

## **Anatwine Ltd. Tax Strategy for UK**

### **Scope of the document**

- This strategy applies to Anatwine Ltd., a limited company registered in England and the only UK subsidiary in the Zalando Group. This strategy has been published in accordance with paragraph 16(4) of Schedule 19 to the Finance Act 2016. References to 'UK Taxation' includes among others Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax, and Stamp Duty Land Tax.
- This documented has been updated to reflect the strategy as it was followed in the course of financial year ending on 31 December 2018.

### **Strategic Objective**

- The purpose of setting this tax strategy document is to provide guidance and framework in the scope of taxation within which Anatwine Ltd. operates.
- Anatwine Ltd. is committed to full compliance with all statutory obligations and full disclosure to relevant tax authorities. Anatwine Ltd.'s tax affairs are managed in a way which considers the Group's wider corporate reputation in line with Zalando overall high standards of governance.
- The tax strategy of Anatwine Ltd. reflects also the approach taken by all entities within the Zalando Group, namely avoiding artificial tax structures and preventing aggressive tax planning and tax avoidance in line with the OECD's project on Base Erosion and Profit Shifting. Zalando is particularly committed to act in accordance with applicable local and international tax laws and regulations, together with reporting a fair portion of income in the countries where the value is created, applying the arm's length principle.
- The UK tax strategy is reviewed at least annually.

### **Governance in relation to UK taxation**

- Ultimate responsibility for Anatwine Ltd.'s tax strategy and tax compliance rests with the Board of Anatwine Ltd.
- The tax management of the entity is delegated by the Board to the Chief Financial Officer ("CFO").
- Day-to-day management of Anatwine Ltd.'s tax affairs is delegated to a local UK tax and accounting team as well as to the Zalando Group's central tax team (together: "tax teams").
- The finance and tax teams working for Anatwine UK are staffed with appropriately qualified individuals who are constantly working on improving their tax and accounting skills.

- The Board ensures that Anatwine Ltd.'s tax strategy is one of the factors considered in all investments and significant business decisions taken.
- The CFO and tax team of Anatwine Ltd. reports to the Board on Anatwine Ltd.'s tax affairs and risks during the year.

### **Tax Compliance and Risk Management**

- Anatwine Ltd. operates a system of tax risk assessment and controls as a component of the overall internal control framework applicable to the Zalando Group's financial reporting system.
- To achieve a timely and accurate tax compliance, settlement and manage the risks, Anatwine Ltd. has developed internal guidelines and policies.
- The monitoring and reporting of tax risks in Anatwine Ltd. is supported by Group's Risk Policy and Risk Committee.
- Anatwine Ltd. takes reasonable steps to monitor the ongoing tax compliance and identify any areas where the processes are inadequate or outdated.
- Moreover, Anatwine Ltd. aims at mitigating as much as possible the level of tax risk arising from its operations, by ensuring that reasonable care is applied in relation to all processes which could materially affect compliance with its tax obligations.
- Therefore, processes relating to different taxes are allocated to appropriate process owners, who carry out a review of activities and processes to identify key risks and ensure control is in place. These key risks are monitored for both business and legislative changes, which may impact them.
- The tax teams keep up to date with changes in legislation and jurisprudence through ongoing update of tax knowledge, whether in a form of external trainings, networking or personal development.
- The tax teams make sure that the business-related information that could influence Anatwine Ltd.'s tax compliance is exchanged effectively between all stakeholders.
- Whenever it is needed due to complexity of tax aspects, Anatwine UK takes also advices from external advisers. External advice is also sought when it is considered that a business initiative may be subject to different interpretations or carry significant amount ambiguity.
- Anatwine Ltd. encourage responsible tax behavior also in its supply chain, by requiring the suppliers to meet certain standards.
- The Board remains ultimately responsible for identifying the tax risks that need to be addressed and for the design of appropriate measures counteracting the risk in relation to materiality of the risk.

### **Attitude towards tax planning**

- Anatwine Ltd. supports compliance with tax requirements in a manner which ensures payment of the appropriate amount of tax in appropriate time.

- When entering commercial transactions, Anatwine Ltd. seeks to take advantage of available tax incentives, reliefs and exemptions in line with, and in the spirit of, tax legislation. Anatwine Ltd. does not undertake tax planning or take external tax advices that would go beyond actual business conduct / commercial transactions undertaken or concludes any sort of artificial tax planning. The tax planning approach taken by Anatwine Ltd. is in line with the overall Group's approach for tax planning.
- The level of risk which Anatwine Ltd. accepts in relation to UK taxation is consistent with its overall objective of achieving certainty in the Group's tax affairs. Anatwine Ltd. does whatever is needed to act in compliance with law and regulations. For this reason the Company might seek external advice, i.e. to double check its understanding of tax regulations and their practical implications and ensure acting in due diligence.

### **Relationship with the tax authorities**

- Anatwine Ltd. seeks to maintain an open and transparent dialogue with HMRC. That includes making sure that all required tax information about current business, as well as past, current or future tax, is made available on a timely, proactive and coherent way.
- Anatwine Ltd. ensures that HMRC is kept aware of all significant transactions and changes in the business that could substantially affect its tax position.
- While submitting the tax returns, Anatwine Ltd. makes sure that all relevant tax aspects has been appropriately reflected in the filed documents. If any unintentional mistake happened, Anatwine Ltd. would immediately reveal this to HMRC and undertake all steps needed to rectify the error.
- If the tax approach taken by Anatwine Ltd. based on internal or external advices differed from those of the tax authorities, Anatwine Ltd. would negotiate actively with tax authorities to reach a solution satisfying for both parties.