

Tax Strategy & Tax Risk Management Policy

Scope: This policy applies to all the business divisions within the AG Barr Group

INTRODUCTION

The purpose of this document is to communicate the tax management policy for the Group and ensure consistent and compliant tax practices are applied when conducting tax affairs and dealing with tax risk as required by paragraph 16(2), Schedule 19, Finance Act 2016.

This document will be reviewed periodically by the Group and approved annually by the Board of Directors to ensure it remains relevant and an accurate reflection of the Group's policies and practices. This document is published within the financial year to end January 2025 and is available on the Group's website.

Key Summary of this Policy

- A.G. Barr p.l.c. complies with all relevant tax laws and regulations.
- We will supply complete and accurate information to tax authorities and we will act truthfully and cooperatively with tax authorities.
- All A.G. Barr p.l.c. employees are accountable for compliance with this policy.
- For any major business change, including transactions, systems and processes, we will seek to understand the tax implications and reflect accurately in the accounting records in accordance with applicable rules.

ABOUT A.G. BARR p.l.c.

A.G. Barr p.l.c. manufactures, distributes and sells a range of beverages. The Group has manufacturing sites in the UK and sells mainly to customers in the UK with some limited export sales. The Group also manufactures and sells under licence a number of franchise brands. The Group employs c.850 people across its manufacturing, distribution, sales and support activities.

Approach to tax risk compliance and risk management

A.G. Barr p.l.c. aims to be a trusted and respected consumer products company. **Tax compliance is a critical element of this ambition.**

We understand and support that collecting and paying tax is an important contribution to the economies and societies in which our business operates.

Tax can have a significant cash and profit impact on our business and it is important to ensure that consistent and effective tax standards are maintained across the Group to enable us to maximise shareholder value in a fiscally compliant manner.

Through the operation of appropriate risk registers reviewed by the Risk Committee and the adoption of an appropriate policy in relation to anti-facilitation of tax evasion we seek to ensure that all stakeholders are kept aware of the importance placed on tax compliance.

STRATEGY AND POLICY SCOPE

For the purposes of this strategy and policy, tax is defined as all financial charges or levies (direct and indirect), including corporate tax, VAT, National Insurance and PAYE, duty (alcohol, import, export and stamp duty) and other taxes applied by a Tax Authority. It includes the industry specific soft drinks industry levy.

OUR PRINCIPLES AND POLICY

We are committed to doing the right thing in everything we do, with respect to tax this means that the Group will pay tax in accordance with all relevant laws and regulations will comply fully with all relevant tax laws and regulations in all the countries in which it operates, will maintain an open and honest relationship with tax authorities and will conduct our tax affairs on sound commercial business principles.

It is not our role to determine the “fair” amount of tax to pay. It is our obligation to report and pay the correct amount of tax due, in accordance with rules set by the governments in the jurisdiction in which we operate. The Board has determined that we have a ‘low’ risk appetite in the area of tax and we will endeavour to implement the necessary policies, processes and controls to maintain our risk within this appetite.

Our policy has 5 key principles:

1. We will comply with all relevant laws, rules, regulations and reporting and disclosure requirements.
2. The Group tax strategy and the execution of this will be consistent with the Group’s risk management strategy, including the Group’s appetite for and approach to risk, and the Group’s core values.
3. All business will be conducted on sound commercial principles and, in doing so, will take account of all relevant costs, including tax, such that any transactions undertaken are executed in a tax compliant and efficient manner.
4. We have implemented and will maintain robust governance processes and compliance monitoring to ensure confidence in our ability to make complete and accurate tax submissions and the timely payment of all appropriate amounts of tax.
5. We will pursue open, constructive and transparent working relationships with all tax authorities.

GOVERNANCE

The Board has ultimate accountability for tax compliance and tax strategy.

The Board approves the Group's tax policy annually as part of the ongoing review of the Group's overall Risk Management framework. The Audit and Risk Committee of the Board monitors compliance with the policy.

The Board delegates authority for the execution of this policy framework to the Finance Director. Operational decisions will be taken at an appropriate level determined by the formal Group Statement of Delegated Authority. The Risk Committee and Financial Governance Committee comprise relevant members of the senior management and have key roles in the monitoring and reporting against both the Group's Risk Management framework and Statement of Delegated Authorities.

The Finance Director retains ownership of the Group's tax operations and oversight of tax risk, with the detailed analysis and preparation of the tax records carried out by the Group Financial Controller and Group Finance team.

RISK MANAGEMENT

Effective risk management sits at the heart of our business strategy and is core to our system of governance and compliance. The aim is not to avoid or eliminate risk, but to closely manage the Group's risk exposure and maintain this within the Group's risk appetite as determined by the Board and aligned to our strategic and corporate objectives.

The Group's ongoing tax risk approach is based on principles of reasonable care and materiality. Significant tax risks are evaluated based on a balance of impact of that risk and its likelihood of occurrence. The Group Finance team employs various risk management processes and procedures to provide assurance that the requirements of the Group tax policy are being met. This will include, but is not limited to, compliance monitoring, internal audit reviews and consultation with our specialist tax advisors.

TAX PLANNING

The proactive and timely communication of business transactions is critical for effective tax management. Identification of tax risks at the planning stage of a transaction will ensure that the tax risk is managed effectively. All major capital projects and change initiatives with a tax impact are approved by the Group Financial Controller and Finance Director. This includes business acquisitions or other relevant corporate development transactions or activities.

All papers put forward to the Board that contain comments on tax must be supported by an appropriate level of tax analysis. This analysis will be sufficient for the Board to understand the tax risks and to evaluate whether the tax risks presented by the adoption of any particular tax planning opportunity are acceptable.

Specifically the Board will have reference to:

- **Commercial purpose**
All transactions must have a commercial purpose and be supported by appropriate cost benefit /NPV analysis.
- **Reputation impact**
Any tax planning should have a minimal impact in the event that details were to be in the public domain.
- **Strength of tax advisers' opinion**
Appropriate external advice will be obtained as necessary. The Group will undertake appropriate training or consult experts to ensure we understand the relevant tax laws and regulations. Where the Group instructs an external organisation to perform tax services on our behalf they will act in accordance with the principles set out in this policy so that they are able to discharge their obligations in a manner that is consistent with this policy.

CONTROL PROCESSES

Key controls to manage the risk of incorrect tax accounting and tax payments exist and the fulfilment of these is documented in the various tax workings papers for the Group's tax returns. These processes and control documentation are subject to a program of ongoing review and improvement through the Group's Tax Governance Group (membership includes: Finance Director, Group Financial Controller, Group Financial Reporting & Compliance Manager). The Group has also taken proactive steps in maintaining its 'low risk' approach to tax by ensuring the right resources are in place to help navigate the increasing complexities in the tax landscape and the move to a more automated way of working.

MONITORING AND REPORTING

There are three steps to ensure our tax compliance process is followed:

1. **Execution of tax processes by suitably trained and experienced individuals**
Satisfactory completion of core tax processes and the timely accurate submission of all tax payments will be approved and documented by the Group Financial Controller or the Finance Director.
2. **Senior management review**
All tax reporting deadlines and tax matters that have to be disclosed to HMRC are included in the Financial Governance report reviewed monthly by the Finance Director and Group Financial Controller. The Finance Director will report on an exception basis to the Audit and Risk Committee on all control issues at every Audit and Risk Committee meeting.
3. **Internal Audit**
Internal Audit are responsible for independent review of the business process and control environment of the Group. Internal Audit plans are agreed with the Audit and Risk Committee annually. Internal Audit will periodically review the Group's tax environment as part of their work.

The Group is independently audited annually and tax accounting is audited in accordance with this process.

A plan of action will be agreed with the Finance Director and the Group Financial Controller as applicable to act upon recommendations made by these reviews and audits within a timeframe which is appropriate to the Group's risk management objectives and resource allocations.

RELATIONSHIP WITH THE TAX AUTHORITIES

The Group strives to maintain a transparent, timely and honest relationship in all its dealings with all tax authorities and will seek to work in a collaborative, professional and courteous manner at all times.

Senior management will specifically :

- Engage in full, open and early dialogue with HMRC to discuss tax planning, strategy, risk and significant transactions
- Make fair, accurate and timely disclosure in correspondence and returns, including the identification of any errors, and respond to queries and information requests in a timely manner
- Interpret the laws in a reasonable way and ensure transactions are structured consistently within a cooperative relationship
- Continue to meet and cooperate with HMRC to facilitate a mutually beneficial relationship.

Last Reviewed : September 2024

Last Updated : September 2024