

The EG Group Tax Strategy

Period ended 31 December 2023



Introduction

During 2023 the group has focussed on implementing a deleveraging programme to address its upcoming maturities via debt repayments, and establishing a sustainable capital structure for the future. This includes measures such as, in May 2023, entering into a sale and leaseback transaction in order to monetise a large portfolio of US freehold properties, and the sale of the majority of the group's UK fuel, foodservice, grocery, and merchandise business to Asda in October 2023. The proceeds from these transactions have enabled the group to reduce and refinance the majority of its debt obligations.

The UK disposal to Asda represents a transformational step and will strengthen the group's platform to invest in rolling out the hugely successful convenience retail, fuel, and foodservice strategy across international markets. The group continues to operate in the USA, Australia, Germany, France, Italy, the Netherlands, Luxembourg and Belgium, as well as retaining 32 sites in the UK. The company continues to work with leading global fuel and non-fuel brands including Esso, BP, Shell, Starbucks, KFC, Subway, Burger King, SPAR, Asda, Carrefour, Paul, Pomme de Pain, Louis Delhaize, Cactus, Cinnabon, Chaiiwala, Sbarro and Lavazza. Along with these brands, EG also has proprietary brand Cooplands, a wholly owned bakery business.

The Group is a leading independent global convenience retailer with diversification and scale across key geographies, products and services, and continues to be the 2nd largest independent enterprise by site count in continental Europe.

The Group remains heavily focused on its ESG strategy as it contributes to the global move towards sustainable and alternative fuel. The Group has deployed emerging fuel and EV charges, under its proprietary brand, evpoint, across its existing sites, as well as third-party locations. The Group is expected to operate just under 700 electric charging points across 189 sites in the UK and Europe by the end of the year.

To remain innovative, the Group has announced its partnership with ryd in Germany, a leading provider of the biggest B2C ecosystem for digital fuelling solutions. The digital fuelling system is set to be rolled out across EG Group's Esso branded Petrol Filling Stations in Germany. The launch for the first pilot stations is scheduled for the end of 2023.

The Group continues its aim to deliver a best-in-class forecourt retail convenience offering that brings modern facilities, innovation, and enhancements to existing site services. At the same time, the Group endeavours to embed a focus on continuous sales improvement and customer service excellence.

Tax strategy

This document sets out the group's strategy with regard to taxation, looking specifically at:

- Tax governance, risk management and compliance;
- Tax planning;
- Dealing with tax authorities; and
- The level of tax risk the group is prepared to accept.

Large Businesses: Tax Strategies and Sanctions

This document has been written to comply with Schedule 19, Finance Act 2016, including specifically paragraph 16(2) and paragraph 17(4).

This tax strategy is published by EG Group Holdings Limited and applies to all companies in the EG Group. It guides directors and employees within the group, and summarises key responsibilities, expected levels of professional conduct, and the group's approach to working with external parties.

Group Tax Policy

The group tax policy continues to have at its core the following objectives:

1. Compliance commitment

The group continues to remain committed to conducting its tax affairs in a way which is consistent with compliance obligations wherever it operates.

2. Tax risk management

The group continues to manage its tax risks through active engagement with existing and forthcoming rules and regulations, the development of strong internal management functions, and the input of external advisers.

3. Commercial imperatives

Everything the group does, including its approach to tax, is led by the group's commercial objectives.

4. Constructive engagement with tax authorities

Wherever the group operates, it continues to develop collaborative and transparent relationships with taxing authorities.

The above objectives are explained in more detail below.

Compliance commitment

The group observes all tax laws and regulations in all the territories where it operates. When the group expands into new territories significant up-front investment of time and resource is made to ensure the new ventures are tax compliant from inception. In this regard, the group continues to pay and collect the right amount of tax at the right time wherever it operates.

The group's tax team works with all business lines to ensure compliance across the board. The group also makes use of external advisers either where there is insufficient in-house capacity or expertise, or where there are areas of uncertainty.

The group is in the process of automating tax processes to ensure the on-going accuracy of tax compliance and to speed up compliance processes to enable the group to deal with the growing requirements of real-time tax reporting.

Furthermore, the group will disclose information if and when legitimately required by the tax authorities. This includes information necessary to properly understand information contained in tax return filings and information specifically requested during tax audit enquiries to the extent that this information is required to assess the right amount of tax payable by EG Group. EG Group will be able to provide evidence that tax positions adopted are sustainable in the event of challenge by a tax authority.

Tax risk management

The group recognises that non-compliance with applicable tax laws and regulations could result in damage to EG's reputation or our relationship with tax authorities. We also recognise that not contributing our share in taxes could impact the economic development of these countries due to reduced tax receipts.

EG Group considers tax risks as any uncertainty arising either from interpretation of tax law (judgmental) and/or tax compliance (operational), which, in all cases, has the potential to have an adverse financial or reputational outcome. To assess and control these tax risks, EG Group is continuously improving its tax processes and controls. The business and tax department manage tax risk by continuously performing tax controls and monitoring the effectiveness of these controls on a regular basis, with support from third-party advisers where appropriate.

Other factors that inform the group's approach to tax risk management include: The group's corporate and social responsibility to its stakeholders; the responsibilities of its directors and employees; reputational issues; and the broader tax landscapes in the territories where the group operates.

Commercial imperatives

The group does not undertake tax planning which is inconsistent with the group's overall objectives. Although the group makes use of statutory tax incentives and reliefs where these are available, such incentives and reliefs are only used where they arise as a consequence of the group's commercial operations.

The group does not engage in planning which is tax driven or which seeks to frustrate the intention of tax legislation, either in the UK or elsewhere.

Constructive engagement with tax authorities

The group deals with tax authorities around the globe on the basis of transparency and fairness. This approach underlines the group's commitment to its corporate and social responsibilities, and to dealing openly and honestly with all stakeholders.

The group tax team and other senior colleagues meet with tax authorities around the globe on a regular basis.. These regular meetings enable the group to discuss historical issues and to set out the group's commercial plans in real time. The group also continues to make use of advance ruling arrangements where appropriate.

In all territories where the group operates, its policy is to deal with all tax enquiries and audits collaboratively. Where differences of opinion arise between the group and a tax authority, the group strives to resolve these differences quickly and amicably.

This document will be reviewed periodically by the group. This present strategy document is effective for the period ending 31 December 2023.