

Südzucker Group - UK Tax Strategy

1. Introduction

This UK Tax Strategy statement applies to all UK legal entities of Südzucker Group.

The publication of this document is regarded as satisfying the requirements of Finance Act 2016 Schedule 19, paragraph 16.

This document is effective for the financial year ending 28 February 2019 and will be reviewed annually and updated as necessary.

At Südzucker Group, we attach great importance to responsible and sustainable company management. In particular, Südzucker Group strives towards exemplary company management in the sense of effective Corporate Governance, as well as sustainable risk management. This helps Südzucker Group to determine long-term strategic decisions in an appropriate way.

Corporate Responsibility is also a pre-eminent concern of Südzucker Group. Furthermore, Südzucker Group's Compliance Directive binds our management and staff to act in an ethically and legally impeccable manner.

In terms of our attitude towards taxation, Südzucker Group is a fair and reliable partner to its clients, its employees, its shareholders and all other external regulatory compliance parties (incl. HM Revenue & Customs ("HMRC")). We are committed to acting in a prudent and responsible manner. We are an open, transparent and dependable taxpayer.

2. Tax Risk Management and Governance

2.1 Governance

Overall responsibility for governance and tax risk management within the Südzucker Group rests with the Head of Group Function, Corporate Taxes (the "Tax function").

The Tax function facilitates investment in continuing professional development, application of standardized processes and a consistent tax policy across the Südzucker Group. The Tax function ensures that expertise and guidance is available for all major tax disciplines and jurisdictions.

The Tax function is part of the Finance function, which reports to the Group's Chief Financial Officer and indirectly to Chief Executive Officer.

A Senior Accounting Officer ("SAO"), as determined by legislation is responsible for ensuring each UK legal entity establishes and maintains appropriate accounting and tax compliance arrangements.

2.2 Tax risk management and tax risk appetite

The Südzucker Group operates worldwide and is exposed to a variety of tax risks. The Südzucker Group aims to manage tax risks in a similar way to any area of operational risks across the Südzucker Group. The business is supported by oversight functions, including the Tax function and Internal Audit.

Südzucker Group monitors the activities and responsibilities of the Tax function. The Südzucker Group will continue to look at resourcing and will assess headcount within the function as the scale and complexity of the business evolves.

Where appropriate, Südzucker Group looks to engage with tax authorities to disclose and resolve issues, risks and uncertain tax positions. The subjective nature of global tax legislation means that it is often not possible to mitigate all known tax risks. As a result, at any given time, the Südzucker Group may be exposed to financial and reputational risks arising from its tax affairs.

As with our broader business risk appetite, we have a low tolerance towards tax risks (across all taxes). We seek to minimize the risk of a dispute with HMRC by being open and transparent about our tax affairs. The Companies seek to attain a low UK tax risk rating as determined by HMRC Business Risk Review process.

The tax consequences of significant transactions (incl. internal restructuring and changes to IT systems) will be subject to a detailed review from a tax perspective. Wherever relevant, we would also seek the opinion of external advisors to ensure that the tax impact of any transaction is aligned with Südzucker Group's responsibilities.

3. Tax Planning

Südzucker Group does not enter into any aggressive tax planning or support the use of artificial structures that are established solely to avoid paying tax and have no business purpose. Südzucker Group's tax planning is aligned with its commercial business and economic activities.

Südzucker Group actively engages in and supports the development of a rules-based international tax framework. Südzucker Group looks to tax policy makers to implement international tax reforms in a coherent, coordinated way so that there is a level playing field and the risk of paying tax twice on the same income is minimized. In particular, Südzucker Group supports the OECD international tax reform work on Base Erosion and Profit Shifting (BEPS).

Südzucker Group is committed to maintaining an open and honest dialogue with regulators. It is Südzucker Group's policy to provide transparent and comprehensive information to tax administrations in order to facilitate their understanding of the tax-related decisions taken by Südzucker Group.

Südzucker Group operates throughout the world. As a result, there are many transactions between Südzucker Group companies. In line with internationally recognized standards for cross border transactions, the pricing for these transactions must reflect an arm's-length price. The pricing is driven by the activities undertaken and the value created. This approach is consistently taken in all countries where Südzucker Group operates.

Südzucker Group maintains a Compliance Directive which is the cornerstone of everything we do, including the approach to tax planning.

4. Tax Risks

Südzucker Group sees compliance with tax legislation as key to managing our tax risk. We understand the importance of tax in the wider context of business decisions and have processes in place to ensure tax is considered as part of our decision making process.

Südzucker Group maintains internal policies and procedures to support its tax control framework and employs professionals that are experienced in identification and management of tax risk with additional support provided through ongoing training and input of external advisors when appropriate.

Südzucker Group maintains relationships with professional advisers that allow us to seek expert advice on specialist areas of tax. Our approach is to ensure we are compliant and understand our responsibilities with regards to tax.

Südzucker is conscious of the negative publicity that can arise from an inappropriate tax policy, and sees strong internal controls and a good relationship with our professional advisors and tax authorities as the best way to manage reputational risk.

5. Relationship with HM Revenue & Customs (“HMRC”)

Südzucker Group is committed to the principles of openness and transparency with the tax authorities worldwide. Each UK legal entity engages with HMRC with integrity and respect and works collaboratively to resolve disputes [and obtain agreement].

The UK legal entities have regular, open dialogue and meetings with HMRC. Day-to-day interactions with the HMRC CRM team are managed by the UK Senior Accounting Officer of each of the UK companies.

The Südzucker Group seeks to comply with its tax filing, tax reporting and tax payment obligations worldwide. Each UK legal entity is required to foster good relationships with HMRC. In particular, Südzucker Group’s Tax function will:

- Pro-actively manage Südzucker Group’s relationship with HMRC with the aim of minimizing the risk of challenge, dispute or damage to its credibility
- Participate in any tax authority formal consultation process where it is expected that the matter under consultation will have a material impact on the Südzucker Group’s liability or the Südzucker Group’s compliance management

Südzucker acknowledges a responsibility to pay an appropriate amount of tax in the countries where the Südzucker Group operates. The Südzucker Group will aim to balance this with the responsibility to our shareholders to structure the Südzucker Group’s operations in an efficient manner. Tax regulations and tax incentives may be one of several economic factors taken into consideration when structuring our operations. In certain instances where significant uncertainty or complexity is involved, we will seek external advice.

In summary, Südzucker Group is committed to ensuring it pays the right amount of tax in the UK and to working collaboratively with HMRC.