

Interface[®]

Introduction

In compliance with section 161 and paragraph 19 (2) of schedule 19 Finance Act 2016, Interface Europe Ltd (“**Interface**”) is publishing its UK tax strategy for the year ending 30 December 2018. Interface is the parent company of the UK domiciled companies listed below (collectively “**the UK Group**”), and forms part of an international group, for which the ultimate parent undertaking, Interface, Inc., is listed on the US Nasdaq (“**the International Group**”).

The UK Group of companies is as follows:

Interface Europe Ltd
Interface UK Manufacturing Limited
Interface Administration Services Limited
T. F. Firth & Sons Limited (Inactive)
Firth Carpets Ltd (Inactive)
Interface MEA Limited (Inactive)
Interface Europe Share Participation Trustees Limited (Inactive)
Interface Europe Pension Scheme Trustees Ltd (Inactive)

This is Interface’s second published tax strategy (“**tax strategy**”), approved by its Board of Directors on 19 December 2018. As the UK Group is part of the International Group, it has a strong tax policy, arising from the International Group’s strong compliance focus. The UK Group adopts an approach to tax aligned to that of Interface, Inc.

This tax strategy will be reviewed annually and updated as necessary. It is effective for and from the year ended 30 December 2018, and will remain in effect until any amendments are approved by the Interface Board of Directors with guidance from the Vice President Tax of Interface, Inc., (“**VP Tax**”). Our tax strategy, detailing the UK Group’s attitude towards tax risk, tax planning and interactions with HMRC, is outlined below.

Risk management and governance

Tax, including the implementation of the International Group’s tax strategy, is the ultimate responsibility of the VP Tax, as delegated by the Interface, Inc. Chief Financial Officer. Delivery of that strategy is supported by the International Group’s tax team and regional and country finance teams. The International Group’s central finance/tax function develops its tax strategy and underlying policies and ensures that appropriate knowledge and training is in place across the International Group. Day to day tax matters for the UK Group are managed by Interface’s UK finance team, supported where necessary by the International Group and external advisors.

The International Group’s worldwide policy on transfer pricing is in line with current best practice guidance issued by the OECD. It is based on the ‘arm’s length’ principle to determine payments.

External advisors are engaged by the UK Finance Team when required, to support the UK Group where additional resource or expertise is required to mitigate tax risks.



Mission Zero:
our promise to eliminate any
negative impact our company
may have on the environment
by the year 2020.

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UK tax strategy

The UK Group is committed to delivering our tax strategy, for which the VP Tax, will have ultimate responsibility in conjunction with the Director Finance EMEA and the UK Finance Team.

The UK tax strategy applies to all taxes, and the key principles are as follows:

- The UK Group is committed to paying the correct amount of tax due under UK legislation whilst maximising available reliefs in the way legislation is intended;
- Alignment with the International Group's business strategy and corporate culture, such that all tax matters are managed effectively by having a clear corporate governance framework with robust business processes and controls;
- The UK Group adopts a low risk approach to tax management and planning, and seeks clarity through open, collaborative and professional dialogue with HMRC; and
- The UK Group will seek external advice from reputable professional firms around areas which are inherently risky or uncertain.

Tax planning

The UK Group seeks to arrange its tax affairs in such a way as to ensure that it maximises all available claims and reliefs under UK tax legislation and in the manner in which that legislation was intended. The UK Group will continue to have a strong focus on compliance with all applicable tax legislation.

The Interface, Inc., statement on Corporate Social Responsibility demonstrates its focus on ensuring that all companies within the International Group operate in a responsible way. The UK Group's attitude towards tax planning fits into this framework.

[Interface Sustainability](#)

Assessing and mitigating risk

Taxation risk is mitigated through internal procedures and the use of specialists where appropriate. The UK Group's Finance Manager will seek guidance from the Director Finance EMEA and the VP Tax on all areas of tax risk. Where there is uncertainty over a tax filing position, the UK Group will seek specialist external advice or liaise with HMRC on a real-time basis around the transactions to discuss the appropriate tax treatment. Further to seeking specialist advice, there may still exist inherent risk and uncertainty with regards to a specific filing position. When assessing the level of any remaining risk the UK Group will seek to take a balanced and cautious approach taking additional third-party advice as appropriate.

Relationship with HMRC

The UK Group is committed to working in a collaborative and proactive way with HMRC, through open and transparent dialogue and through the submission of tax returns and responses to queries raised by HMRC, that are fair, accurate and timely. The UK Group does not have a Customer Relationship Manager at HMRC and is not subject to the Business Risk Review process or risk rating. If the UK Group were subject to this process, then the UK Group would seek to achieve a 'low risk' rating.