

Cavium Group - UK Tax Strategy

Introduction

The publication of this UK tax strategy statement is regarded as satisfying the statutory obligation under Para 16(2), Schedule 19 of the Finance Act 2016, for the Cavium Group. This strategy applies to Cavium, Inc. and to its affiliated UK group of companies.

We are committed to complying with UK tax obligations as we operate within the tax policies set by Cavium group management.

The strategy has been approved by the Cavium group executive management responsible for tax and we expect the tax function and any external advisers to adhere to its main values and principles.

Approach to tax risk management and governance

Our policy is to comply with all relevant laws, rules, regulations, reporting and disclosure requirements and to timely pay the correct amount of tax to all taxing authorities with which the Cavium Group has a tax obligation.

We operate robust and efficient systems of risk management, which are consistent with our corporate governance controls and contribute to the effective implementation of this policy. All risks identified as potentially impeding our commitment to a high standard of tax compliance or negatively impacting the company's reputation will be escalated to the appropriate level for review and consideration, including the head of tax, the chief financial officer, and the board of directors where appropriate.

We undertake regular training and request and receive external advice where required to ensure we are capable of identifying and managing the ongoing tax obligations of the group.

Attitude Towards Tax Planning

We recognize that we have a responsibility to pay an appropriate amount of tax in each of the principal jurisdictions in which we operate. We aim to balance this responsibility with our responsibility to shareholders to structure our affairs in an efficient manner.

We seek to align all decisions in respect of tax planning relating to significant and complex commercial transactions with our business strategy, operations and tax obligations. As such, all decisions are intended to be supported by a genuine and sound commercial rationale and business purpose.

Acceptable Level of Tax Risk

We maintain a tax risk profile such that, where tax law is unclear or subject to interpretation, our adopted tax position is at least more likely than not to be allowable under applicable tax laws. With respect to transactions in which there could be significant uncertainty or complexity as to the tax treatment, we customarily seek advice from external advisors and proceed accordingly.

With respect to Cavium's UK operations, which are minimal, the group believes that its UK tax risks are low.

Approach in Dealing with HMRC

It is our intention to develop a good working relationship with the UK tax authorities by co-operating with them in a professional, timely, and open and transparent manner. We aim to avoid unnecessary disputes with HMRC by continuing to interact in real time as much as possible, seeking pre-transaction clearance from HMRC where appropriate, and making tax compliance procedures, controls and records readily available for review by HMRC upon request.

We are committed to ensuring our tax affairs are kept up to date and fully compliant with UK tax law. In turn, this policy will be regularly reviewed to ensure it remains fit for its intended purpose.