



## **SAFILO UK**

### **UK TAX STRATEGY FY 2018**

Safilo Group is a worldwide leader in the design, manufacturing and distribution of sunglasses, optical frames, sports eyewear and products. Thanks to strong craftsmanship expertise dating back to 1878, Safilo translates its design projects into high-quality products created according to the Italian tradition. With an extensive wholly owned network of subsidiaries in 40 countries – in North and Latin America, Europe, Middle East and Africa, and Asia Pacific and China – and more than 50 distribution partners in key markets, Safilo is committed to quality distribution of its products in nearly 100.000 selected sales stores all over the world. The Safilo entities in the UK (“Safilo UK”) are primarily focused on the distribution of Safilo products.

Safilo has adopted the Worldwide Business Conduct Manual to translate its PVPC (Purposes -Values – Principles – Competencies) into a unique body of standards of business conduct. The Manual aims to guide the Company daily actions and decisions among employees and in the marketplace with its consumers, customers, license partners, authorities and other stakeholders, ensuring correct and consistent application all over the world. Doing business with the highest standards and in compliance with applicable laws and regulations builds an excellent company reputation and trust, making Safilo a place we are all proud of and where we trust each other. The sustainability of our business success is built on trust.

In accordance with our Worldwide Business Conduct Manual (the “Code”, which can be found on this website), Safilo Group S.p.a. and its affiliates (“Safilo”) always comply, without exception, with all local laws and regulations where our Group operates; this includes taxation of our corporate activities as well as the tariffs and other duties or fees relating to import and export activities.

Safilo UK is subject to a broad range of UK taxes. This tax strategy applies to all taxes as defined by Paragraph 15, Schedule 19 of the Finance Act 2016, of which the most material taxes for the Safilo UK include corporation tax, VAT, employment taxes, business rates and stamp duties. This UK tax strategy applies to all Safilo UK and its publication is regarded as satisfying the statutory obligation under paragraph 19(2), Schedule 19 of the UK Finance Act 2016, for all the Safilo UK entities.

This UK tax strategy relates to the year ended 31 December 2018 and has been approved by Safilo UK Limited Board of Directors.

## **Approach to tax risk management and governance**

Safilo UK takes a holistic, integrated and transversal perspective of risks in order to implement effective mitigation actions. Safilo adopted an Enterprise Risk Management framework, with the aim to identify and monitor critical areas of risk, external and internal to the company, from an operational, financial and reputation perspective

We give tax risk management an appropriate level of consideration which allows us to identify, measure, manage and report UK tax risks. Where any tax law is unclear or subject to interpretation, or there is potential uncertainty or complexity in relation to a UK tax risk, external tax advisers are engaged to ensure we remain compliant in all operations.

Safilo UK is committed to complying with all its UK tax obligations and full disclosure to the tax authorities and operating within the Code. Compliance for Safilo UK means paying the right amount of tax in the right place at the right time and involves disclosing all relevant facts and circumstances to HMRC in a timely manner.

Day to day responsibility for managing Safilo UK's tax risk lies with the UK finance function with support as appropriate from the global tax team. The UK Board of Directors is ultimately responsible for establishing the overall tax governance; any issues are escalated to the Regional Chief Financial Officer, the Group Financial Officer and the Global Tax Director as appropriate.

## **Attitude towards UK tax planning**

In structuring our business operations, we take account of a number of factors, including tax, in considering how to achieve our objectives. Safilo UK has a low tax risk appetite and our operations are based on prudent commercial and business principles. Any tax planning undertaken by Safilo UK is in support of the commercial needs of the business and consistent with our business initiatives and strategies. This helps to ensure that Safilo UK's business affairs are carried out in a tax efficient manner, whilst remaining compliant with our Code, reputational risk appetite and broader organizational goals. This includes making use of government sponsored incentives and reliefs to reduce our tax cost in accordance with the intent and spirit of the legislation.

We aim to comply with all applicable tax laws and regulations, paying the right amount of tax, and mitigating excess tax liabilities within the parameters of UK law, in line with the Group's responsibilities to its shareholders and other stakeholders. Where the application of tax law is unclear or subject to interpretation, we will engage with external tax advisors to ensure we remain compliant in all our operations.

### **Level of tax risk that Safilo UK is prepared to accept**

Safilo UK does not have defined levels of acceptable tax risk, but as with other risk, tax is managed within the overall risk framework and risk appetite of the group. Our approach to tax risk follows the same principles that apply to our management of all other business risks. The level of risk that Safilo UK accepts in relation to taxation is consistent with the overall objective of achieving as much certainty as possible with respect to the Group's tax affairs. Our internal framework operates to support compliance with tax laws and regulations in the UK and to ensure we identify, assess and mitigate tax risks.

### **Approach towards dealings with HMRC**

Our UK Chief Financial Officer is the primary point of contact with HMRC in relation to Safilo UK's management of UK tax matters, with the assistance of our external tax advisors.

We seek to ensure that our relationship with HMRC is professional, open and honest, and is undertaken in a spirit of cooperation. We aim to respond to information requests in a timely manner and to ensure full disclosure of relevant information. Where applicable Safilo UK is committed to work with HMRC to attempt to resolve any differences in a timely and professional manner.

Where areas of uncertainty arise or tax law is subject to interpretation, which can arise due to ambiguity in the legislation and its intent or case law developments for example, we may engage with external tax advisors and to the extent possible, with HMRC to discuss material tax issues in advance to ensure we remain fully compliant in all operations.