PZ Cussons Group Tax Strategy

PZ Cussons believe passionately that business can be a force for positive change. We have always believed that our business should make a positive impact on society, and one of the ways that this can be seen is through the contribution we make to the communities in which we operate. This includes the financial contribution we make to countries through taxation, and the way that the Group conducts itself with respect to its tax affairs.

The Group’s Tax Strategy has been approved by the Audit & Risk Committee of the PZ Cussons PLC Board.

The Tax Strategy is reviewed annually by the Group’s Tax Department (‘Group Tax’), Group Financial Controller and Chief Financial Officer, with any amendments presented to the Audit & Risk Committee.

This document is also intended to comply with the requirements of Schedule 19 of the UK Finance Act 2016 in respect of all of the Group’s UK entities and covers the year ended 31 May 2020.

Tax risk management and governance:

The Board’s Audit & Risk Committee is responsible for overseeing and approving PZ Cussons Tax Strategy. Responsibility for the adherence to the Tax Strategy, and management of tax risks, rests with the Chief Financial Officer, assisted by Group Tax.

The Chief Financial Officer regularly advises the Board on the tax affairs and risks of the Group, to ensure:

- the proper control and management of tax risk through
  - significant tax related decisions being subject to review and approval;
  - tax affairs being managed by appropriately qualified and experienced staff;
  - the use of third party advisers where appropriate.

- that the tax strategy is aligned with the Group’s strategic objectives;

- that the tax charge is correctly stated in the statutory accounts and tax returns.

The Group’s attitude to tax planning:

The Group is subject to tax laws in each of the jurisdictions in which it operates. The Group aims to trade tax efficiently in support of its long term sustainable commercial activities, whilst remaining compliant with all relevant laws; for example, when structuring its commercial activities, the Group will make full use of tax incentives and exemptions which are available and for which specific provision is allowed within tax legislation, such as accessing capital allowances and research and development tax credits. In contrast, it will not seek to use incentives and reliefs which are contrary to legislation.

The Group uses external tax advisers where specific expertise is required, as well as for mitigating tax risks and complying with tax laws.

The Group does not undertake contrived or artificial tax planning.

The Board will ensure at all times that its Tax Strategy is consistent with the long term sustainable growth of the business and properly reflects the Group’s desire to be a positive force in its local communities.
**Risk appetite in relation to taxation:**

Tax legislation varies in each country and is not always certain; it is often complex and can be subject to interpretation, which gives rise to risk. The Group aims to manage this risk by employing appropriately qualified and experienced staff to exercise careful judgement – supported as necessary by the use of in-country advisers.

Given the scale of our business and volume of tax obligations worldwide, risks do inevitably arise from time to time in relation to the interpretation of tax law. The Group proactively identifies, evaluates, manages and monitors these risks. Where it is deemed appropriate the Group will make provision for uncertain tax positions in its financial statements.

**Dealing with tax authorities:**

We recognise the needs of society in the tax laws that Governments enact, and the role of tax authorities in collecting those taxes. We are fully committed to meeting our obligations in this respect.

Our aim is to have open, transparent, professional and constructive relationships with tax authorities. We make our tax returns as clear and transparent as possible and we try to raise important issues proactively, recognising that early resolution of risks is in everyone’s best interests. We aim to deal with tax authority enquiries as swiftly as possible.

Should a difference of opinion arise in relation to the interpretation of tax legislation, we strive to reach an early agreement on disputed matters in order to confirm the correct application of tax law and to achieve certainty. Open dialogue is our preferred method of engaging with tax authorities with the aim of reaching certainty.

**Tax Policy:**

The Group’s internal Tax Policy provides guidance to PZ Cussons Operating Units and subsidiaries on how to operate within this Tax Strategy. In summary it covers:

- where tax responsibilities lie internally,
- how tax compliance is managed internally,
- the Group’s commitment to adhere internally to the arms-length principle of pricing,
- adherence to the Group’s transfer pricing policy,
- retention responsibility for tax related documents,
- use of external tax advisers,
- professional conduct in relation to tax matters,
- our open disclosure of all relevant information to tax authorities.
- the Group’s commitment to comply with relevant laws and regulations.

Approved by the Audit & Risk Committee of the PZ Cussons PLC Board – January 2021.