

TATA GLOBAL BEVERAGES

Tax strategy

Tata Global Beverages is the second largest tea company in the world with the UK business centred on Tetley brand, one of the world's largest global tea brands with a heritage of over 180 years. Tata Global Beverages is a truly global group with its head office in India where it is listed on the Mumbai stock exchange. The Group has a substantial UK presence which is led by Tata Global Beverages Group Limited.

The Tata Global Beverages Group is committed to be the most admired natural beverage company in the world, by making a big and lasting difference through Sustainability and Corporate Social Responsibility. We look to achieve this by being knowledgeable, responsive and trustworthy, and by adopting environmentally and socially-friendly technologies, business practices and innovation, while pursuing long-term growth aspirations and the enhancement of stakeholder value. We strive for sustainable beverage production and consumption and apply our conscientious approach to taxation matters and the conduct of our tax affairs. We also adhere to the Tata Code of Conduct which is a comprehensive document established by our majority shareholders which serves as the ethical road map for Tata employees and companies, and provides the guidelines by which the group conducts its businesses. All Tata companies have consistently adhered to the values and ideals articulated by the philanthropist Founder for over 150 years.

This document approved by the Board of Tata Global Beverages Group Limited, sets out the Groups policy and approach to conducting its tax affairs and dealing with tax risks for the year ended 31 March 2018 and applies to all companies under the control of Tata Global Beverages Group Limited. They also equally apply to companies in the wider Tata Global Beverages group.

This document is made available in accordance with Schedule 19 of Finance Act 2016 and is in relation to the finance year ended 31 March 2018. The Group considers the publication of this document as complying with the duty under paragraph 19(2)/22(2) and paragraph 25 of Schedule 19 of Finance Act 2016.

Approach to risk management and governance arrangements

The Group CFO who is a Director of the company has ultimate responsibility for tax strategy and policy, and for communicating and advising on tax affairs and risks to the Board.

Day to day tax matters are delegated to the Head of Group Tax based in the UK who manages a tax team with relevant professional qualifications, training and experience. When appropriate, external advice will be sought from leading professional advisers for complex or uncertain matters. The Group also has dedicated tax professionals in certain overseas territories.

The Head of Tax updates senior management on a regular basis, and in quarterly meetings with the Board, to ensure that there is an awareness of any risks associated with UK tax affairs.

The Group maintains a number of tax process controls which are audited by both internal and external audit teams. We also strive to complete an external review of a tax to be undertaken each year by leading accountancy firms as a further audit process to help identify risk and ensure the operating effectiveness of controls. These ensure robust "best in practice" controls are in place and that we are fully compliant with the UK's Senior Accounting Officer rules.

Attitude to tax planning

The Group is committed to acting with integrity and transparency. Our tax strategy and policies require that we fully comply with UK and international tax law. We aim to make timely and accurate tax returns and payments that reflect our fiscal obligations to Government(s).

Where appropriate we try and minimise the Group's tax liabilities by utilising appropriate legislative concessions and reliefs. The Group's tax strategy and policies seek to make use of such appropriate reliefs and to control the Group's tax costs.

We do not enter into transactions that have a main purpose of gaining a tax advantage or not driven by commercial rationale or the company's economic activity. We do not use artificial tax avoidance schemes, tax havens to reduce the Group's tax liabilities or take an aggressive interpretation of tax legislation.

We seek external tax advice in certain situations in respect of large, one off transactions such as business acquisitions or disposals, in areas where we may have insufficient internal expertise and where we believe there is uncertainty with respect to the application of tax law to ensure that we do not suffer any unforeseen or unreasonable tax outcomes;

Level of acceptable risk

Our appetite for tax risk is low. Tax uncertainties are monitored, documented and reported to the Board on a regular basis. In the event of any material uncertainty or complexity in respect of any identified risks and doubt as to the tax treatment of any particular transaction, external advice is obtained as a matter of course.

Relationships with tax authorities

The Board places a large emphasis on having a strong relationship with tax authorities and in our dealings with them we always look to maintain good, open, honest, professional working relationships, to engage proactively in relation to tax matters and to resolve any areas of dispute or differences of opinion as quickly as possible in order to reduce uncertainty and manage risk.

The Head of Group Tax (based in the UK) and his team have regular communication with HMRC to promote a professional, collaborative working relationship which is based on principles of transparency and trust.

We take a proactive approach and take appropriate action in the event we discover errors or omissions; disclosing to HMRC, implementing remediation as quickly as is reasonably achievable and putting in place measures and controls to prevent recurrence.

We look to engage in a timely dialogue with HMRC on the interpretation of tax law where it is unclear.