



## **DP WORLD TAX STRATEGY IN RELATION TO THE UK SUB-GROUP**

**Approved by:** Board of The Peninsular and Oriental Steam Navigation Company

**Department:** Group Tax

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## **1. Introduction**

DP World (“the Group”) is a multinational business operating in 40 countries across six continents with a significant presence in both high-growth and mature markets.

The Group is committed to creating a long-lasting positive impact on the economies and communities in the countries it operates in. DP World’s business strategy is to maximise shareholder value through leveraging its portfolio of world-class infrastructure assets, to strengthen global supply chains and to generate sustainable economic growth.

## **2. Purpose**

Under UK law the Group is required to publish an annual statement explaining its tax strategy as it relates to the UK sub-group’s taxation. The sub-group tax strategy outlined below applies to the financial year commencing 1 January 2018 and is considered to meet the requirements of Finance Act 2016, Schedule 19, Paragraph 16(2) for the current year.

The Board of the UK holding entity approved the Tax Strategy in relation to the UK sub-group on 21<sup>st</sup> December 2018.

## **3. Scope**

The UK sub-group comprises over 30 entities, including two container terminals (DP World Southampton and DP World London Gateway), and a Regional Head Office in London (The Peninsular and Oriental Steam Navigation Company) which manages the Group’s businesses across Europe and Russia.

## **4. Policy**

DP World’s UK tax strategy is based on the premise that taxes should be handled as part of the business process. Taxation is not a driver for commercial decisions, but a consequence of them. The Group manages the tax it pays in the UK by being compliant with the applicable legal and regulatory principles, maintaining accountability to stakeholders, and avoiding any acts which are potentially damaging to the Group’s reputation.

### **Governance & Tax Risk Management**

Oversight of tax governance matters is provided by the Board of Directors and the Audit Committee, with the Group Chief Financial Officer (CFO) having ultimate managerial responsibility for tax governance and risk management. The Vice President, Group Tax reports to the Group CFO.

The Group Tax Function is part of the Group Finance Function with day-to-day responsibility for managing tax affairs delegated to the Vice President, Group Tax and a team of full-time in-house tax professionals based at the

Group Head Office in Dubai and the Regional Head Office in London. In addition, members of local Finance and Human Capital teams assist with the administration of certain taxes.

The Group Tax Function's primary responsibility in the UK is to ensure the accuracy and completeness of tax data, returns and provisions, and to identify and monitor exposure to tax risks. This is achieved through a bi-annual tax reporting cycle, carrying out health checks of direct and indirect taxes and utilisation of data analytics platforms to assist with tax provisioning, reporting and monitoring of compliance. The Group is continuously developing its systems, processes and procedures as they relate to taxation to ensure that confidence is maintained in the Group's ability to process and deal with its taxation affairs.

The Group's tax policies and processes are reinforced through internal control and risk management frameworks which govern the commercial operations of the Group. The Group carefully manages the tax risks and cost inherent in its commercial transactions in the same way as any other costs.

The Group has established policies and procedures for identifying and reporting tax risks and all current tax risks are documented in the Tax Risk Register, which is maintained by the Group Tax Function and subject to regular review. Diligent professional care and judgement is applied when assessing tax risks in order to arrive at well-reasoned conclusions on how each respective risk should be managed. The Tax Risk Register is reviewed bi-annually by the Group's external auditors.

Where appropriate to obtain a second opinion as to the application of tax law, the Group Tax Function engages suitable external advisors in order to support the decision-making process.

There is no defined threshold for "acceptable tax risk". Tax risk is judged on an issue by issue basis, with due consideration given to the Group's reputation, materiality of any item and the cost of the risk mitigation actions.

The Group aims for certainty on tax positions it adopts and seeks, where appropriate, to resolve uncertainties with HMRC in advance of filing.

### **Tax Planning**

Matters of a tax planning nature are centrally managed by members of the Group Tax Function based at the Group Head Office in Dubai.

The Group aims to manage its tax base efficiently in order to achieve sustained long-term shareholder value. Management of the tax base is undertaken with respect and due consideration for existing laws and regulations and, whilst the group will structure its tax affairs efficiently, it does not engage in what could be considered as 'aggressive' tax planning.

The Group's Code of Ethics requires that all company business is conducted according to rigorous ethical, professional and legal standards. As such, a key principle for the Group when evaluating any potential business transaction is a 'disclosure test', whereby neither the company's overall integrity nor its local reputation should be

damaged if full details of the transaction were to become public knowledge. This principle underpins the Group's approach to tax planning.

The Group adopts a conservative approach to tax planning and will only undertake a transaction based on reasoned technical analysis and comply fully with the applicable tax laws of the jurisdictions involved. All business proposals are reviewed by the Group Tax Function and the Group Tax Function is involved well in advance of any arrangements being put in place to ensure all tax opportunities and tax risks are adequately addressed.

Where appropriate, the Group Tax Function will engage large professional services firms, various legal firms and other firms with specialist skills who can provide advice on technical tax matters and support the in-house Group Tax Function.

### **Relationship with UK Tax Authorities**

The Group strives to base its dealings with global tax authorities on mutual respect and trust. This approach is no different in the UK, where the Group Tax Function maintains an open and constructive relationship with HMRC. All dealings are conducted in a collaborative, courteous and timely manner.

As part of the annual business risk assessment, the Group meets with HMRC and openly discusses significant tax issues and changes in tax legislation affecting the Group's UK operations. These meetings also provide HMRC the opportunity to hear from the designated Senior Accounting Officers about developments in the Group's UK business.

Where the Group Tax Function intend to undertake a commercial transaction and where the UK tax treatment of that transaction is uncertain, the Group may seek clearance from HMRC. This approach allows both parties to be in agreement on their interpretation of the relevant tax laws and expected tax consequences of the transaction.

Where a difference of opinion arises between the Group and HMRC, the Group endeavours to work co-operatively with HMRC to resolve such issues in a positive, cordial and professional manner.

## **5. Related Standards, Policies and Processes**

For further details on the Code of Ethic and Business Strategy please be referred to the Group website [www.dpworld.com](http://www.dpworld.com)

## **6. Revision History**

Version 002 updated in December 2018

## **7. Contact Information**

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