

Tax strategy

August 2018

Introduction

The Restaurant Group plc ('TRG' or the 'Company') is an operator in the UK casual dining market. We are committed to doing business responsibly and acknowledge that TRG has an important role to play in the communities and wider environment in which we operate, in part through the taxes that we pay.

In 2017, our total tax contribution in the UK amounted to approximately £170m including corporation tax, VAT, PAYE, national insurance and business rates.

This strategy applies to the Company and its subsidiary companies (the 'Group') and in making this strategy available we are fulfilling our responsibilities under schedule 19 of the Finance Act 2016 ('FA 2016'). This strategy applies to 'UK Taxation' as defined within paragraph 15 of schedule 19 to the FA 2016 and is the relevant taxation, as applicable, when reference to 'tax' is made.

This strategy has been approved by the Board of Directors of the Group and is reviewed annually. The Board has sought to align the tax strategy with the Group's business model and strategic objectives and its delivery is supported by the Group's underlying values, standards and obligations to its shareholders and other stakeholders.

Tax risk management and governance

Our policy is to comply with all applicable laws, rules, regulations and reporting requirements relevant to the Group.

Tax risk management is important to us and is actively managed with appropriate business processes and controls to ensure compliance with all legal requirements and to ensure we pay the right amount of tax at the right time.

We have established processes that enable accurate recording and reporting for tax purposes. Risks are identified and mitigated by the performance of regular reviews and reconciliations to ensure that standing data is accurate and maintained.

The Board sets the Group's approach to tax and has decision making control over the Group's tax strategy. The Board retains oversight at Board meetings where they are updated of any significant tax issues and advised of any changes of approach.

The day-to-day management of tax matters is delegated to the Chief Finance Officer who is also the Group's Senior Accounting Officer for the purpose of Paragraph 2, Schedule 46, Finance Act 2009. The Chief Finance Officer is supported by the Group Financial Controller who facilitates tax compliance as part of ongoing processes. The Group is supported by external advisers who have the appropriate qualifications and experience to ensure that new or changes to tax legislation is communicated to the Group. Where relevant, procedures are put in place to ensure ongoing compliance.

Tax planning and tax risk

We do not engage in tax planning schemes, or arrangements that we consider could be perceived as being aggressive or artificial in nature. We seek to structure transactions in such ways that are consistent with their underlying economic consequences and to minimise any tax risk. Commercial rationale drives business approach rather than transactions being structured for tax advantage.

We seek to maximise value for all of our stakeholders. In doing this we will always aim to comply with both the letter and spirit of relevant tax legislation. Where tax incentives and exemptions are available, we apply them in a manner consistent with the intentions of Her Majesty's Revenue & Customs ('HMRC') and statute.

Although there are no rigidly defined levels of acceptable tax risk, we consider these risks as part of the broader Group-wide risk management process. When uncertainty exists, we seek appropriate external advice or engage directly with HMRC.

The Board sets the tone of our values and ethical standards and the Company is measured against the Corporate Governance Code 2014. We are committed to high standards of governance and take corporate responsibility seriously; this is mirrored in our approach to risk management within the Group.

The Board consider tax evasion, in any form, to be unacceptable.

Working with HMRC

We have an open, honest and positive working relationship with HMRC. In the event of an error arising in any of our tax filings we will notify HMRC at the appropriate time and review our internal processes, systems and controls to mitigate any further exposure. We respond clearly and promptly to queries raised, providing detailed information in support of our response. We will always seek to come to an agreement with HMRC over differences of opinion regarding the interpretation of law. On new transactions with any significant level of tax risk we will consult with HMRC in advance of undertaking the transaction to ensure cooperative compliance.

By maintaining a positive working relationship with HMRC we feel we are in a good position to facilitate paying the right amount of tax at the right time, so as to minimise our tax risk and have certainty over tax filings.