



# Discovery Group

## Tax Policy Principles

### 1 COMMITMENT TO COMPLIANCE

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Discovery is committed to complying with statutory tax obligations in South Africa and the other jurisdictions in which it operates in a responsible manner. This includes:

- Filing accurate, timely tax returns as well as settling any tax obligations in the correct period.
- Disclosure of relevant facts and circumstances to tax authorities when required.
- Tax reliefs and incentives are claimed where these are available and appropriate.

### 2 RESPONSIBLE ATTITUDE TO ARRANGING TAX AFFAIRS

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Commercial activities are structured in a manner to maximise value on a sustainable basis for shareholders and all other stakeholders. Tax planning is undertaken within this context:

- Economic substance and commercial rationale for transactions undertaken are paramount. All transactions are required to have a business purpose and therefore no artificial arrangements may be implemented, particularly in order to transfer value to low tax jurisdictions.
- Due consideration is given to the tax laws of the countries in which Discovery operates and double taxation is eliminated where possible.
- So-called tax havens are not used as a means to avoid taxes on business activities that would in the normal course of events take place elsewhere.
- Cross border intra-group transactions are undertaken using the 'arm's length' principle in accordance with OECD transfer pricing principles.

### 3 CONSTRUCTIVE APPROACH TO ENGAGING WITH TAX AUTHORITIES

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- Engagements are conducted in an honest, courteous and timely manner.
  - Should unintended errors arise, these will be corrected as soon as practicable after identification.
  - The Discovery Group is prepared to litigate where there is disagreement with a ruling or decision of a tax authority, after having sought to first resolve the matter through active and transparent discussion, should the group strongly believe that their interpretation of the law is correct.
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## 4 TAX REPORTING PROCEDURES AND PROVISIONS

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- The reported Annual Financial Statements must accurately reflect all taxes owing in accordance with International Financial Reporting Standards (IFRS) specifically IAS 12: Income Taxes.

## 5 MONITORING, CONTROL AND TAX RISK MANAGEMENT

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- The Discovery Group operates within an effective tax risk management framework.
- The Discovery Board, together with the Audit Committee provides oversight of the tax practices and affairs of the Discovery Group.
- While responsibility for the tax strategy lies with the Board of Directors, day to day responsibility in relation to the tax affairs of the Discovery Group is delegated to the respective CFO's and finance teams of the various business areas, to be supported by the Group Tax function and the in-country Group Tax Managers as required.
- The respective finance and tax teams are to be adequately staffed with appropriate skills (reflecting the size of the particular operation) in order to monitor and keep abreast of developments in tax legislation and therefore regular training is to be undertaken as appropriate.
- Where there is uncertainty of interpretation or complexity in relation to a particular matter, external advice is sought as appropriate. Revenue authorities may also be engaged directly as appropriate.