

## BARRY CALLEBAUT TAX STRATEGY

The Barry Callebaut Group (hereinafter referred to as “BC”, “Group” or “BC Group”) is committed to comply with all tax legislation in the countries where it has business operations and/or is liable to taxation. It strives to be a good corporate fiscal citizen and to be recognised as such by all relevant stakeholders (e.g. tax authorities, investors). BC regards tax compliance as a critical element of its commitment to grow in a sustainable, responsible and socially inclusive way and is also committed to adhere by tax-related guidelines issued by international bodies. BC supports the OECD international tax reform work on Base Erosion and Profit Shifting (BEPS).

The BC tax strategy applies to Barry Callebaut Holding (UK) Limited, Barry Callebaut (UK) Limited, Barry Callebaut Manufacturing (UK) Limited, and Barry Callebaut Beverages UK Limited, which we collectively refer to as the “BC’s UK entities”. This document is published in conformity with the United Kingdom (“UK”) statutory obligation under Paragraph 16 (2) and Schedule 19 of the Finance Act of 2016 for the financial year 2018/2019, starting 1<sup>st</sup> September 2018 and ending 31<sup>st</sup> August 2019.

### 1. TAX RISK MANAGEMENT AND GOVERNANCE

The BC Group recognises that it is exposed to a variety of risks and uncertainties. The Group has a group-wide Enterprise Risk Management (“ERM”) framework applicable to all key functions and businesses. The ERM framework is designed to identify, assess and mitigate key risks to ensure the achievement of the Group’s objectives. The ERM framework is under the purview of the Group Risk Management function to ensure holistic, independent and systematic review of the risk management activities.

The Group Risk Management function is under the ultimate supervision of the Board of Directors of Barry Callebaut AG (“Board”), which is responsible for establishing, reviewing and adapting the governance, risk management, compliance and control processes. The Board has delegated its responsibility for evaluating the Group’s risk and control environment to the Audit, Finance, Risk, Quality and Compliance Committee (“AFRQCC”). BC’s Executive Committee (“ExCo”) and regional and functional management are responsible for implementing and executing the risk management processes. On an annual basis, Group Risk Management presents the key risks to the ExCo and AFRQCC.

Tax risk management is one of the points of interest and concern of the Board, the AFRQCC and the ExCo. The Group considers it of utmost importance to ensure BC’s good corporate reputation and financial credibility to minimise exposure to any risks. The Group operates appropriately designed tax processes and controls to properly identify and manage/mitigate tax risks. The Group employs a number of dedicated internal resources and consults experienced external tax professionals to manage tax risks.

### 2. TAX PLANNING

Within the legal framework, BC seeks to manage its tax position in a well-balanced manner to achieve tax efficiency. In making any decisions, BC is ultimately guided by the overall Group strategy in the

management of all businesses, transactions and investments. BC does not adopt aggressive interpretation of tax laws and does not engage in any tax-evading structures.

BC's UK entities strictly comply with all applicable tax laws and regulations, as well as with BC's internal Tax Standard Operating Procedure and Code of Conduct. BC's UK entities do not engage in aggressive tax planning activities that would be contradictory to the purpose and intentions of applicable tax laws and regulations. BC may seek advice from independent reputable professionals, to ensure compliance with all applicable tax laws and regulations.

### **3. ATTITUDE TOWARDS UK TAXATION RISKS**

BC has a consistent global tax strategy which is applied to business activities of the Group in the UK. BC proactively and reasonably reduces the level of tax risks arising from its UK business operations.

BC has a culture of teamwork which encourages close collaboration across various functions to create a robust tax risk control environment. BC has implemented strong internal policies and processes, including Tax Standard Operating Procedure, to ensure that tax risks are managed systematically and maintained at an acceptable level. The Group's UK taxes are managed by the EMEA Tax function, overseen by the Head of Tax EMEA who reports to the Vice President, Group Treasury & Tax and the CFO EMEA.

### **4. RELATIONSHIP WITH HMRC**

BC commits to maintain an open and constructive relationship in all dealings with Her Majesty's Revenue and Customs ("HMRC"), based on cooperative, supportive and professional interaction.

BC believes in proactively addressing significant tax matters (if any) with HMRC, in line with the overarching tax principle of transparency. Where possible, BC participates in meetings and discussions with the HMRC. Transparent and proactive engagements with HMRC result in greater mutual trust and accord greater certainty to BC.

Notwithstanding the proactive interaction with HMRC, BC anticipates tax audits/ queries from HMRC. In such circumstances, BC aims to align with HMRC on the application or interpretation of tax laws, and to address differences through constructive dialogue with a view to achieve timely resolution.