



TAX STRATEGY

Background

On 1 October 2016, the activities of R&R Ice Cream plc ("R&R") and part of the ice cream and frozen food businesses of Nestlé SA ("Nestlé") were merged in a new joint venture vehicle, Froneri Limited ("Froneri").

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.

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.

R&R operated across 7 countries and the UK activities represented approximately 40% of the R&R group's EBITDA and approximately 800 of the group's ~2,500-3,000 employees. Now, 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. However, the proportion of UK-based revenue is now ~10% of the Group, UK EBITDA is ~20% and the group now employs over 10,000 people worldwide. Therefore, a substantial majority of the group's activities are outside the UK.

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 Finance Officer on 12 December 2017.

Approach to risk management and governance arrangements

Ultimate responsibility for Froneri's tax strategy and compliance rests with the board of Froneri Limited. The Audit and Finance Committee 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 Finance Officer ("CFO") of the Froneri group, is the Board member with executive responsibility for finance and tax matters.



Each country has a senior management team, including a Country Head and Head of Finance who are responsible for the business activities within the country. The Head of Finance reports to the CFO on all financial matters, including taxation.

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. These are reviewed periodically and updated as required in relation to changing legislation (national and international), business operations, and business and tax risks identified. Where necessary the group will seek guidance from a recognised professional advisor.

Attitude to tax planning and tax risk

The level of risk that the group accepts in relation to UK taxation is consistent with its overall objective of achieving certainty on tax affairs. 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 HM Revenue and Customs ("HMRC") as necessary, to minimise uncertainty and therefore risk.

Working with HMRC

The group operates a transparent, honest and proactive approach to its interaction with HMRC. 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 in submissions made to HMRC, should they occur, will be fully disclosed as soon as reasonably practicable after they are identified.

The group undertakes regular meetings with HMRC to discuss tax matters and business developments. Globally the group aims to have similar relationships with the tax authorities in all of the jurisdictions it operates in.