

Tax Strategy

Scope

Sodra Wood Ltd is incorporated as limited liability company. It is owned by a Swedish company, Södra Skogsägarna ekonomisk förening (a co-op owned by Swedish forest owners), "Sodra".

This strategy applies to Sodra Wood Ltd and to the group of UK companies headed by Sodra in accordance with paragraphs 19 of Schedule 19 to the Finance Act 2016. A list of the entities to which it applies is set out below. In this strategy, references to 'Sodra Wood Ltd', "Sodra", 'the firm' or 'the group' are to all these entities. The strategy has is being published in accordance with paragraph 16(4) of the Schedule.

This strategy applies from the date of publication until it is superseded. References to 'UK Taxation' are to the taxes and duties set out in paragraph 15(1) of the Schedule which include Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax, and Stamp Duty Land Tax. References to 'tax', 'taxes' or 'taxation' are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which the Group has legal responsibilities.

Aim

The companies are committed to full compliance with all statutory obligations and full disclosure to relevant tax authorities. The group's tax affairs are managed in a way which considers the group's wider corporate reputation in line with Sodra's overall high standards of governance.

Governance in relation to UK taxation

- Ultimate responsibility for tax strategy and compliance rests with the Board of Sodra Skogsägarna ekonomisk forening in Sweden;
- Executive management of the group is delegated by the Board to the Executive Committee.
- The Audit & Risk Committee's requirement to monitor the integrity of Sodra's financial reporting system, internal controls and risk management framework, expressly includes those elements relating to taxation;
- The Chief Financial Officer ('CFO') is the Executive Committee member with executive responsibility for tax matters;
- Day-to-day management of Sodra Wood Ltd's tax affairs is delegated to the Finance Director of Sodra Wood Ltd, who reports to the Business Area Manager;
- The Board ensures that Sodra's tax strategy is one of the factors considered in all investments and significant business decisions taken;
- The Head of Tax reports to the Audit and Risk Committee and the Board on Sodra's tax affairs and risks during the year.

Risk Management

- Sodra Wood Ltd operates a system of tax risk assessment and controls as a component of the overall internal control framework applicable to the group's financial reporting system;
- Sodra Wood Ltd seeks to reduce the level of tax risk arising from its operations as far as is reasonably practicable by ensuring that reasonable care is applied in relation to all processes which could materially affect its compliance with its tax obligations;

- Processes relating to different taxes are allocated to appropriate process owners, who carry out a review of activities and processes to identify key risks and mitigating controls in place. These key risks are monitored for business and legislative changes which may impact them and changes to processes or controls are made when required;
- Appropriate training is carried out for staff outside Tax team who manage or process matters which have tax implications;
- Advice is sought from external advisers where appropriate.

Attitude towards tax planning and level of risk

Sodra Wood Ltd manages risks to ensure compliance with legal requirements in a manner which ensures payment of the right amount of tax.

When entering into commercial transactions, Sodra Wood Ltd seeks to take advantage of available tax incentives, reliefs and exemptions in line with, and in the spirit of, tax legislation. Sodra Wood Ltd does not undertake tax planning unrelated to such commercial transactions.

The level of risk which Sodra Wood Ltd accepts in relation to UK taxation is consistent with its overall objective of achieving certainty in the group's tax affairs. At all times Sodra Wood Ltd seeks to comply fully with its regulatory and other obligations and to act in a way which upholds its reputation as a responsible corporate citizen. In relation to any specific issue or transaction, the Board is ultimately responsible for identifying the risks, including tax risks, which need to be addressed and for determining what actions should be taken to manage those risks, having regard to the materiality of the amounts and obligations in question.

Relationship with HMRC

Sodra Wood Ltd ensures that HMRC is kept aware of significant transactions and changes in the business and seeks to discuss any tax issues arising at an early stage. When submitting tax computations and returns to HMRC, Sodra Wood Ltd discloses all relevant facts and identifies any transactions or issues where it considers that there is potential for the tax treatment to be uncertain.

Any inadvertent errors in submissions made to HMRC are fully disclosed as soon as reasonably practicable after they are identified.

List of entities covered by this strategy:

Crown Timber Limited
Sodra Wood Limited
Sodra Wood (Ireland) Limited