

Asahi Europe Ltd – UK Group Tax Strategy

Introduction

Tax revenues play a key role in funding local public services and supporting strong vibrant communities. Oxford Economics estimates that the UK beer and pub sector generated over £12.6bn in total taxes in 2016 and we are proud to have contributed to that. We value highly our place in the local community and wider society, and want to ensure that we make an effective contribution, through the taxes we pay but also through sharing and maximising resources such as employee volunteers, mentors and support for charities.

UK Group Tax Strategy

This document is to satisfy the requirements under Section 161 and Schedule 19 (2) of the UK Finance Act 2016 that qualifying UK companies must publish details of their Tax Strategy, either on their web-site or in a freely available document. This requirement applies to UK groups even if they are part of a multi-national group. Asahi Europe Ltd and its subsidiaries (the 'AE Group') are wholly owned by Asahi Group Holdings, Ltd a company incorporated in Japan.

The AE Group's UK tax policy applies to the following UK entities:

Asahi Europe Ltd
Asahi UK Ltd
Meantime Brewing Company Limited
Meantime Brewing (Retail) Company Limited
Asahi Premium Brands Ltd
PGM Procurement Ltd

In the UK, the AE Group predominately trade in beer produced in its breweries in Italy, The Netherlands and the UK. Its brands include, Peroni, Grolsch and Meantime.

Asahi Europe Ltd also owns following non-UK businesses:

Birra Peroni S.r.l - Italy.
Koninklijke Grolsch N.V. and associated Dutch companies – The Netherlands
Grolsch Canada Inc. and Peroni Brewing Quebec Inc. - Canada

The ultimate holding company Asahi Group Holdings, Ltd. has a strong focus on corporate responsibility including the management and compliance of taxation. Its global tax policies are available on its website:

http://www.asahigroup-holdings.com/en/whoweare/corporate_policy.html

Tax risk management

The AE Group's overall tax strategy is to ensure that:

- Tax risks are managed in an established and robust way
- All tax legal requirements including tax compliance and reporting responsibilities are fully met
- Tax reliefs and incentives where available are utilised consistent with the aim of the legislation

- All tax processes are documented and key controls identified
- Transactional taxes such as VAT are managed through the functionality of its IT systems
- Tax impacts are always considered when implementing business decisions, including reorganisations and restructuring
- Identified tax risks are managed by robust controls developed to meet the HMRC Senior Accounting Officer regime
- Tax policies are developed in key areas such as BEPS reporting and Transfer Pricing

Key roles and responsibilities

In the management of its tax affairs the AE Group has identified the following key roles and responsibilities:

- The AE Group CFO has ultimate responsibility for the tax affairs of the AE Group
- Asahi Europe Head of Tax – who has overall responsibility for tax affairs and strategy, reporting to the AE Group CFO
- The business unit Finance Director and Finance Controllers manage tax on an ongoing basis within their wider Finance roles, supported by the Head of Tax
- The Accounts Payable Team in the UK Shared Service Centre are responsible for tax processes and have extensive experience of VAT requirements
- Where deemed appropriate professional tax advisors are engaged to support those with responsibilities above

Information on systems and controls to manage tax risks in the UK

Where available IT functionality is utilised to manage transactional taxes such as VAT and this is reviewed and tested on a regular basis.

In Asahi UK Ltd excise tax management is outsourced to logistic providers who also provide excise suspended warehouse facilities. These logistic providers manage and pay excise duty to HMRC and these payments are reconciled by Asahi UK Ltd to ensure accuracy and compliance.

In Meantime Brewing Company Limited excise is managed through its accounting and stock management systems.

External tax advisors are engaged to support the management of Corporate Tax, including the submission of returns.

Details of levels of oversight of the Board and their involvement in tax affairs

The Head of Tax reports monthly to the AE Group CFO with regular briefings on current tax issues and the status of tax return submissions and audits. The Board, through the audit committee, takes an active involvement in the tax affairs of the AE Group.

Attitude to tax planning

The AE Group does not actively seek tax planning structures. Where an assessment of tax impacts is undertaken the preferred option is to adopt an approach with a low tax risk.

Why we might seek external tax advice

External tax advice is sought where a second opinion is beneficial in explaining a difficult tax issue.

In addition, when setting up trading arrangements in new countries as the portfolio of brands is marketed across the world, external advice is taken to ensure tax issues are understood and adequate processes are put in place to manage tax compliance.

Working with HMRC

We have an open relationship with the HMRC Client Relationship Manager and the HMRC Large Business team with whom we have regular communications. HMRC are consulted where clarification is required to tax questions or interpretations in the UK.

We also support industry tax issues and liaise with HMRC through trade bodies, such as the British Beer & Pub Association and the Bonded Warehousekeepers Association.