business can be found at <https://www.cdtttd.co.uk>.

CDT is committed to acting responsibly in all its activities and places an emphasis on compliance, safety and quality. In the UK CDT supports its communities through paying taxes due including corporate income tax on our profits, employment taxes, customs duties and VAT. Further information on the 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 CDT's business is led by the Board of Directors, who delegate responsibility for day to day tax matters to the Managing Director and the Financial Controller. Tax risks are identified across the business by those individuals and are escalated as necessary to the Board. This process ensures that all staff are fully aware of their individual responsibilities regarding CDT's tax strategy.

To ensure that CDT's tax returns are appropriately reviewed, each return is prepared and reviewed by different individuals within CDT. Further to this, tax payments must be authorised in line with CDT's approval matrix.

Senior management discusses business changes and the tax consequences of any such business changes are considered within that forum. The SCC Group's Internal Audit Team, which is based in Japan, will periodically visit CDT's offices in the UK and will seek to identify any significant tax risks and determine the appropriateness of the controls in place with respect to those risks. Where there is complexity or uncertainty regarding CDT's tax affairs CDT will also seek external advice to help it to reduce the risk of any errors materialising.

### CDT's attitude to tax planning

CDT seeks to manage its tax affairs efficiently, appreciating that it has an obligation to its shareholder, SCC, and to the shareholders of SCC's group. However, CDT's primary objective is to be compliant with the tax legislation and to ensure that its tax arrangements are aligned with the commercial reality of CDT's business. Tax is merely one of the factors which CDT considers, along with financial and reputational factors, in order to comprehensively judge CDT's business transactions.

CDT fully understands its obligation to build relationships of trust with various stakeholders and contribute to the economic development of the United Kingdom in which the main and subsidiary companies reside within.

### The level of risk in relation to UK taxation that CDT is prepared to accept

CDT has a low tolerance with regard to tax risk. To minimise tax risks, any potentially significant tax risks are identified, assessed, and controlled by the Managing Director.

### Approach to dealings with HMRC

As CDT's tax affairs are relatively straightforward, there is rarely a need to communicate with HMRC outside of CDT's normal compliance process. When CDT does correspond with HMRC, it is open and transparent in its communications and, as soon as is practicable, will voluntarily disclose any issues which may arise.

This tax strategy applies to the year ended 31 March 2022 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.