

GW Pharmaceuticals Plc UK Tax Strategy

The following UK Tax Strategy has been approved by the Board of GW Pharmaceuticals Plc (“the Board”) for the financial year ended 31 December 2020 and covers all UK taxes applicable to GW Pharmaceuticals plc and its UK subsidiaries (the “Group”). The strategy will be reviewed annually and updated as appropriate. This document fulfils the UK legislative requirement of Finance Act 2016 Schedule 19, paragraph 16(2).

Approach to Taxation

GW Pharmaceuticals is an organization defined by our company values. We are accountable to these values by ensuring our actions and interactions continually align with our I-CARE Code of Conduct & Ethics. GW is focussed around the following six core values which are a fundamental part of everything the Group undertakes including our approach to tax affairs.

- Patient Driven
- Passionate
- Innovative
- Collaborative
- Accountable
- Integrity

GW is committed to complying with all applicable tax laws, rules, regulations, and reporting and disclosure requirements. This means paying the right amount of tax in the right place at the right time and involves disclosing all relevant facts and circumstances to the tax authorities and claiming reliefs, incentives and exemptions in line with the spirit of the applicable tax legislation.

Our tax strategy is based on the following components:

1. Governance and approach to risk management

The Board has ultimate responsibility for the Group’s tax affairs and are consulted where key business decisions are made. The Board has delegated the day to day responsibility for the management of taxes to the CFO and in turn to the Senior Tax Director, who heads up the Tax function within the organisation and communicates our tax compliance and risk related matters to our Audit Committee and external auditors during the year. The Tax function comprises a team of professionals who are equipped with appropriate knowledge, skills, capability, and experience to manage the Group’s tax affairs and maintain oversight of all significant and emerging tax risks.

The Group operates a system of tax controls as a component of our wider internal control framework to ensure that we comply with our legal requirements and pay the required amount of tax at the right time to HMRC. Our Internal audit function plays an important role in monitoring and testing our financial controls and report regularly on significant tax matters to the Audit Committee.

There can be instances where we face uncertainty as to the interpretation and application of certain tax laws. If this occurs, to support us in ensuring we are interpreting and applying the laws correctly, we seek appropriate external tax advice.

2. Level of risk

Our approach to tax risk follows similar principles that apply to our management of legal, compliance, and other business risks. Our internal framework (supplemented by external advisors where appropriate) operates to support compliance with tax laws and regulations in the UK and to ensure we identify, assess, and mitigate tax risks.

3. Our attitude to tax planning

Our Tax function works with our business to ensure that the appropriate tax analysis and considerations are undertaken for material business decisions.

Transactions between GW companies are conducted on an arms-length basis in accordance with appropriate transfer pricing rules in line with current OECD guidelines. This ensures the Group's profits are taxed where economic activities are performed.

Where relevant, the Group utilises legitimate tax incentives and reliefs offered by government bodies in the territories in which we operate.

4. Approach to dealing with HM Revenue & Customs (HMRC)

Consistent with our company values, the Group seeks to build a relationship with HMRC which is collaborative, based on integrity and on principles of openness and transparency.