

JACOBS DOUWE EGBERTS - UK Tax Strategy

JACOBS DOUWE EGBERTS B.V. (“JDE”) is the parent of the JDE Group. As a Dutch coffee & tea company with global operations serving consumers in more than 120 countries through iconic brands, JDE generates a substantial amount and variety of taxes across its jurisdictions, including (but not limited to) income taxes, stamp duties, employment taxes and indirect taxes such as value added tax.

This tax strategy document applies to all UK taxes applicable to the UK entities within the JDE Group (“UK Group”) and it is effective for the financial year ending 31 December 2018. It will be reviewed annually and updated as necessary. The publication of this UK strategy document is regarded as satisfying the requirements of Schedule 19 of the Finance Act 2016.

This tax strategy document is approved by the managing board of JDE UK.

Approach to tax governance and risk management

The tax organizational model for JDE is global. This ensures that tax activities and behaviours are globally consistent and standardized wherever possible. Responsibility for the tax strategy, the supporting governance framework and management of tax risk ultimately sits with the Group’s Chief Financial Officer (“CFO”), with oversight from the JDE Group’s Audit Committee and Board. Day-to-day responsibility for each of these areas sits with the Global Tax Director, who reports the tax status and any issues up to the CFO.

The Global Tax Director is supported by the Group tax department, which is made up of a team of tax professionals based predominantly in Amsterdam. In addition to their oversight role, they provide advice to the JDE Group on any tax-related issues.

The UK Group is aligned with and follows the wider JDE guiding principles, code of conduct and tax policy for the JDE Group. The tax affairs of the UK Group are managed by the UK finance team with the support from external tax advisors where necessary and the Group tax department. Procedures and controls are in place to ensure tax compliance obligations are satisfied.

The UK Group is within the scope of the UK Senior Accounting Officer (“SAO”) legislation and the SAO is responsible for ensuring the UK Group establishes and maintains appropriate accounting and tax compliance arrangements.

Internal controls and escalation procedures are put in place with the aim of identifying, quantifying and managing key risks. Professional diligence and care is applied to our management of all risks associated with UK tax matters to evaluate those risks. Where there is uncertainty as to the application or interpretation of tax law, the Group tax department will be involved and appropriate advice is taken from third party advisers where needed.

The level of risk that the UK Group accepts in relation to taxation is consistent with the overall objective of achieving as much certainty as possible with respect to the JDE Group’s tax affairs. Where tax laws do not provide clear guidance and the tax treatment of an item is uncertain, these will be subject to robust risk assessment, full disclosure and the principle that we will pay the right amount of taxes due. As part of the assessment of risk of any transaction we will consider HM Revenue & Customs’ (“HMRC”) view of the tax outcome and the potential impact on the UK Group’s ongoing relationship with HMRC.

Responsible attitude towards tax planning and arranging tax affairs

JDE is committed to complying with all statutory obligations and at all times the UK Group seeks to comply fully with its regulatory and other obligations and to act in a manner consistent with JDE's commitment to best practice in corporate governance and responsible corporate citizenship.

Compliance for JDE means, paying the right amount of tax in the right place at the right time in the countries where our organisations and operations are located. It involves disclosing all relevant facts and circumstances to HMRC and considering government tax reliefs and incentives, where available, to structure our commercial operations tax efficiently but we will not knowingly enter into arrangements that are contrived or artificial.

The Group tax department facilitates the growth and development of JDE's businesses in a tax efficient way, in compliance with the applicable tax laws as well as in line with JDE's business strategy and mission statement. All transactions must therefore have a business purpose or commercial rationale. We engage in responsible and sustainable, business-driven planning related to JDE's business models, its supply and value chains, structure, organizations, assets, investments and financing. The tax impacts of current and future business operations and transactions are analysed and managed based on genuine business rationale and with a long term view of sustainability and predictability.

Any transfer pricing is calculated using the 'arm's-length' principle and in accordance with our transfer pricing policy. Our transfer pricing policy is aligned with the Organisation for Economic Co-Operation and Development ("OECD") guidelines as well as the guidelines of the various jurisdictions in which JDE operates.

Transparent approach to engaging with HMRC

The UK Group engages with HMRC in an honest, respectful, transparent, and co-operative manner. The UK Group does not take positions on tax matters that may create reputational risk or jeopardise our good reputation with HMRC. Any inadvertent errors in submissions made to HMRC are fully disclosed and corrected as soon as is reasonably practicable after they are identified.