



JDE PEET'S

GLOBAL TAX POLICY

16th June 2021

At JDE Peet's, we care about doing business in a responsible way to create a better future and believe that a responsible approach to tax is an integral part thereof. The tax we pay is an important part of our wider economic and social impact and we consider taxes as a key mechanism by which JDE Peet's contributes to the economies of the countries in which we operate. We believe that paying taxes is part of our corporate social responsibility and we regard paying the right amount of tax, in the countries and communities where we create value through our commercial business activities, as a critical element of our commitment to grow in a sustainable and responsible way.

We actively manage, monitor and control our Group Tax affairs. Our Jacobs Douwe Egberts (JDE) Code of Conduct and our Peet's Code of Business Conduct & Ethics underline our commitment to ethical behaviours and compliance with laws and regulations in the countries in which we operate. They set out the standards of behaviour in line with which we expect all our employees, customers, contractors and consultants to adhere. To put it simple, these two Codes represent our culture of compliance, including the area of taxation. In line with these code of conducts, JDE Peet's aims to be a responsible taxpayer. This means that we seek to pay 'fair' taxes¹ by paying the right amount of taxes in the right places, complying with the letter and the spirit of the law and taking into account the medium to long-term interest of our stakeholders. We recognize our obligation to pay taxes in the countries where we create value within the normal course of our commercial business activities; however, that obligation does not extend to paying more taxes than required by law. We also appreciate tax is used by governments to stimulate a more sustainable and energy efficient future. With regard to these taxes it is JDE Peet's goal to pay its fair share, but also to achieve the required environmental change where possible and with it reduce these taxes paid.

This JDE Peet's Global Tax Policy describes the Group's Tax Strategy and our Guiding Tax Principles. JDE Peet's overall strategy (including its sustainability values) have been reflected in this policy to align with our corporate purpose, values and strategy.

Our Tax Strategy

JDE Peet's operates in categories that touch almost every market in the world. All these markets have their own traditions, trends and tastes. While respecting this diversity, JDE Peet's undertakes centralised efforts to ensure the offering of a range of high-quality and innovative coffee and tea products to serve consumers' needs across these markets, their consumer preferences and price points. The vast majority of our business is the legacy JDE business, which operates according to our Combined Business Model (CBM) blueprint. Within this CBM, functions and activities have been centralised. This enables standardisation, which results in efficiencies and mastering of execution in the markets, from which our customers, consumers, employees, shareholders and society at large benefit. Based on the economic and value contribution (functions, decision making, assets, risks) made by each part of our business, we aim to pay the right amount of tax at the right time, on the profits we make, in accordance with the arm's-length principle and in compliance with international laws, including the OECD 'Base Erosion & Profit Shifting' Action Reports.

Key elements of our tax strategy are:

- We believe that tax should follow the business and, as such, the tax function must act as a partner to the business when creating and protecting value. In doing so, Group Tax applies robust governance and seeks to minimise tax risks through proactive tax management of our business operations and transactions.
- We aim to prevent double taxation on the same profits.
- Where alternative routes exist to achieve the same commercial result, we pursue the most tax efficient approach, while remaining compliant with the letter and spirit of relevant laws, regulations and international standards and paying taxes where we create value.
- We do not engage in tax evasion and we will not undertake transactions with the sole purpose of creating a tax benefit which is contrary to the objective and purpose of relevant tax rules.

¹ Tax is not limited to corporate income tax; it also includes indirect taxes (e.g. VAT/GST), wage withholding tax, social securities, stamp duties, dividend withholding tax, sales and use tax, real estate tax, custom duties, excise duties and any other taxes that JDE Peet's pays in multiple jurisdictions.

Our Guiding Tax Principles

As part of our Global Tax Policy we have developed our Guiding Tax Principles, which are categorized as follows:

- A. Compliance;
- B. Substance & Business Rationale;
- C. Tax Incentives;
- D. Cooperative relationships with tax authorities & Transparency;
- E. Tax risk management;
- F. Accountability & Governance.

These Guiding Tax Principles describe how we implement the Group's Tax Strategy and they govern our behaviours and the choices we make when we conduct our global business operations. These principles extend to our relationships with employees, customers, contractors and consultants.

A. Compliance

We are averse to any risks that could jeopardise the integrity of the company's financial reporting. We strive for full compliance with laws and regulations and with our codes of conduct, policies and procedures, wherever we do business. Consequently, we have zero tolerance for non-compliance. Employees and suppliers can report concerns about unethical or unlawful behaviour or about activities that compromise our tax integrity through our whistle-blower hotline.

- We act in accordance with the letter and the spirit of all relevant tax laws and regulations in the countries where we operate, as well as with international treaties and international tax guidelines.
- We pay the right amount of tax at the right time, in the countries where we create value.
- We are committed to prepare and file all tax returns required, providing complete, accurate and timely disclosures to all relevant tax authorities.
- We seek to ensure that the presentation of the income tax position in the company's financial statements is accurate and complete.
- We do not take tax positions that are not defensible.
- Our filing positions will never be based on a principle of 'not being found' or based on the sole purpose of obtaining leverage in the bargaining of a settlement.

B. Substance & Business Rationale

The tax decisions we take, including those relating to optimisation opportunities (amongst others to mitigate double taxation), are based on reasonable interpretations of applicable law. We believe that tax is an integral part of doing business and not merely the domain of the tax function. We also believe in the principle that tax should follow business and consequently profits are allocated to the countries in which business value is created. Our transfer pricing is aligned with the substance of the economic and commercial activity of our business.

- Aside from factors - such as financial impact, complexity and reputation - our tax decisions require a substantial level of robustness taking into account the principle of business rationale. Therefore, we will only use business models that are driven by commercial considerations, are aligned with business activity, and which have genuine substance.
- We apply a multi-disciplinary approach towards corporate and business projects and tax matters by involving relevant representatives of the businesses as well as representatives of our tax, treasury, legal and finance departments.
- We do not use so-called 'tax havens' in order to avoid taxes on activities which take place elsewhere. Entities which are based in low or zero tax rate jurisdictions exist for substantive and commercial reasons.
- We pay tax on profits according to where value is created within the normal course of commercial activity. We do not use artificially fragmented structures or contracts to avoid establishing a taxable presence in jurisdictions where we do business.
- We apply the arm's-length principle, pricing in line with best practice guidelines issued by the OECD, and apply this consistently across our businesses (contingent on local laws).
- We will not engage in arrangements whose sole purpose is to create a tax benefit which is contrary to the object and purpose of applicable laws and regulations.

C. Tax Incentives

Tax is one of the elements we take into account in our commercial and economic activities, while businesses may also respond to tax incentives and exemptions available. Where we claim tax incentives (including exemptions and reliefs) offered by governments and other authorities, we seek to ensure that their application is generally available, transparent and consistent with statutory or regulatory frameworks.

- Where we accept tax incentives offered by governments and other authorities to support investment, employment, innovation, energy efficiencies and economic development, we will seek to ensure that their application is transparent.
- We will not use tax incentives if not aligned with our business and operational objectives or if the use thereof would be contrary to the object and purpose of the incentive.
- We will make data available for governments to assess the revenue, environmental and economic impacts of specific tax concessions where appropriate.

D. Relationships with tax authorities & Transparency

We seek, wherever possible, to develop cooperative relationships with tax authorities, based on mutual respect, transparency and trust. Our relationship with the Dutch tax authorities (Individual Tax Monitoring Plan) shows our commitment to this principle.

- We follow established procedures and channels for all dealings with tax authorities, government officials, ministers and other third parties, in a professional, courteous and timely manner.
- We are open and transparent with tax authorities, responding to relevant tax authority enquiries in a straightforward and timely manner (providing information held in other jurisdictions where relevant) to assist in the evaluation of tax liabilities.
- We endeavour to build relationships of cooperative compliance with tax authorities where both parties engage in a proactive and constructive dialogue to discuss our tax strategy, risks and significant transactions. Where there are misunderstandings of fact or law, we will seek to work with tax authorities, where possible, to identify the issues and explore options to resolve any misunderstandings or disagreements.
- If we seek rulings from tax authorities to confirm an applicable tax treatment, we do so, based on full disclosure of all relevant facts and circumstances.
- We will seek to enter into an early dialogue with tax authorities, wherever possible, where there is significant uncertainty about how the tax rules apply to our business.
- We will not engage in bribing or otherwise induce tax officials, government officials or ministers.
- We provide country-by-country tax reporting in a transparent and accurate manner to the tax authorities.
- Disclosures are made in accordance with the relevant domestic regulations, as well as applicable international reporting requirements and standards such as IFRS.
- As part of our tax transparency approach, we have published our Global Tax Policy on our website for all our stakeholders to access.

E. Tax risk management

Our approach to risk management includes tax risks. Uncertainty is inherent to certain tax positions, and the absence of clarity on the interpretation of tax laws are inevitable. JDE Peet's is aware of its brand and corporate reputational importance and we aim to prevent and reduce significant tax risks through proactive tax risk management. Our risk appetite for the tax decisions we take (including those relating to optimisation opportunities) and implementing our business models is low.

- We conduct our tax affairs in accordance with our Global Tax Policy (Tax Strategy and Guiding Tax Principles), which forms the foundation of our Tax Governance, Reporting & Control Framework, Policies and Guidelines.
- We have established and maintain effective processes and internal controls to identify, quantify and manage key tax risks (i.e. operating an effective tax control framework with an embedded learning cycle).
- We continuously develop and improve the efficiency of our tax function in terms of adequate personnel, resources, up-to-date expertise, and training, and by developing tax awareness across JDE Peet's' functions and businesses.
- We optimise and upgrade our tax processes and systems, to automate our tax reporting and monitoring processes and to be actively involved in the field of tax technology.
- We aim for certainty on tax positions. Where the law is unclear or subject to interpretation, we evaluate the likelihood and, where appropriate, seek an external opinion to ensure that our position would, more likely than not, be upheld.
- Where the tax treatment of an item is so uncertain and/or unquantifiable preventing the assessment of more likely than not, filing positions should be subject to robust risk assessment, full disclosure and the principle that we will pay the right amount of taxes due.

F. Accountability & Governance

Tax is a core part of the company's corporate responsibility and governance and is overseen by the Board.

- Our Global Tax policy (Tax Strategy and Guiding Tax Principles) has been set by JDE Peet's' Chief Financial Officer and Global Tax Director. It has been reviewed and approved by the company's Board and Audit Committee. It will be reviewed annually and updated as necessary.
- JDE Peet's' Board is accountable for the Tax Strategy and the responsibility for tax risk management is delegated to the CFO and the Global Tax Director and is overseen by the Audit Committee.
- Roles and responsibilities with respect to tax, including environmental taxes, have been identified and assigned.
- We have put mechanisms in place to ensure awareness of, and adherence to, our Tax Strategy and Guiding Tax Principles.
- We have clear procedures in relation to tax risk management and carry out risk assessments before taking any tax decisions on significant transactions.
- We report to the Audit Committee on tax risks and adherence to our Tax Strategy at least annually.
- Our Global Tax Policy applies to all our local tax practices in all jurisdictions, and, wherever possible, to all subsidiaries and other entities under our control.
- We employ appropriately qualified and trained tax professionals with relevant international tax expertise. They have an appropriate understanding of the company's businesses and understand how and where the different entities within the company's group contribute to creating value.
- We use outside resources provided by high-quality consultants and advisors as and when appropriate. Any external tax advice must be compliant with JDE Peet's' Tax Strategy and Guiding Tax Principles.
- We are organised globally to ensure that tax activities and behaviours are consistent and standardised wherever possible.

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