



Emmi Group Policy

# Tax Strategy

September 2019

## **1. Introduction**

We are to comply with the UK requirements for businesses to publish a corporate tax strategy. The publication of a tax strategy enables stakeholders to better understand the approach a company takes to taxation and creates a platform for more informed and productive discussions on this topic, helping to build trust and confidence.

This document sets out the policy and approach to conducting tax affairs and dealing with tax risk. The policy applies to the group of companies headed by Emmi AG as ultimate parent company of Emmi Group. It is effective from the date of publication and will be periodically reviewed by the Group tax team. This document is made available to the public in the context of paragraph 19 of Schedule 19 to the UK Finance Act 2016.

## **2. About Emmi**

Emmi is the largest Swiss milk processor and one of the most innovative premium dairies in Europe. In Switzerland, the company focuses on the development, production and marketing of a full range of dairy and fresh products as well as the production, ageing and trade of primarily Swiss cheeses. Outside Switzerland, Emmi concentrates on brand concepts and specialities in Europe, North America and increasingly also in emerging markets outside of Europe. With about 100 operating companies, sales in over 20 countries and more than 6'000 employees, the Emmi Group generates annual net sales of more than CHF 3.5 billion. Emmi's headquarter is based in Switzerland where the company was originally founded in 1993. Key functions (including Group finance and treasury functions and related activities) are also centralised at the headquarters in Switzerland.

Business operations in the United Kingdom represent about 2 % of net sales and generated employment for roughly 30 full-time equivalent employees. The activities of our UK subsidiary focus on selling branded concepts such as Onken, Caffè Latte or Kaltbach.

The Emmi Tax Policy and Tax Code of Conduct apply to all of our global operations including our business activities in the UK.

## **3. Group Tax Policy**

Emmi Group is committed to conduct its tax affairs consistent with the following objectives:

- Comply with all relevant laws, rules, regulations as well as reporting and disclosure requirements, in any tax jurisdiction
- Apply professional diligence and care in the management of all risks associated with tax matters, and ensure governance and assurance procedures to be appropriate
- Foster constructive, professional and transparent relationships with tax authorities, based on the concepts of integrity, collaboration and mutual trust

- Use tax incentives and reliefs to minimize the tax costs of conducting business activities within the framework of the legislation.

#### **4. Group Tax Code of Conduct**

The Group Tax Code of Conduct outlines the principles on how employees are expected to operate with respect to tax matters in support of the above Group Tax Policy. Non-adherence to this Group Tax Code of Conduct could constitute a disciplinary matter, potentially leading to sanctions up to dismissal.

##### **(a) Compliance with laws, rules and regulations**

Emmi Group is committed to observe all applicable laws, rules, regulations, as well as reporting and disclosure requirements, resulting from our business presence and transactions. Group Tax will collaborate with the Group's businesses to provide advice and guidance to ensure compliance, obtaining external advice where necessary. There are clear management responsibilities, backed up by regular monitoring and review, carried out by Group Tax.

##### **(b) Governance, Assurance and Tax Risk Management**

Responsibility and accountability for the Group's tax affairs is defined in accordance with a Tax Responsibility Matrix, and decisions will be taken at an appropriate level, determined by Group Regulations on Power and Responsibilities.

Diligent professional care and judgement will be employed to assess tax risks in order to arrive at well-reasoned conclusions on how the risks should be managed. Where there is uncertainty as to the application or interpretation of tax law, appropriate written advice evidencing the facts, risks and conclusions may be taken from third party advisers to support the decision-making process.

In reviewing the risks of a tax action or decision, always bearing in mind the requirements of the Group Tax Policy, the following would be considered:

- The legal and fiduciary duties of executives and employees
- The requirements of our Group core values and policies
- The maintenance of corporate reputation
- The tax benefits and impact on the Group's reported result comparative to the potential financial costs involved
- The consequences of potential disagreement with tax authorities, and any possible impact on relationships with them.

Emmi takes its social responsibility seriously. Therefore, Emmi takes a conservative approach towards tax planning. The Group will only engage in tax planning that is aligned with commercial and economic activity. This includes making use of available tax incentives and reliefs to ensure that the business operations are undertaken in an efficient manner, compliant with all legal and tax law requirements.

Group Tax will employ various risk management processes and systems to provide assurance that the requirements of the Group Tax Policy are being met. This will include Internal Audit Reviews of tax compliance activity across the Group.

**(c) Relationships with tax authorities**

Emmi Group is committed to the principles of openness and transparency in its approach to dealing with tax authorities around the world. All dealings with the tax authorities will be conducted in a collaborative, courteous and timely manner. The aim would be to strive for early agreements on disputed matters, and to achieve certainty wherever possible.

**(d) Tax incentives and reliefs**

Emmi Group believes that it should pay the amounts of tax legally due in any tax jurisdiction. There will, however, be circumstances where this amount may not be clearly defined, or where alternative approaches may result in differing tax outcomes. The Group will use its best judgement in determining the appropriate course of action, using available tax incentives and reliefs where possible.

**(e) UK context**

Our dealings with HMRC as the UK tax authority are based on mutual respect and trust. We openly engage and meet formally with HMRC, if appropriate to review our business activities and tax compliance obligations. Due to the nature of our business and the size and extent of our group structure around the globe, our business operations can be perceived as complex. We aim to ensure these are fully explained to HMRC whenever UK tax implications are concerned.