

John West Foods Tax Group – Tax Strategy

Introduction

UK Seafood Investment Ltd (UKSI), its 100% owned subsidiary John West Foods Ltd (JWFL) and its affiliated company Edinburgh Salmon Company Ltd (ESCO) form a UK Tax Group (the Tax Group). All 3 companies are part of the Thai Union Europe Group, a company with headquarters in Paris which is, in turn, part of the Thai Union Group, head-quartered in Bangkok and quoted on the Bangkok Stock Exchange. The purpose of this document is to outline the tax strategy of the Tax Group for the year-ended 31st December 2020. This strategy complies with Paragraph 16(2) Schedule 19 of the Finance Act 2016.

James Bernard Stephen Chartered Accountant and Insolvency Practitioner of BDO LLP, 4 Atlantic Quay, 70 York Street, Glasgow G2 8JX and William Matthew Humphries Tait, Chartered Accountant and Insolvency Practitioner of BDO LLP, 2 City Place, Beehive Ring Road, Gatwick RH6 0PA were nominated as joint interim liquidators of ESCO on 2nd December 2020 and ESCO will not form part of the Tax Group from that date.

Mission Statement

In relation to tax, the mission of the Tax Group is to ensure that all taxes due are anticipated, properly accounted for and paid to the appropriate authorities on the dates on which they are due

Scope of Taxes paid by the companies within the Tax Group

UKSI is a holding company with no direct employees. JWFL operates from a head office in Liverpool, UK and its tax scope includes Import Duties, VAT, Employee Taxes, National Insurance and Corporation tax. Prior to its liquidation, ESCO operated from its factory near Inverness in Scotland and its tax scope was the same as JWFL

Approach to tax risk management

The tax strategy recognises the following risks to the business around tax liabilities

- Not fully recognising the amount of tax due
- Failing to pay the full amount of tax due
- Late payment of tax due
- Recognising too much tax as being due
- Paying more than the amount of tax due
- Early payment of tax due

The Group's ongoing tax risk approach is based on principles of reasonable care and materiality, which will be determined based on a balance of financial, behavioural and reputational risk weighted against the cost of taking decisions and the embedding of any ongoing control requirements. The aim is not to avoid or eliminate risk entirely, but to manage closely the Group's exposure to tax risk

In order to manage these risks, the respective companies have taken the following steps:

1. The appointment of a suitably qualified and experienced Finance Director of JWFL and UKSI and the appointment of a Senior Finance manager at ESCO
2. The formal appointment of the Finance Director of JWFL and UKSI and the Senior Finance manager at ESCO respectively as Senior Accounting Officers (SAO's). Obligations of the SAO's include the following:

- Regular communication with the Board regarding management of material tax risks and opportunities
 - Reviewing any significant transactions; (e.g. acquisitions, disposals, financing arrangements)
 - Approving external advisor appointments
 - Monitoring adherence to the tax governance framework
 - Monitor appropriateness of tax policies and practices and update as necessary
 - Monitor compliance with tax policies and practices
 - Approval of tax disclosures for the Group's financial statements
 - Approval of tax returns
 - Ensuring accounting systems and controls report accurate and timely information for tax reporting purposes, thereby enabling the certification required by Schedule 46 Finance Act 2009
3. The appointment of appropriately qualified staff at the respective locations with specific responsibilities relating to tax matters and a team of people dedicated to Financial Reporting and Financial Controls
 4. The implementation of a computerised General Ledger System for both companies with automatic interfaces to their respective Enterprise and Resource Planning (ERP) systems
 5. Regular reviews of the Tax Group's Internal Control Processes
 6. The appointment of a Top Four UK Accounting Firm as Tax Advisors on all matters of taxation affecting The Tax Group and who verify the annual corporate tax returns of the companies prior to submission to the UK tax authority – Her Majesty's Revenue and Customs (HMRC)
 7. Annual Review by the company Boards of the respective Statutory Accounts of the companies including the tax calculations
 8. Forward-looking processes which calculate the expected tax due for the month, year and at least 3 years ahead
 - A 3-year Strategic Planning Process every year
 - An annual Budget process with profit and tax calculated by month
 - 3 regular financial forecasts each year in addition to the budget
 - A monthly cash forecast process, identifying tax due and payable

Engagement Strategy with Tax Authorities

The Boards encourage regular communication between both businesses and the appropriate tax authorities and the Tax Group has a number of touch-points with the tax authorities, the following being examples

- Visits to John West's Head Office from the local VAT inspectors
- Regular communications with HMRC Customs Officers
- Discussions between the Tax Group's senior finance personnel (including the SAO's), the Tax Group's tax advisors and officers from HMRC's corporate tax department

As part of the Engagement Strategy, the business has adopted the following policies

- In the event of any inadvertent errors arising, full disclosure, where required by law, will be made to HMRC;
- The Group will disclose any relevant decisions it undertakes to HMRC where necessary in line with the legal disclosure requirements and criteria set out by HMRC; and,
- Where reasonable levels of doubt exist as to the treatment of a tax then tax will be paid, or not recovered, by the Group as appropriate i.e. we will act in favour of HMRC

Interaction between the Tax Group and other parts of the John West business

The companies recognise that compliance with tax regulations requires a level of compliance from all employees. All three companies have in-place a number of written processes and procedures where, for each control objective, the controls and monitoring activities are detailed. These are regularly updated and regularly communicated to all employees and ensure as far as possible that employees act in a way that is compliant with UK tax law.

Due to the computerised General Ledger Systems for the companies with automatic interfaces to their Enterprise and Resource Planning (ERP) systems, all transactions made by the business are reviewed at some stage by suitably qualified finance employees. The profit and loss account and balance sheet of each of the companies are reviewed by the Finance Director\SAO and the Senior Finance manager\SAO each month before being reviewed by the companies' Executive Teams. The annual accounts of the companies, including the tax calculations and tax provisions, are audited by a Top Four UK Accountancy Firm annually with a mid-year review being undertaken by the same firm in conjunction with the companies' finance teams

The Thai Union Group's Risk Assessment Team make regular visits and undertake regular audits at the companies' respective locations. The risk assessment team will be responsible for the independent review of the business processes and control environments, the Group's performance in line with the strategic principles set out above and will be sensitive to the commercial operations in place at that time. These reviews will also cover the maintenance and access to records and the tax sensitive use of its financial systems and the appropriateness of these.

The business will be independently audited annually, and tax accounting, where deemed required, will be audited in accordance with this process.

A plan of action will be agreed with the SAO as applicable to act upon recommendations made within these reviews/audits within a time frame which is appropriate to the Group's risk management objectives and resource allocations

Review of UK corporate tax rate versus the effective Tax Group rate

A comparison of the UK corporate tax rate and the effective tax rate of the Tax Group is undertaken annually and included in the Audited Statutory Accounts of each of the companies. The Statutory Accounts are reviewed by their respective Boards before being filed at UK Companies House

Organisation and Personnel

The Tax Group operates a policy of employing fully qualified accountants in senior accounting positions and part-qualified accountants in less senior accounting positions. Part-qualified accountants are encouraged to become fully qualified through company-assisted studies. The Finance Departments are organised in a way that separates Financial Controls and Reporting from Business Analysis activities, enabling the Finance Director and the Senior Finance Manager meet regularly to focus on ensuring accurate reporting, appropriate controls and compliance. The Finance Director and Financial Controller meet regularly with the Directors of other functions in their respective companies with a view to ensuring that policies and procedures in non-finance functions are also appropriate and also work to ensure that policies and procedures are appropriate and are properly applied to ensure compliance throughout the Tax Group. All senior personnel throughout the Tax group are advised to raise decisions which may affect tax compliance with a senior person from the companies' Finance Departments

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