



# DS Smith Plc

## Tax Strategy

### *Our Aim:*

*“To manage our tax affairs in a proactive and responsible way whilst maximising sustainable, long-term value for our shareholders, operating in compliance with the law and conscious of the communities in which we operate.”*

## 1. Introduction to the Tax Strategy

### 1.1. Objective

The purpose of this Tax Strategy is to outline the approach adopted by DS Smith plc ('DS Smith') in managing the tax obligations and activities of the DS Smith Group, and make that approach clear to stakeholders.

It is aligned with the Group's business and commercial strategy of generating sustainable, long-term value for our shareholders.

### 1.2. Scope

The Tax Strategy applies to all subsidiaries within the DS Smith Group, including any entity controlled by DS Smith plc. It governs and is applied by all DS Smith Group employees and contractors. In particular, it applies to all members of the DS Smith global tax team and all DS Smith personnel who have tax responsibilities.

The Tax Strategy applies to all taxes, including corporate income tax, VAT, sales, property and employment related taxes.

### 1.3. Ownership

The Tax Strategy is approved by the DS Smith Board, with any material changes being presented to the Board for approval in advance of their implementation.

The Tax Strategy is owned by the Group Director of Tax and Treasury, who is responsible for its implementation. The Group Director of Tax and Treasury reports annually to the Board on compliance with the Tax Strategy.

The Board and Audit Committee monitor adherence to the Tax Strategy in relation to the adequacy and effectiveness of the internal controls and risk management systems.

## 2. Our approach to tax

Due consideration is given to the Group's corporate and social responsibilities. Our approach to tax is aligned to the Group's values.



## **2.1. Compliance**

We are committed to maximising long-term, sustainable value for our shareholders. This means observing all applicable laws, rules and regulations in meeting our global tax compliance, reporting and payment obligations in all jurisdictions where the Group operates. We maintain appropriate management structures to meet those obligations.

We make all necessary disclosures to tax authorities and investors, and work collaboratively with the business to ensure that all transactions are implemented in accordance with the Tax Strategy.

We apply diligent professional care and judgement, and all decisions are taken at an appropriate level and supported with documentation that evidences any judgements involved. All documentation in support of our tax position is retained for at least the minimum period required by law.

## **2.2. Resources and expertise**

Our group tax affairs are managed by a team of tax professionals. We have a central Group Tax function and in addition, some personnel are embedded in our underlying businesses. We realise the potential of our tax team by ensuring that they have sufficient skills and equipment to meet the needs of the business and provide the necessary support to aid their continued professional development.

When the need arises, the expertise of our tax team is supplemented by the use of suitably qualified external advisors. All material external advice is provided in writing and retained as part of our tax documentation.

## **2.3. Management of Group tax affairs**

The tax treatment of transactions is considered as part of the overall commercial assessment of the business opportunity. Due consideration will be given to the Group's reputation, brand, corporate and social responsibilities when evaluating any tax planning. We will only enter into transactions that would be justifiable if they were to become public.

We support efforts to ensure that taxation of businesses reflects commercial substance. Therefore, we do not enter into any contrived or artificial arrangements intended for tax avoidance, or which have no commercial substance. We will not insert tax havens into our corporate structure for the purpose of avoiding tax.

We will utilise tax incentives or opportunities to obtain tax efficiencies where these:

- Are aligned with business or operational objectives; and
- Do not carry significant reputational risk or significant risk of damaging our relationships with fiscal authorities in the key jurisdictions where we operate.

All intra-Group transactions are conducted on an arm's length basis and in accordance with the other guidelines laid down by the OECD and in line with other domestic legislation and documentation requirements.



We aim for certainty in tax matters. We seek to get advanced clearances from tax authorities, where appropriate. Where the law is unclear, advice will be taken to ensure that the position would more likely than not be settled in our favour.

### **3. Tax risk**

Tax risk within the DS Smith Group arises from:

- The volume and complexity of transactions within the Group;
- Growth of the business through acquisitions;
- The geographic spread of the businesses across jurisdictions with differing tax regimes and requirements;
- The decentralised nature of the group.

Group Tax is accountable for ensuring that tax risks are identified and properly managed. We use a RACI (Responsible, Accountable, Consulted, Informed) methodology to set out accountabilities and responsibilities across all tax activity.

We use a standardised Group-wide tax risk management process to ensure that tax risk is identified, assessed and controlled on a global basis. We maintain a central tax risk register of individual tax risks and potential outcomes. We track the management of these risks, on a case-by-case basis, over time.

This is aligned to the Group strategy for risk management.

### **4. Transparency and relationship with tax authorities**

We support the principle of transparency, and efforts to make the information provided by large businesses more useful and meaningful for tax authorities and other stakeholders.

We believe in providing stakeholders with meaningful information about our tax affairs, subject to commercial confidentiality.

We manage our relationships with tax authorities globally on a consistent basis and with integrity. We work in an open, professional, courteous and transparent manner with tax authorities, aim to ensure compliance with all relevant legal disclosure requirements, and disclose relevant information to enable tax authorities to carry out their enquiries.

We aim to work positively and pro-actively with tax authorities to minimise the extent of disputes, to achieve early agreement on disputed issues when they arise and achieve certainty.

We monitor policy consultations and engage constructively and collaboratively with governments and other tax policy makers on matters relevant to the business, either individually or through appropriate industry bodies.