

# ★ PRET A MANGER® ★

## UK TAX STRATEGY

### *Introduction*

From our humble beginnings as a single sandwich shop, Pret has always had ambitions to contribute positively in this changing world and to engage honestly with our customers. Supporting the transparency that is brought about through recent tax legislation is something that aligns with our endeavour to do the right thing.

This document is published in accordance with the requirements under Paragraph 16(2), Schedule 19 of Finance Act 2016, for the publication of a tax strategy in the financial year ended 28 December 2017.

### *Our Company*

Pret began as a mission-driven business and this remains true today, not just in the products we choose to sell, but in our company-wide commitment to being a responsible business. This commitment constitutes one of Pret's four company-wide values, 'Doing the Right Thing'.

### *Our approach to tax*

Pret's objective is to be a responsible tax payer and operate both within the letter and spirit of the legislation, in line with our core value of 'Doing the Right Thing'.

Pret's tax strategy is approved by the group CFO. This is reviewed annually to ensure its implementation remains suitable, effective and aligned with our core company values, together with the specific HMRC requirements towards risk management and governance, our attitude to tax planning, the level of tax risks that we are willing to accept and our approach to dealing with HMRC.

### *Our approach to risk management and governance in relation to tax*

The ultimate responsibility for Pret's tax strategy remains with the Board of Directors of the group.

Pret is an international group, complying with tax laws and paying taxes in the countries in which we operate, namely the United Kingdom, the USA, Hong Kong, France and China.

The Chief Financial Officer is also Pret's Senior Accounting Officer and as such ensures that the group complies with the requirements to maintain and continually improve the tax accounting arrangements, adapting tax governance accordingly.

The responsibility of the day-to-day tax affairs are managed by individuals within the Finance Department who have the required professional skills to carry out their roles effectively. Regular training is provided to ensure that tax risks can be identified and managed in accordance with the constantly changing tax environment, with frequent reporting to the Chief Financial Officer.

Tax risks are identified through internal controls, which have been specifically designed to capture and highlight areas for risk management and mitigation, with material tax risks documented on our tax risk register. This is supported by regular communication with suitably qualified external advisors and through discussion at the Audit Committee.

The tax risk register is reviewed annually or more frequently where there have been significant changes to the business or tax legislation to ensure that it remains relevant and appropriate.

Tax compliance is continuously monitored, with procedures and controls documented.

## *Our attitude towards tax planning*

Pret is committed to paying the right amount of tax at the right time.

Pret does not take an aggressive stance in its interpretation of tax legislation and does not use 'tax havens' to reduce the group's corporation tax liability. All companies are resident in jurisdictions based solely for strategic commercial reasons and not for any tax advantage.

Pret is committed to significant investment in new shops and, where possible, will utilise the framework of business reliefs that are available, such as capital allowances. Where Pret has a choice as to the structure of a transaction, this is carried out in a tax efficient manner, but only so far as it remains the responsible choice and, after consideration as to whether this falls in line with our overall core business values. No marketed or aggressive tax avoidance schemes are utilised or contemplated.

External tax advice is sought where there is uncertainty over the interpretation of new or existing legislation, or where there are technical areas which are sufficiently complex enough to warrant external third-party guidance.

## *The level of tax risk that Pret is willing to accept*

Pret has a low threshold for tax risk in accordance with the stated objective to be a responsible tax payer.

Pret seeks to reduce the level of tax risks as much as is reasonably practicable. Where there is uncertainty to the application and interpretation of the law, Pret will seek external advice to assist our analysis and support the decision-making process.

In accordance with our values, we seek to ensure that our appetite to tax risk remains low and is constantly considered in line with our overall brand and the impact that this has on our relationship with our customers, staff and other external stakeholders.

Pret seeks to "Do the Right Thing" first and foremost, which includes the prioritisation of the welfare and happiness of our staff. We pay all necessary tax arising on these benefits as a result.

## *Our approach towards dealing with HM Revenue & Customs ("HMRC")*

Pret meets to discuss significant transactions and changes in the business with HMRC, and is open and collaborative with our communications. This includes meeting with HMRC for risk reviews, and pro-actively consulting with HMRC on product treatment where necessary.

Where errors are identified in the treatment of tax, these will be disclosed to HMRC at the earliest opportunity and we would subsequently strive to implement additional controls and procedures to reduce any future such occurrences.

We will endeavour to provide all requested information and maintain an open dialogue to resolve any requests from HMRC in a timely manner and to the best of our ability.

In instances where there are significant uncertainties in the application of tax legislation, Pret will engage in discussions with HMRC to conclude these as soon as practicable.

Pret will always seek to maintain tax transparency throughout any dealings with the tax authorities.