

TAX STRATEGY

Overall strategy

“The FatFace group tax strategy is to pay what the group considers to be the fair amount of tax, governed by a high level of compliance with the laws, practice and guidelines of the countries in which it operates. The tax function is driven by continuous improvement, aspiring to be one step ahead of the business strategy and at a minimum in line with its peers. Tax is considered at all levels of the business and it is thought important that relevant stakeholders understand the tax that the group pays.”

Tax strategy - principles

“Pay the fair amount of tax” The group will not consider tax planning that it considers to be artificial or aggressive, nor will it allow tax to dictate operations. However, the ‘fair’ amount doesn’t mean ‘any’ amount and the group will take efforts to consider what ‘fair’ should be.

“Governed by a high level of compliance”

Achieving a high level of tax compliance is a key strategic objective of the tax function. This covers accurate and timely reporting and payment of tax liabilities, including filing of necessary tax (or tax related) returns.

“Compliance with laws, practice and guidelines”

While the law of each territory is generally the driver of tax, where appropriate and necessary to deliver shareholder value and to remain competitive, the group shall have regard to practices adopted by its peers. However, it shall similarly have regard to guidelines issued by the tax authorities of the territory.

“The tax function is driven by continuous improvement”

The group recognises that continued growth of the business (in volume, global reach and aspiration) requires a vigilant and developing tax function.



FATFACE

UNITED KINGDOM

“Aspiring to be one step ahead of the business strategy and at a minimum in line with its peers”

Ultimately the tax function should proactively stay one step ahead of the group’s plans, anticipating issues so that tax doesn’t slow or hinder operations. The maturity and capability of the tax function should not be limited to its current peers, but should aim a ‘tier up’ (i.e. at listed entities of the size that the group aims to grow to). This is an aspiration of the medium term rather than an imminent strategic objective.

“Tax is considered at all levels of the business”

The ‘core tax team’ should include key individuals up to Board level to ensure that tax is given appropriate consideration and internal emphasis.

“It is thought important that relevant stakeholders understand the tax that the group pays”

Stakeholders include employees, customers, shareholders, creditors and tax authorities. The tax function should proactively consider their requirements and formulate an approach to engagement and communication/tax reporting with each that is appropriate and allows the stakeholders to remain focussed on core responsibilities. This is a key strategic objective of the tax function.

