

## **PAULIG GROUP**

### **UK TAX STRATEGY**

Paulig Group ('Paulig') are a family-owned, international enterprise in the food industry; founded in 1876 and noted for our high-quality products in key sectors such as Coffee, World Foods & Flavouring, Snack Food and Naturally Healthy Food.

Paulig is publishing its tax strategy in accordance with paragraph 16(2), Schedule 19 of the Finance Act 2016, for the year ending 31st December, 2017. Our tax strategy, as set out by the UK Board of Directors and summarised below, is founded on our core corporate values as defined globally by the Paulig. These include commitment to integrity to ensure efficient, sound and transparent management together with a commitment to thorough compliance with respect to laws, societal norms, and ethics. This strategy applies to the UK subsidiaries of Paulig.

Our aim is to be transparent and logical in regard to tax matters and to act with straightforward honesty when dealing with tax authorities either directly or via local tax advisers.

Paulig Group understands the importance of paying tax and its objective is to comply with all UK taxation rules and regulations and thus maintain its status as a responsible tax payer. This means that we do not engage in any arrangements which go against what we understand to be the intention of the relevant legislation.

The Paulig Group Taxation strategy can be divided into the following sections below:-

- 1) Paulig Group Taxation Objectives
- 2) Paulig Group Taxation Policies
- 3) Paulig Group Approach to risk management and governance

Within the strategy defined below, taxation includes taxes incurred on profits earned in the course of day-to-day business activities as well as taxes which are collected on behalf of local taxation authorities e.g. PAYE and National Insurances deducted from employees' salaries.

#### 1) Paulig Group Taxation Objectives

Our main objectives are as follows:

- To protect the company's status of a lawful and responsible tax payer.
- To pay local taxation & comply with relevant UK taxation obligations.

#### 2) Paulig Group Taxation Policies

Our main taxation objectives are achieved via a set of taxation policies which define core principles as follows:-

##### ▪ **Approach to Tax Planning**

- a) Taxation should be paid when due after having been calculated according to current UK taxation law subject to taxation advice if necessary.
- b) Tax returns are to be filed in a timely manner and the information contained therein should be accurate & error free.

- c) Paulig Group will not enter into artificial transactions designed with the sole intention of reducing taxation liabilities & inconsistent with normal day-to-day activities of Paulig Group.
- d) Any other local taxation regulations should be complied with.
- e) Tax planning opportunities are evaluated within clear risk parameters and reflect the group's existing internal governance and compliance policies.

- **Paulig Group Management & Control of Tax liabilities**

- a) We enter into transactions that are primarily motivated by commercial rationale and not solely to gain a tax advantage.

- **Approach to relationships with HMRC**

- a) Contact between Paulig Group employees and local taxation bodies will be conducted openly & with honesty and integrity.
- b) Local taxation authorities will be informed of any relevant changes involving Paulig Group in a timely manner.
- c) Paulig Group will seek to bring to the attention of local taxation authorities any issues or new ways of working in advance of transactions occurring.
- d) Any major changes affecting Paulig Group will be highlighted to local taxation authorities prior to finalisation of Corporation Tax Returns.
- e) Any enquiries from local taxation authorities will be answered in a timely and cooperative manner.

- **Paulig Group & reduction of taxation risk**

In order to minimise taxation risks, Paulig Group has in place a number of processes incorporating:-

- a) Well-designed, documented & regularly reviewed controls and processes ensuring data is complete & correctly coded and consequently accurately reported & paid to local taxation authorities in a timely manner.
- b) Consultation with local tax advisers where necessary.
- c) Focus on mitigation and control of major taxation risks.

### 3) Approach to risk management and governance

This process works in collaboration with local taxation advisors and is structured around the annual reporting of Taxation liabilities and compilation of Corporation Tax returns.

- a) Potential tax risks are identified and reviewed by in-house Finance employees in liaison with local tax advisors.
- b) Potential strategy and actions consistent with Group Strategy are identified at local level by Finance employees and local tax advisors and communicated to Paulig Head Office if it is felt that there is a potential reputational risk to Paulig Group.