

Nestlé in the UK - Tax Strategy

In compliance with section 161 and section 19(2) of Schedule 19 Finance Act 2016, the UK incorporated and controlled subsidiaries of Nestlé SA are publishing their Tax Strategy for the year ending 31 December 2017 onwards.

The Nestlé SA Group has developed Principles of Tax Management and Foundations for the long-term Group Tax Strategy. The principles are based on the recognition that Tax is an integral element of Nestlé's overall corporate social responsibility, as well as on the fundamental objective of tax compliance and of legitimate and responsible planning. Those Principles and Foundations are in line with the [Nestlé Corporate Business Principles](#) and the [Code of Business Conduct](#). These are cascaded down to, and monitored across, the Tax Organisation, both at Group and Market levels.

Nestlé in the UK has a tax governance structure in place that is led by a professional in house tax team covering all UK taxes and activities. The tax team is responsible for UK Tax Compliance, planning and tax risk management. It operates within Finance and Control and receives support from specialised shared service centres, Group Tax and External advisers.

Tax Strategy

- We have a fiduciary duty toward our shareholders to manage and plan our total tax costs of doing business, in compliance with the law, the Nestlé Corporate Business Principles and the Nestlé Group Tax Management Principles, taking into account potential impacts on stakeholders and our reputation.
- Our Tax Organisation, as a business partner function within Finance & Control, aims to create and protect shareholders' value and minimize tax risks through proactive tax management of our business operations. We do not have any performance objective (KPI) based on effective tax rates or tax payments.
- We engage in sustainable planning, i.e. analysing and managing the tax impacts of current and future business operations and transactions, based on genuine business rationale and with a long term view of sustainability and predictability.
- We do sustainable, business driven planning related to the Group's business models, its supply and value chains, structure, organisations, assets, investments and financing.
- Nestlé complies with the Group Transfer Pricing in line with OECD transfer pricing principles

Working with HMRC

- We pay the right amount of tax at the right time as agreed by HMRC.
- We positively engage in open dialogue with the tax authorities, encouraging open and full communications.

- Material issues will be discussed at an early stage with the tax authorities, where possible in advance of implementation.
- In the event that an error is discovered, we will make a Voluntary Disclosure to the Revenue authorities in order to correct the situation on a timely basis.

Tax governance, structure and organisation

- The board believes in the importance of a strong compliance culture that is fully embedded across the business.
- We ensure that we meet our Tax Strategy by operating and maintaining an Accounting and a Tax governance control framework.
- We take our UK SAO (Senior Accounting Officer) obligations seriously and have a continuous review programme embedded into our Tax Governance Framework.
- We ensure tax personnel keep up to date with developments by attending suitable training courses, professional seminars and by technical reading.
- We obtain external advice where warranted by circumstances and complexities. Consultants are selected with reference to skills, experience and value.
- We regularly update our internal stakeholders and HMRC on material matters affecting all aspects of management of UK taxes.
- We will liaise effectively with Nestlé Group Tax to ensure that a group perspective is reflected when we seek to optimise the market position.
- We evaluate and manage business risks regularly, consider and apply changes in legislation.

Nestlé UK Group confirm that this Tax Strategy was approved and applied by the following companies:

BUXTON MINERAL WATER LIMITED
CEREAL PARTNERS UK
GALDERMA (U.K.) LTD
NESPRESSO UK LTD NESTEC
YORK LTD.
NESTLÉ CAPITAL MANAGEMENT LTD
NESTLÉ HOLDINGS (U.K.) PLC
NESTLÉ PURINA PETCARE (U.K.) LIMITED NESTLÉ
UK LTD.
NESTLÉ UK PENSION TRUST LTD.
NESTLÉ UK PENSIONS RESERVOIR TRUST LIMITED
NESTLÉ WATERCOOLERS UK LIMITED
NESTLÉ WATERS (UK) HOLDINGS LIMITED
NESTLÉ WATERS GB LIMITED
NESTLÉ WATERS UK LTD
OSEM UK LTD
PROACTIV SKIN HEALTH LIMITED
PURLAW COMPANY
RAW PRODUCTS LIMITED
SCHOLLER ICE CREAM LIMITED
VITAFLO (INTERNATIONAL) LIMITED
VITAFLO INTERNATIONAL HOLDINGS LIMITED
VITAFLO LIMITED