

Tax Strategy 2024

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"

FatFace 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. We 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, FatFace 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 in relation to these practices.

"The tax function is driven by continuous improvement"

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

"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.

"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.

Tax Strategy - Implementation

Tax Team

The Tax Team is responsible for the delivery of the tax strategy, in keeping with FatFace's Tax Governance and Risk Management Policy.

The Core Tax Team, comprising the Chief Financial Officer, Financial Controller and the Group Finance Manager is supported by other key internal departments that are sufficiently versed in tax to identify risks and opportunities and, specifically, when to consult with the Tax Team for advice. The Tax Team includes key individuals up to Board level to ensure tax is given appropriate consideration and internal emphasis. They are involved in all business strategy decisions from the outset to ensure tax risks and opportunities are identified at the appropriate time. In addition, when required, FatFace will consult with external tax advisors to ensure it remains compliant with ever changing tax legislation.

FatFace recognises that the continued growth of the business requires a vigilant and developing tax function. The Tax Team is committed to continued training and development.

Managing tax risks and achieving strong tax governance

Key risks are identified by the interaction of the Tax Team with the supporting departments, consideration by the Core Tax Team, external input through engagement with tax advisers and HMRC and the continued training and development of the Tax Team.

Tax risks are assessed on a likelihood and numeric basis, recorded on the tax risk register and escalated to the group risk register in keeping with FatFace's Tax Governance and Risk Policy.

Risks are mitigated by taking appropriate action, for example implementing additional key controls and processes, consideration of potential alternatives with reduced tax risk, use of an external advisor to assist with the management of the tax risk and disclosure or discussion with HMRC.

Any risks remaining are escalated and reported based on an assessment of the potential financial impact and likelihood of occurrence. As a minimum, risks are escalated to the Financial Controller and Group Finance Manager for review and ultimately higher rated risks are flagged to the Fatface Board and Audit Committee.

The above approach is considered to be consistent with a strong level of tax governance.

Tax opportunities, incentives and planning

Our approach is to manage our tax affairs in a way that is consistent with our values, paying a fair level of tax and ensuring we comply with all laws, practice and guidelines.

Our Tax Team will look to maximise available tax incentives and reliefs and will consider tax opportunities that have been widely adopted or considered by our peers, but we will always consider whether opportunities are appropriate for FatFace alongside their tax advantage.

We use independent external advisers, in particular to confirm the correct tax treatment of any unusual transactions outside the normal course of business and to advise upon areas which could involve uncertain or contentious interpretations of the law.

As noted within our tax strategy, we do not consider tax planning which is aggressive or that involves artificial transactions to be appropriate.

How we reduce our tax risks

In an environment of international growth with complex and changing domestic legislation, some tax risk is inevitable. However, our tax strategy (of high compliance, no aggressive or artificial tax planning and of proactively managing tax risks) reflects the low tolerance of the group for accepting tax risks. This will also be delivered through our robust set of internal systems and controls. These comprise the Group's internal control framework, including Information Technology General Controls and effective integration of tax within the business. We have in place an effective system of internal review procedures including regular SAO meetings and consideration of out of ordinary business activity. FatFace is subject to an independent, third party audit giving additional assurance over our systems and controls. We consult with third party tax advisers, in particular on areas of high complexity. FatFace enjoys an open relationship with HMRC and we engage with HMRC on areas of uncertainty.

Working with HMRC

We are committed to an open and transparent relationship with HMRC and will meet our requirements to work with HMRC by ensuring the Tax Team has the appropriate training, knowledge and resource. In keeping with this approach we will be pro-active in engaging with HMRC on areas of tax risk and will keep HMRC up to date of future events with potential tax impact through our regular meetings and conversations. Where interpretation of tax law is required, we will set out our position with appropriate support, seeking third party independent advice where appropriate and engaging in positive dialogue with HMRC.

Our tax strategy applies to Fulham Topco Limited and all members of the group. All of the above should be considered part of the tax strategy, satisfying the requirements set out in Schedule 19 FA2016.

