

# Dr Martens Plc Tax Strategy

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**FY 31 March 2022**

## Introduction

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This paper sets out and explains the tax strategy for Dr Martens plc and all Dr Martens plc's UK subsidiaries (the 'Group'). The tax strategy is designed to underpin the direction of the Group's approach to tax and to provide a set of agreed guidelines on which to base tax related decisions. We regard publication of this document in the current financial year as complying with the requirements of paragraph 16(2) of Schedule 19 of the Finance Act 2016.

The purpose of setting a tax strategy is to provide guidance and a framework within which the Group may operate.

## The strategic objectives

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The Group is committed to pay the amount of tax which is legally due and aims to responsibly comply with all the tax laws, regulations, and rules in the jurisdictions in which the Group is active. The Group adopts a "low risk" approach to tax in the UK and the equivalent internationally and also has a low-risk approach to the strategic tax framework. Any transactions undertaken by Dr Martens plc have a commercial purpose and are not led by artificial tax planning considerations.

### Drivers to the Strategic Objectives

For the Group's tax strategy to be effective it needs to be aligned to the fundamentals that underpin the Group's strategy. For the DM brand the focus is on delivering sustainable and profitable growth to drive long term value. This is achieved via the DM4 which can be defined as follows;



## Risk Management

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The Group seeks to concentrate on tax strategic risk, that is risk considered fundamental or significant to the Group and its operations;

- by reviewing all major business developments for tax risk and by appraising all tax risks quarterly to determine the key risks and identify those areas where most value may be added to the Group and the business.
- by determining and implementing work to minimise those keys risks,
- by monitoring and reviewing new legislation to ensure that processes and controls are put in place to mitigate any newly created tax risk. For example the steering group and risk register that monitors compliance with the Criminal Finances Act.
- The complex international tax environment means that there is always an element of tax risk and uncertainty inherent with the Group's operations. In common with many other multinational groups, our most significant source of uncertainty arises where two or more governments adopt different interpretations in relation to the transfer pricing of intragroup cross border transactions.

## Tax Compliance

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The Group seeks to manage risk by implementing documented processes and controls which ensure that correct tax treatments are adopted and can be substantiated and that compliance requirements are dealt with on a complete, correct and timely basis. Processes are based on the best available information from all of the Group's management and other systems.

The Group considers that processes should be amended and developed in response to changes in the business and regulatory environment. In particular we have, and will continue to respond where changes in the tax regulations require and increased automation and digitisation. For example, we have ensured compliance with the UK's 'Making Tax Digital' rules for VAT reporting and will ensure that we are prepared to implement 'Making Tax Digital' for Corporation Tax once it becomes a requirement.

The Group requires that policies and procedures are reviewed internally to ensure compliance with the tax strategic objective.

## Tax Governance

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The Chief Financial Officer ('CFO'), as Senior Accounting Officer ('SAO'), is responsible for the Group's tax strategy, which is implemented with the assistance of the internal tax team and supplemented with external advice where appropriate. In particular, the SAO will take reasonable steps to monitor the tax accounting arrangements of the company and identify any respects in which those arrangements are not appropriate.

Compliance with the tax strategy is reviewed on an ongoing basis as part of the regular, planning and reporting cycle. The Group's tax status is reported regularly to the Audit Committee, covering any identified tax risks and key areas of new legislation. The Audit Committee is responsible for monitoring all significant tax matters including the Group's tax strategy. The Tax Strategy will be subject to regular review and will be approved annually by The Board of Directors.

Dr Martens plc has an in-house tax team of qualified tax professionals. The Group's internal tax team initiates, reviews and implements tax planning, ensures tax compliance, prepares tax disclosures for the accounts, reviews and improves internal processes, educates and informs the business, provides relevant and accurate tax advisory services and acts as an informed observer for tax specialist advice.

The Group uses external tax consultants to provide specialist advice on technical areas. This allows the internal tax team/other relevant departments to focus on implementing the tax strategy and managing the tax risk within the group. The Group also uses external tax specialists, where appropriate, to advise on particular transactions, to add value where further clarification is required, and as a source of potential planning ideas, which are in line with the Group's commercial and other strategic objectives.

In particular, the Group takes advice from consultants where specialist knowledge is required, either in non-UK jurisdictions where the Group has little experience or providing interpretive guidance on new, or changes to, areas of legislation. The Group will also seek additional comfort from external advisors where it is considered that a tax position being considered has levels of ambiguity or is subject to interpretation.

As sustainability and climate change becomes an increasing focus both globally and for the Dr Marten's business, it is important that the group is able to understand and implement any tax changes that arise as a result. Both in terms of any new tax charges that arise, for instance Plastic Packaging Tax in the UK, and any incentives that may arise, such as R&D credits on any qualifying sustainability initiatives.

## Interaction with tax regulatory authorities

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The Group seeks to manage risk by maintaining an open dialogue and good working relationship with HMRC and other non-UK tax regulatory authorities. This may include advising them of strategic developments, aiming to provide complete, correct and timely compliance, seeking tax advice where relevant, and, otherwise, maintaining regular contact. We will also seek to obtain advance rulings regarding tax positions being taken in a jurisdiction where the option is available, and we consider it beneficial.