

## **TAX STRATEGY AND GOVERNANCE**

A force for good through our contributions to society

Whitbread is the owner and operator of the UK's favourite hotel, Premier Inn. Whitbread's differentiated and vertically integrated model has developed over 900 hotels in the UK, Ireland, Germany, and the Middle East and employs over 40,000 people. We have a heritage dating back to 1742, something of which we are immensely proud – and a heritage that has long valued and shaped our wider contribution to society.

A responsible approach to tax is just one part of our wider ethos, namely, to do business in the right way and ensure we are benefiting our key stakeholders and contributing to society at large. Examples include our significant charitable contributions through our charity partnership with Great Ormond Street Hospital, our support to the people of Ukraine for whom we raised over £680,000 via the Disasters Emergency Committee, and our commitment to ensure that sustainability is at the core of our business strategy with our pledge to reach Net Zero Scope 1 and 2 carbon emissions by 2040 and our new targets on water reduction.

### **Our approach to tax**

- The Board reviews and approves Whitbread's Tax Strategy, and management's adherence to it, on an annual basis. The Tax Strategy was last approved on 20<sup>th</sup> September 2023.
- This Tax Strategy applies to our financial year commencing 3 March 2023 – and we consider that it meets the requirements of Finance Act 2016, Schedule 19, Paragraph 16(2) for the current year.
- We take our tax responsibilities seriously and are firmly committed to meeting all our statutory tax obligations, wherever in the world they might arise. In doing so, we go further in committing that no commercial advantage will justify taking an approach to tax that does not stand on its own merits, and which we would not be willing to disclose and discuss openly with any tax authority.
- Day-to-day responsibility for the conduct of Whitbread's tax affairs is delegated to a dedicated and highly qualified team of tax professionals, whose primary purpose is to ensure we meet our compliance obligations in every jurisdiction in which we operate. They are also committed to active dialogue with Whitbread's operational teams to ensure that they both understand the obligations we face, and the steps required to ensure compliance with them.
- We regularly review all material tax risks faced by Whitbread and undertake steps both to monitor and, where appropriate, to mitigate these. All such tax risks faced, and judgements made by Whitbread pertaining to tax are formally reviewed by Whitbread's Audit Committee twice a year.

### **Tax planning**

- We recognise that tax is by its very nature complex and often uncertain.
- In our tax planning we are committed to ensuring that tax reflects the underlying economic substance of the transactions entered into by the business.

- We do not locate any companies in any territory (including any countries that might be perceived to be tax havens) purely for tax purposes. We only operate in low tax jurisdictions where there are commercial business reasons to do so (e.g., hotels/restaurants).
- All transactions are driven by their commercial rationale rather than being shaped only to deliver a tax advantaged result. We will not enter into arrangements which are artificial in nature or not linked to genuine business requirements.

### **Tax accounting and compliance**

- We fully provide for all taxes in accordance with International Financial Reporting Standards no matter where they arise. Where material uncertainties exist, we support the stance taken in our financial statements and in our tax returns through the use of suitably qualified internal and external advisors and disclose all such positions to our Audit Committee and to the Board.
- Our interpretation and application of tax law must stand on its own merits, and we will never seek to hold a tax position that we know to be untenable regardless of the tax implications to the business.
- Where errors arise, we disclose these to the relevant tax authority at the earliest opportunity – and seek to put in place additional procedures to ensure that such errors do not arise in future.
- We commit to ensuring that all intra group transactions are carried out on an arm's length basis that reflects the economic contribution of each company.
- We maintain an open and constructive relationship with tax authorities around the world, including proactive and cooperative dialogue with HMRC. Where differences of opinion arise, we seek to resolve these in an atmosphere of mutual respect.

### **Tax transparency**

- We support the principle of increased tax transparency – and believe that increased transparency makes clearer to our various stakeholders the significant contribution that we make to society through the various taxes that we pay, taxes which extend far beyond corporation tax.
- Our approach to tax transparency starts by making all necessary tax disclosures to tax authorities around the world. It extends further, however, to open and proactive dialogue above what is required with such authorities, and to our disclosures in our financial statements.