



Tax Strategy

Reviewed 2019





Background

The Froneri Group was created in October 2016 by combining the activities of R&R Ice Cream plc (“R&R”) and part of the ice cream and frozen food businesses of Nestlé SA (“Nestlé”).

Froneri operates in Europe, Egypt, South Africa, Brazil, Argentina, Australia and the Philippines. The group produces ice cream, frozen food and chilled dairy products. Froneri is the second largest manufacturer of ice cream in Europe and the third largest manufacturer of ice cream globally. Froneri employs over 10,000 people across more than 20 countries.

The joint venture is owned and controlled in equal shares between R&R’s previous owners, the European private equity firm PAI Partners (“PAI”), and Nestlé, the world’s leading nutrition, health and wellness company, based in Switzerland.

Following the merger of the R&R and Nestlé businesses, the Froneri group is headquartered in the UK and Froneri Limited is the ultimate corporate entity in the group.

Introduction

This document sets out the tax strategy for Froneri Limited and its subsidiaries (the group), including all its UK based subsidiaries. The group’s direct contribution to taxation spans corporation income taxes, indirect taxes and employment taxes payable and reportable to fiscal authorities by the group globally.

This document has been prepared to comply with the requirements of paragraph 16(2) and paragraph 25(1), Schedule 19 of the Finance Act 2016. The UK tax strategy has been reviewed and approved by the Chief Financial Officer on 13th December 2019.

Approach to risk management and governance arrangements

Ultimate responsibility for Froneri’s tax strategy and compliance rests with the board of Froneri Limited. Froneri management reports to the Board on finance matters, including matters related to taxation.

The board delegates the day to day executive management of the group to the Management Board of Froneri International plc and on that board, the Chief Financial Officer (“CFO”) of the Froneri group, is the Board member with executive responsibility for finance and tax matters.

Within each market where Froneri operate there is a senior management team, including a Country Head and a Head of Finance, who are responsible for the business activities within the country. The Head of Finance reports to the Country Manager.

The Head of Tax reports directly into the CFO and works closely with all Heads of Finance across the markets Froneri operates in.

The UK’s Corporate Criminal Offence legislation was introduced in the Criminal Finances Bill 2017 and Froneri is committed to ensuring that reasonable preventative procedures are put in place to provide protection from the main risks identified.



Froneri actively seeks to identify, evaluate, monitor and manage tax risks. The group aligns its tax strategy with the Group's vision and core values and fits within its overall Corporate Governance structure.

Internal controls and procedures are in place with the objective to identify, mitigate, manage and report tax risk globally and within the UK. Froneri maintains policies and procedures at a global and local level for key tax processes including compliance and risk management / governance.

The Head of Internal Audit assesses Froneri's internal controls and reports on all matters to Froneri's Audit Committee. The Head of Tax and Head of Internal Audit work closely together to ensure that suitable internal controls support Froneri's tax procedures and that these controls are maintained and monitored.

Attitude to tax planning and tax risk

The level of risk that the group accepts in relation to taxation is consistent with its overall objective of aiming to achieving certainty on tax affairs, where possible. The group aims to report the right and proper amount of tax due according to where value is created and is committed to paying taxes due and ensuring compliance with all applicable legislative requirements in both the UK and globally.

The group only adopts tax planning arrangements to the extent that it supports commercial activities, in order that these activities can be carried out in a tax effective manner whilst remaining compliant with all relevant tax legislation. Where there is uncertainty over interpretation of tax law arises, Froneri will consult with external advisors and the relevant tax authority as necessary, to minimise uncertainty and risk.

Working with Tax Authorities

The group operates a transparent, honest and proactive approach to its interaction with all tax authorities. Froneri is committed to meeting its compliance obligations in a timely manner, making accurate returns and providing adequate disclosure on returns and in relation to specific transactions. Any inadvertent errors made, should they occur, will be fully disclosed as soon as reasonably practicable after they are identified.

The group undertakes regular meetings with Tax Authorities to discuss tax matters and business developments.