

PEPCO GROUP

UK TAX STRATEGY

(applicable to Pepco Group N.V. and its UK tax-resident subsidiaries)

Pepco Group is proud to trade from over 4,000 stores in 19 territories across Europe, serving 50 million shoppers each month in attractive discount markets including Central and Eastern Europe, the UK, the Republic of Ireland, and Spain. We are committed to offering our shoppers – and especially families on a budget – everything they need to replenish and enhance their home across key apparel, general merchandise and fast-moving consumer goods categories. Our core tax principle is to manage our tax affairs responsibly, which means ensuring that we pay the right and fair amount of tax at the right time in the countries in which we operate, in compliance with local and international law.

This UK tax strategy applies to Pepco Group N.V. and its UK tax-resident subsidiaries including (non-exhaustively) Pepco Group Limited (the **Company**), PEU (Fin) Plc, PEU (Tre) Limited, Pepco Group Services Limited, and Poundland Limited (together, the **UK Sub-Group, we, us or our**), and was approved by the Board of Directors of Pepco Group N.V. (the **Board**) on 12 September 2023. This UK tax strategy applies from the date of publication until it is superseded. The Company as the head of the UK Sub-Group regards this publication as complying with the duties of the UK Sub-Group under paragraphs 19(2) and 16(2) of Schedule 19 to the Finance Act 2016 (the **Schedule**) in respect of the financial year ended 30 September 2023.

References to “UK taxation” are to the taxes and duties set out in paragraph 15(1) of the Schedule which in particular include income tax, corporation tax, amounts for which any member of the UK Sub-Group is liable under PAYE regulations, national insurance contributions, and value added tax. References to “tax”, “taxes”, or “taxation” are to UK taxation and to any similar worldwide taxes in respect of which any member of the UK Sub-Group has legal responsibilities. References to “tax authority” or “tax authorities” are to His Majesty’s Revenue & Customs (**HMRC**) in the UK or an equivalent regulatory body outside of the UK as the context requires.

Commitment to compliance

We understand that the taxes we pay to governments in the countries in which we operate are an important source of revenue in providing a stable infrastructure, social fabric, and economic environment for citizens of those countries who are also our colleagues and customers. We believe this sits comfortably alongside our business purpose to deliver growth and long-term value for our stakeholders whilst also maintaining high standards of ethics, honesty and integrity, managing our impact on the environment, developing our colleagues, and enhancing the communities across our supply chain.

In this context we will organise our commercial activities in a tax efficient manner, whilst ensuring compliance with all relevant tax law and prevailing practice. In doing so we take into account the interest of our stakeholders and ensure effective interaction with tax authorities and transparency in relation to our tax affairs.

Compliance for us means paying the right and fair amount of tax at the right time in the countries in which we operate in accordance with the letter and spirit of relevant tax law and practice. We disclose all relevant facts and circumstances to tax authorities where appropriate and claim reliefs and incentives where available.

Governance in relation to taxation

Ultimate responsibility for the UK tax strategy and compliance in respect of taxation is vested in the Board. The Board has approved this UK tax strategy.

The Board is charged with monitoring the integrity of our financial reporting system and internal controls and risk management framework, including those elements related to taxation. In part this monitoring activity is carried out through the Pepco Group N.V. Audit Committee where taxation is included within the Terms of Reference (which extends to the UK Sub-Group as applicable).

Executive management of the UK tax strategy in respect of each relevant member of the UK Sub-Group is delegated by the Board to the Chief Financial Officer (**CFO**) of Pepco Group N.V.. It is then further delegated to the CFO or Finance Director (**FD**) of the relevant member of the UK Sub-Group (as appropriate) who has executive responsibility for tax matters and is the designated Senior Accounting Officer (**SAO**) in respect of that UK Sub-Group member.

Day to day management of the tax affairs of each relevant member of the UK Sub-Group is delegated to appropriately qualified individuals within the UK Sub-Group's operating and holding companies, who each have a reporting relationship to the relevant UK Sub-Group member's CFO or FD.

Approach to risk management in relation to taxation

We operate a system of tax risk assessment and controls as a component of the overall internal control framework applicable to our financial reporting system.

We seek to reduce the level of tax risk arising from our operations as far as is reasonably practicable by ensuring that reasonable care is applied in relation to all processes which could materially affect compliance with our tax obligations.

Processes relating to different taxes are allocated to appropriate process owners, who carry out a review of the relevant activities and processes to identify key risks and mitigating controls in place. These key risks are monitored for business and legislative changes which may impact them and changes to processes or controls are made when required.

Appropriate training is undertaken by staff who manage, or process, matters which have tax implications.

Advice is sought from leading external professional advisors where considered appropriate (for example, where there is an element of uncertainty), given the complex and dynamic nature of tax law and practice.

Attitude towards tax planning

When entering into commercial transactions we seek to utilise available tax incentives, reliefs, and exemptions in line with, and in the spirit of, applicable tax law and prevailing practice. We observe guidelines published by the Organisation for Economic Co-operation and Development (**OECD**) and endeavour to conduct intercompany transactions on an arm's length basis.

We do not undertake tax planning unrelated to commercial or strategic transactions, nor do we undertake tax planning that is contrived or artificial. Any tax planning undertaken must:

- support genuine commercial and economic activity;
- be structured in a way such that the tax results of the relevant activity are not inconsistent with the underlying economic consequences of that activity;
- comply with generally accepted custom and practice, in addition to the law;
- be of a type that a tax authority would expect;
- be consistent with, and be seen to be consistent with, our purpose and values; and
- have regard to the potential impact on our reputation and broader goals.

Level of tax risk accepted in relation to taxation

The international environment in which we operate and different approaches of tax authorities brings an inherent element of tax risk, with some tax risk unavoidable.

In relation to tax our approach is generally risk averse, and our tax planning strategy is not aggressive. The level of risk which we are prepared to accept is consistent with our objective of achieving certainty with regard to our tax affairs. At all times we seek to comply fully with our regulatory and other obligations and to act in a way which upholds our reputation as a responsible corporate citizen. In relation to any specific issue or transaction, the Board is ultimately responsible for identifying the risks (including tax risks) which need to be addressed and for determining what actions should be taken to manage those risks, having regard to materiality of the amounts and obligations in question.

Relationship with tax authorities

We seek to foster positive relationships with tax authorities and to undertake all dealings with tax authorities in a professional, courteous, and timely manner. We aim to be clear and proactive in our interactions with tax authorities.

In the UK the Company, and other relevant members of the UK Sub-Group, have regular meetings and ad-hoc discussions with our Customer Compliance Manager (**CCM**) in respect of developments in our business, current, future and retrospective tax risks, and interpretation of the law in relation to all relevant taxes. In particular, we ensure that HMRC is kept aware of significant transactions and changes in our business and we seek to discuss with HMRC at an early stage any taxation issues arising in respect of those transactions or changes.

When submitting tax computations and returns to tax authorities, we disclose all relevant facts and identify any transactions or issues where we consider that there is potential for the tax treatment to be uncertain. Any inadvertent errors in submissions made to tax authorities are fully disclosed as soon as reasonably practicable after they are identified.