

**Pentland Group plc (the “Group”) is a large private family owned company based in the UK, with significant overseas operations. The Group’s core business is brand management and retail of footwear, clothing and related accessories in the sports outdoor and fashion sectors.**

Our global brands include Speedo, Berghaus, Canterbury of New Zealand, Mitre and Ellesse and we are also the footwear licensee for Lacoste, Ted Baker and Kickers. Our retail division principally comprises a 57% stake in JD Sports Fashion plc (“JD”), a leading sports fashion retailer operating mainly in the UK and Europe.

As a family owned group our values are resolutely family values which means that honesty, fairness, respect and hard work run through all that we do. Our reputation as a family business is important to us. Our values are embedded within the Group’s Business Standards Policies, which include a Code of Business Conduct, an Ethics & Integrity Policy, an Employment Standards Policy, a Code of Employment Conduct for Suppliers and an Environmental Policy. We believe that good governance, effective risk management and robust legal and regulatory compliance are essential to delivering value and enhancing our reputation.

The Board sets and oversees the Group’s overall risk management strategy and the effectiveness of the Group’s internal controls, with support from the Audit Committee and the Head of Internal Audit.

## **Our approach is three-pronged:**

- 1. Prevent:** Create and maintain a culture that promotes our values. We strive to establish good risk management by implementing policies, procedures, training and communication and by offering advice and support.
- 2. Detect:** Introduce controls to identify issues, reviews and opportunities to speak up
- 3. Respond:** Confront issues swiftly and remediate them effectively and appropriately

In addition, applying professional judgment and common sense are invaluable.

The Board is collectively responsible for setting the Group’s global tax strategy and there is a nominated Board Member with specific responsibility for monitoring compliance with the strategy, with support from Group Head of Tax. The Board of JD, the Group’s listed subsidiary, sets the tax strategy for that company and its subsidiaries with the Group having the power to affect the strategy should it be inconsistent with that of the Group.

The taxes to which the Group are subject reflect the breadth and scale of our operations and include corporate income taxes (including withholding taxes & local trade taxes), indirect taxes (including VAT), employment taxes, social security payments, customs and excise duties, stamp taxes and business rates.

## **The objectives of the tax function are to:**

- Fulfil all compliance obligations under domestic and international tax laws to fairly pay all taxes at the right time.
- Manage risk
- Build constructive and open relationships with all relevant stakeholders including tax authorities
- Provide support to the business

The Group's CFO is responsible, in his role as Senior Accounting Officer, for ensuring appropriate processes and controls are in place to deliver accurate financial information to enable compliance with UK tax laws. The CFO of JD has a similar role in relation to that sub-group. The Pentland Group Head of Tax maintains a Tax Risk Management Framework which identifies potential tax risk and the processes and controls in place to mitigate those risks. These are reviewed regularly with the Group CFO and Head of Internal Audit.

**The Group aims to be honest and open in its dealings with tax authorities. We will never knowingly seek to gain an advantage by acting dishonestly, or fraudulently, or by making false claims.**

We seek to protect the net worth of the Group and achieve appropriate tax outcomes for significant commercially motivated transactions, but will not knowingly undertake any transaction which

- relies on a lack of transparency or non-disclosure, or
- carries a significant risk of damage to our reputation or brands, or
- are not undertaken on arm's length terms, or
- which relies on interpretations of the law which are clearly inconsistent with the intentions of government / tax authority policy.

**When managing tax risk we consider the impact on all stakeholders; not only shareholders but customers, consumers, staff and the tax authorities. We value our relationship with HMRC and other tax authorities, and our policy is to be open and honest in our dealings with them and will not act improperly.**

Tax rules and their interpretation are complex. The Group has dedicated resource in corporate tax, VAT, customs & duties and employment taxes with appropriate professional qualifications and experience commensurate with their responsibilities and role. The Group also obtains advice from external providers where the required expertise is not available in-house or where the size or complexity of the transaction warrants it. We also use external firms to support us in relation to tax compliance filings. The decision whether and how to use external advisers rests with the Group Head of Tax, who ensures that such providers are aware of the principles contained in this document. We also share, where appropriate, details of proposed business changes with tax authorities in advance, either by way of formal pre-transaction clearances or more informally.

The Group does avail itself of tax reliefs or incentives where available (for example credits for research & development, and the exemption of proceeds from tax for the sale of substantial shareholdings in the UK).

Members of the Group who operate in the 'shadow' tax function (i.e. those who are not directly members of the tax function but who are responsible for processes and controls which impact tax filings) will be provided with appropriate training and guidance as identified by the tax function. The tax strategy is also highlighted annually to all members of the Group.