



WATCHES OF SWITZERLAND GROUP PLC

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TAX STRATEGY –  
FINANCIAL YEAR TO 1 MAY 2022

# WATCHES OF SWITZERLAND GROUP TAX STRATEGY – FINANCIAL YEAR TO 1 MAY 2022

## INTRODUCTION

We are the leading luxury watch specialist in the UK with a growing position in the US.

Our multi-channel leadership has been established through a network which includes multi-brand stores, a presence in travel retail, a strong online platform and a growing portfolio of mono-brand boutiques in partnership with Rolex, TAG Heuer, OMEGA, Audemars Piguet and Breitling. Our well-invested portfolio consists of 133 stores in the UK and 38 stores in the US (as at 30 January 2022).

We have started to expand our geographical reach into the European market, with a number of mono-brand stores being agreed in various European territories.

## TAX STRATEGY

As a global luxury retailer, The Watches of Switzerland Group (the 'Group') takes its corporate, social, and environmental responsibilities very seriously and is committed to acting with honesty and integrity in all business dealings. With respect to taxation, the Group's aims are to ensure that all taxes are correctly accounted for, all tax returns are submitted accurately and on time and that all tax liabilities are paid as they fall due.

The tax strategy applies to Watches of Switzerland Group PLC and its worldwide subsidiaries and comprises four key components:

### 1. Approach to governance, risk management and compliance

The Group complies with all applicable laws, regulations and disclosure requirements in relation to tax; exercising professional care and judgement in relation to the decisions reached. External tax advice is taken when required.

The tax strategy is reviewed and approved annually by the Board of the Watches of Switzerland Group PLC

(the 'Board'). The Chief Financial Officer is responsible for ensuring that the Group complies with the documented tax strategy. The ongoing implementation and management of the strategy is managed by the Group's Head of Tax who reports any significant tax matters arising to the Chief Financial Officer. The Board is apprised of these significant tax matters at through regular reporting at the Watches of Switzerland Group PLC's Audit Committee meetings.

The Group has established internal tax processes and controls to ensure that tax returns are accurately prepared with all taxes accounted for and paid. The processes in place are reviewed at least annually, and form part of the Senior Accounting Officer documentation. If process issues arise, they are dealt with as soon as they become apparent.

All relevant new tax legislation and any tax risks which could affect the business are reviewed and significant matters are communicated to the Chief Financial Officer.

### 2. Approach to tax planning

The Group is committed to acting with integrity and transparency in all tax matters and in complying fully with the letter and the spirit of all relevant tax laws.

Any transactions undertaken by the Group have a commercial purpose and are not led by artificial tax planning considerations. The Group does not obtain any tax benefits from residing in territories that are not considered fully tax compliant by the OECD/IMF.

The Group endeavours to ensure that all entities in all jurisdictions pay their fair share for costs incurred centrally and that entities in territories owning trademarks are appropriately remunerated for their use. The Group's transfer pricing arrangements are consistent with OECD Transfer Pricing Guidelines. The arrangements follow the arm's length principle and do not allow for tax avoidance.

### 3. Approach to tax risk

The Group is committed to paying the right amount of tax, in the right place and at the right time.

The Group's processes, policies and governance are designed to identify and mitigate material tax risks. Any risks identified are managed in a timely, proactive and transparent manner.

The Group involves the tax function in any new projects to ensure that tax costs and risks are considered as part of the decision-making process. External advice is sought if needed during this process.

To achieve a high level of confidence on the tax treatment of material transactions, matters are discussed with the relevant tax authority, either in advance of the transaction or as part of regular meetings and discussions. In overseas locations, local advisors are often used to confirm that the tax treatment applied is appropriate and in accordance with local laws.

The Group monitors new tax legislative changes in all relevant territories and realigns internal tax processes to be compliant where necessary.

The Group does not use tax avoidance schemes and does not move value from trading jurisdictions to low tax jurisdictions.

### 4. Approach to dealings with Tax Authorities

The Group pro-actively engages with Tax Authorities in a constructive, honest, timely and professional manner. In the UK, regular contact is made with the Customer Compliance Manager at HMRC to promote a professional and collaborative working relationship.

Material tax matters are discussed with HMRC, where possible in advance, or as part of the annual review process.

Any disputed matters are resolved through active and transparent engagement to resolve the matter.

The publication of this tax strategy is in compliance with the Group's duty under paragraph 16(2), Schedule 19 Finance Act 2016 and relates to the period ending 1 May 2022.

It was approved by the Board of Watches of Switzerland Group plc on 2 March 2022.