

## **Stericycle & Subsidiaries - The Groups 2020 Tax Strategy**

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### **1.0 Introduction**

This document sets out Stericycle Group's policy and approach to conducting its tax affairs and dealing with tax risk, and is made available to all Stericycle Group's stakeholders. The document will be periodically reviewed by the Company Management and subject to change and reissuance

The Group's Tax team partners with our businesses to ensure that:

1. The strategy is adopted and followed consistently across the Group, with clear lines of responsibility and accountability
2. There is alignment of the strategy with Stericycle Group's overall approach to corporate governance and risk management, and
3. Stericycle Group pays the right amount of tax required of it under the laws and regulations of the countries in which it operates.

### **2.0 Group Tax Policy**

The Stericycle Group is committed to conduct its tax affairs consistent with the following objectives, to:

1. Comply with all relevant laws, rules, regulations, and reporting and disclosure requirements, wherever we operate
2. Ensure the tax strategy is at all times consistent with the Group's overall strategy, its approach to risk, and the Group Core Values
3. Apply professional diligence and care in the management of all risks associated with tax matters, and ensure governance and assurance procedures are appropriate
4. Foster constructive, professional and transparent relationships with tax authorities, based on the concepts of integrity, collaboration and mutual trust

5. Stericycle Group will use incentives and reliefs to minimize the tax costs of conducting its business activities, but will not use them for purposes which are knowingly contradictory to the intent of the legislation.

### **3.0 Tax Code of Conduct**

The Groups Tax Code of Conduct (CoC) outlines the principles setting out how Stericycle Group people are expected to operate with respect to tax matters in support of the above Group Tax Policy.

Non adherence to this CoC could constitute a disciplinary matter, potentially leading to sanctions up to and including dismissal.

The Group Tax CoC is set out in detail below.

1. Compliance with laws, rules and regulations.

Stericycle Group is committed to observing all applicable laws, rules, regulations, and reporting and disclosure requirements, wherever there is a requirement to do so as a result of our business presence and transactions, in line with our Integrity Core Value.

Importantly, a dedicated tax team (Group Tax) will collaborate with the Group's businesses to provide advice and guidance necessary to ensure compliance, obtaining external advice where necessary. There are clear management responsibilities, backed up by regular monitoring and review, carried out by members of Group Tax with the necessary experience and skill set.

2. Consistency with Group strategy & Commercial Rationale

The commercial needs of the Group are paramount and tax planning will be undertaken in this context. All transactions must therefore have a business purpose or commercial rationale. Appropriate consideration will be given to the Group's reputation, brand, corporate and social responsibilities when considering tax initiatives, as well as the applicable legal and fiduciary duties of directors and employees of the Group and will form part of the overall decision-making and risk assessment process.

Key business decisions should be made cognizant of the tax consequences and with the aim of optimising the after-tax returns for the Group's shareholders. Group Tax will partner with the businesses to ensure there is that consistency.

### 3. Governance, Assurance and Tax Risk Management

Responsibility and accountability for the Group's tax affairs is clearly defined in accordance with a Tax Responsibility Matrix, and decisions will be taken at an appropriate level, determined by formal Group Delegation of Authority.

Diligent professional care and judgement will be employed to assess tax risks in order to arrive at well-reasoned conclusions on how the risks should be managed. Where there is uncertainty as to the application or interpretation of tax law, appropriate written advice evidencing the facts, risks and conclusions may be taken from third party advisers to support the decision-making process.

In reviewing the risks of a tax action or decision, always bearing in mind the requirements of the Group Tax Policy, the following would be considered:

- the legal and fiduciary duties of directors and employees
- the requirements of our Group Core Values and policies such as the Group Ethics Policy
- the maintenance of corporate reputation, having particular regard to the principles embodied in the Group's Social Responsibility Core Value regarding the way we interact with the communities around us
- the tax benefits and impact on the Group's reported result comparative to the potential financial costs involved, including the risk of penalties and interest
- the wider consequences of potential disagreement with tax authorities, and any possible impact on relationships with them.

Group Tax will employ various risk management processes and systems to provide assurance that the requirements of the Group Tax Policy are being met. This will include compliance and risk monitoring systems and internal audit reviews of tax compliance activity across the Group.

### 4. Relationships with tax authorities

Stericycle Group is committed to the principles of openness and transparency in its approach to dealing with tax authorities wherever we operate around the world. All dealings with the tax authorities and other relevant bodies will be conducted in a collaborative, courteous and timely manner. The aim would be to strive for early agreement on disputed matters, and to achieve certainty wherever possible.

## 6. Incentives and reliefs

Stericycle Group believes that it should pay the amounts of tax legally due in any territory. There will, however, be circumstances where this amount may not be clearly defined, or where alternative approaches may result in differing tax outcomes. The Group will use its best judgement in determining the appropriate course of action, using available reliefs and incentives where possible.

### 4.0 UK Context

On 9 December 2015, HMRC in the UK published a draft Framework for Cooperative Compliance in the UK, following a consultation process titled “Improving Large Business Tax Compliance”. In particular, this addresses the relationship between large businesses and HMRC in the UK, and promotes best practice in a business’ governance over its UK tax affairs. This Group Tax Strategy aligns with the published draft. The duty to publish a group tax strategy for qualifying UK groups for each financial year was included in Finance Act 2016.

The publication of the Group Tax Strategy is therefore in accordance with FA 2016, schedule 19, part 2, paragraph 16 (2).

In particular, Stericycle Group commits to:

- Adopt a low risk approach in relation to UK taxation
- adopt open and collaborative professional relationships with HMRC;
- make fair, accurate and timely disclosure in correspondence and returns, and respond to queries and information requests in a timely fashion;
- seek to resolve issues with HMRC in real time and before returns are filed if possible, and where disagreements arise, work with HMRC to resolve issues by agreement (where possible);
- to the extent possible, be open and transparent about decision-making, governance and tax planning;
- reasonably believe that transactions are structured to give a tax result which is not inconsistent with the economic consequences (unless specific legislation anticipates that result), nor contrary to the intentions of Parliament; and
- interpret the relevant laws in a reasonable way, and ensure transactions are structured consistently with a co-operative relationship.

**(end)**