

EG Group

Tax Strategy

Period ended 31 December 2021



Introduction

During 2021 the EG Group continued to successfully integrate its recent UK&I, European and US acquisitions into the wider group.

The group has also continued its global expansion with a number of new developments. In May 2021, the EG Group acquired its first proprietary brand in LEON Restaurants, a healthy fast food restaurant chain. EG Group acquired its second proprietary brand in Cooplands Bakery during October 2021. In between these two acquisitions was the acquisition of a further 52 KFC restaurants based in the UK.

The group also acquired the US brand Sprint Food Stores comprising of 34 fuel stations and convenience stores during Q4 2021 and continues to acquire individual sites across existing territories.

By the end of December 2021 the group expects to operate in excess of 6,000 sites in the UK, France, Belgium, Netherlands, Luxembourg, Italy, Germany, USA, Australia, Ireland and Jersey working with leading global fuel and non-fuel retail brands including Esso, BP, Shell, Starbucks, KFC, Subway, Burger King, SPAR, Asda, Carrefour, Paul, Pomme de Pain, Louis Delhaize, Cactus and Lavazza. Along with these brands, EG also has proprietary brands LEON and Cooplands.

During the year, the owners also purchased the UK supermarket chain Asda from Walmart, bringing it into UK ownership. Although the Asda chain will be separate from EG, the Competitions and Markets Authority deemed it necessary that EG sold 27 sites currently held in the EG portfolio. The sale of all of these sites has been agreed and expectation is that all sites will be transferred by the end of 2021.

The group aims to deliver a first-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 summaries 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.

Tax risk management

In addition to observing the compliance and reporting requirements arising out of Senior Accounting Officer ("SAO") reporting and the Corporate Criminal Offences Act ("CCO"), the group continues to maintain a tax risk register setting out the risks that arise from the group's commercial operations.

The group uses the register to ensure appropriate levels of professional care and judgement are used to manage its tax risks. In addition to this, the group uses third party advisers to support decision-making processes 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. Whereas 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, although during much of 2021 this has been via video conferencing due to the Coronavirus pandemic. 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 2021.