

WH Smith PLC – Tax Policy

The Business

WH Smith PLC is made up of two core businesses:

- WH Smith Travel operates mainly in airports, hospitals, resorts, railway stations and motorway service areas. It sells a range of products to cater for people on the move or in need of a convenience offer. In total we now have 1,270 Travel stores around the world.
- WH Smith High Street operates from around 506 High Street stores, located in almost all the UK's most significant high streets. It sells a wide range of stationery, books, newspapers, magazines and impulse products.
- WH Smith employs over 14,000 people.

WH Smith's tax strategy supports the Group's business strategy and commercial activity. Our principles seek to ensure:

- The accurate and timely compliance with tax law;
- Paying the right amount of tax, at the right time; and
- Engaging proactively and openly with tax authorities.

We apply these principles through the following mechanisms:

Governance

The management of the Group's tax affairs is delegated to the Group Tax Director, who is supported by a team of professionals whose members have the necessary experience, skills and qualifications to manage the Group's tax affairs. The Group Tax Director reports the Group's tax position to the Group Audit Committee on a regular basis.

The Chief Financial Officer ('CFO') is the Board member with executive responsibility for tax matters.

The ultimate responsibility for the Group's tax strategy and compliance rests with the Board who ensures that the appropriate framework is in place to oversee the identification and management of tax risk. The Board is regularly appraised of all significant tax developments and participates in all material tax related decisions.

Tax Risk Management

The Group seeks to identify, evaluate, monitor and manage tax risks. Appropriately qualified professionals review the Group's activities and processes to identify the key risks for different taxes and to ensure mitigating controls are put in place. These key risks are monitored for business and legislative changes which may impact them. Changes to processes or controls are made when required.

The Group Tax Department seeks to observe all applicable laws, rules, regulations and disclosure requirements in effectively managing the Group's tax risk.

The Group's aim is to pay the right amount of tax and at the right time.

Attitude to Tax Planning and Level of Risk

As a responsible taxpayer, the Group aims to support the commercial needs of the business by ensuring that the Group's affairs are carried out in the most tax efficient manner and remain compliant with all relevant laws. All transactions must have a primary business purpose that is not tax driven. WH Smith does not transact through any "tax haven" / low tax jurisdictions for the purposes of tax avoidance.

The Group may seek to use reliefs and incentives where these comply with all applicable tax rules and regulations.

Transfer Pricing Policy

WH Smith's approach to transfer pricing follows the arm's length principle across all its worldwide intercompany transactions. The Group is fully compliant with the global and local transfer pricing provisions and maintains the required transfer pricing documentation in all its operating jurisdictions.

Relationship with the Tax Authorities

The Group seeks to have an open and honest relationship with tax authorities and proactively engages with them on issues where there is potential for the tax treatment to be uncertain. When submitting tax returns to the tax authorities, we disclose all relevant facts and act in accordance with both the spirit and letter of the tax laws in all the jurisdictions within which we operate.

The Group Tax Director maintains a dialogue with the Group's Customer Relationship Manager at HMRC and a formal 'Business Risk Review' meeting takes place regularly.

Note: WH Smith regards this publication as complying with the duty under paragraph 16 (2), Schedule 19, Finance Act 2016.

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