



## **Klöckner Pentaplast Tax Strategy – Financial Year ended 31 December 2023**

**Klöckner Pentaplast’s (kp) tax strategy is to support the kp business strategy by managing our tax affairs in full compliance with local laws and international guidelines. In doing so, kp seeks to maximise shareholder value and serve the interests of other stakeholders.**

### **Overview of the kp business**

Klöckner Pentaplast (kp) is a plastics manufacturer that is purpose-driven to deliver the sustainable protection of everyday needs. Our experts create innovative films and trays that provide product safety, help avoid food waste, safeguard medication and medical devices, and protect the integrity of countless durable products.

We innovate, design and manufacture for sustainable solutions that our customers use to package and protect products in daily situations around the globe. And we understand our obligation and responsibility to champion a circular economy where plastics are a source of valuable raw material.

Founded in 1965, we have 31 plants in 18 countries, and employ over 5,900 people, committed to serving customers worldwide.

### **kp’s approach to tax risk management and governance**

kp is committed to maintaining the highest standards of business conduct and corporate governance practices. kp’s Code of Business Conduct and Ethics is based upon our values, which we believe are critical to maintaining our integrity in the marketplace and running the business well. All employees at kp are committed to full compliance with this code and its principles. We demand the same of all parties who work with us. The tax strategy is aligned to kp’s overall approach to corporate governance and risk management. As such kp has implemented several processes and controls to actively manage tax risk management and governance:

- Responsibility and accountability for kp’s tax strategy ultimately rests with the Chief Financial Officer and the VP Tax & Customs and is overseen by the Board and the Audit Committee
- The strategy is implemented across the group through divisional VP Finance, Site Controllers and the Shared Services Centre as appropriate. It is monitored through internal tax controls and tested by the internal audit team
- Controls must be adhered to by all members of the kp group for undertaking, accounting for and reporting transactions



- All issues with a potential reputational risk, cross border impact or amounts at risk  $\geq$  Euro 500k require Group Tax Approval. Any issues less than this amount are assessed and approved by the local site controller.
- A tax compliance register ensures all filings and payments are made on time to tax authorities. External support is sought from accounting firms to assist with tax compliance requirements in each of the territories in which the kp corporate group operates
- Tax risks are formally assessed on a quarterly basis and reported in line with international accounting reporting standards. Material issues are reported to the Board and Audit Committee on a quarterly basis, or more frequently as required
- The kp group employs tax professionals with the necessary experience to partner with the business and provide advice and training to ensure that the group meets its tax compliance requirements.

## **kp's attitude towards tax planning**

kp will consider all relevant aspects when executing the business strategy, including tax. Where alternative structures achieve the desired commercial outcome with increased tax efficiency, these will be followed. Tax activities always follow the business strategy and Code of Business Conduct and Ethics, underpinned by the following principles:

- The group's profits are generated and taxed where there is commercial substance
- kp will not undertake artificial transactions that create a contrived result and are not supported by commercial substance
- Where there is uncertainty relating to the interpretation of the tax law, kp employs professional judgement to determine how to manage those risks. This includes documenting any legal interpretations and where there is uncertainty, external advice is sought from accounting and law firms to support the robustness of the filing tax position.

## **Level of tax risk kp is prepared to accept**

kp pays the amount of tax in accordance with local country rules and international guidelines. The factors considered in assessing tax risks include:

- The legal & fiduciary duties of directors and employees
- Any tax planning undertaken needs to generate value for our shareholders, consider the impact on our reputation, relationships with tax authorities and other stakeholders
- Tax positions taken in tax returns follow a 'more likely than not' principle and are expected to stand up under audit



- Tax evasion and/or the facilitation of tax evasion by any person acting on the Group's behalf is strictly prohibited, and internal controls and training enforce this policy across the Group

## **kp's approach towards dealing with tax authorities**

kp has a professional and constructive relationship with the tax authorities based on collaboration, transparency and mutual trust, in each of the jurisdictions in which kp operates. Our approach to this is as follows:

- Be open and transparent about governance
- Seek to resolve issues with the tax authorities in a constructive and timely manner and where disagreements arise, work with the tax authorities to resolve issues through positive negotiation
- Pre-transaction clearances are obtained where appropriate

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This Strategy<sup>[1]</sup> was last approved by the Board of LINPAC Senior Holdings Ltd on 22nd November 2022 and effective from that date. It applies to all its respective UK subsidiaries. The document is publicly available to all kp's stakeholders through publication via kp's internet site [www.kpfilms.com](http://www.kpfilms.com). It is reviewed annually and updated if deemed appropriate.

<sup>[1]</sup> This strategy complies with the UK legislative requirement in paragraph 19(2), Schedule 19 Finance Act 2016