



UK Tax Strategy Statement

Introduction

Businesses with certain types of operations above pre-established thresholds in terms of size of operations in the United Kingdom ("UK") are now required to publish a compliant tax strategy ("UK Tax Strategy") on the internet with effect for accounting periods beginning on or after 15 September 2016.

The legislation specifies that the strategy must set out:

- The company's or group's approach to risk management and governance arrangements in relation to UK taxation;
- The company's or group's attitude to tax planning;
- The level of risk that the company / group is prepared to accept in relation to UK taxation; and
- The company's or group's approach to its dealings with HMRC.

This document sets out the UK Tax Strategy of Lallemand Inc., a Canadian company, and its subsidiaries based in the UK ("Lallemand in the UK", and collectively with Lallemand Inc. and its global affiliates the "Lallemand Group") to conducting their tax affairs and dealing with tax risks. The document has been prepared and approved by the Lallemand Group finance team and will be updated annually, as required.

Group Overview

Lallemand Inc. is a privately held Canadian company founded in Montreal, Québec, specialising in the development, production, and marketing of yeasts and bacteria. The Lallemand Group operates in approximately 35 countries and markets its products to customers in more than 55 countries.

Lallemand in the UK mainly operates as a producer and vendor of brewing process aids for worldwide markets and a distributor of yeast for the wine, brewing industries and animal nutrition products for the UK market. It also operates as a producer of bacteria for animal nutrition products selling to distributors worldwide as well as a producer of yeast selling to bakeries across the UK.

Intercompany transactions between Lallemand in the UK and foreign related Lallemand Group entities are marginal and are all conducted under arm's length terms and conditions.

Lallemand Group's approach to risk management and governance arrangements in relation to UK taxation

The Lallemand Group and Lallemand in the UK have implemented a global and integrated tax risk management and governance framework. The governance framework is set globally, and adherence by local business operation is mandatory to foster a seamless and integrated governance model with active interactions between local business operations and corporate headquarters.

Each entity within Lallemand in the UK has a qualified accountant appointed as financial controller leading a finance team. A UK Board of Director is responsible for overseeing the UK finance teams, and is comprised of, amongst others, a Finance Director, the Group CFO, and at least one UK Operational Director. The Board of Directors meet at least once per year to review governance and risk management



issues – including tax risks should they arise – and these issues are followed up and reviewed regularly throughout the year.

Changes in UK tax legislation potentially impacting the business are monitored by the UK finance teams in conjunction with our external global tax advisors. Support and guidance in tax matters is also provided by Lallemand Inc.

Tax risks are also monitored regularly by the UK finance teams and, should the circumstances warrant it considering complexity level and/or materiality, are referred to the Lallemand Inc. tax team, and sometimes to both Lallemand Inc. and our tax advisors, as noted above.

The financial controllers of Lallemand in the UK, assisted by our tax advisors, are responsible for preparing and filing corporate income tax returns. Payroll taxes, VAT, and customs duties are also managed by the finance teams of Lallemand in the UK.

Lallemand Group's attitude to tax planning

The Lallemand Group is not involved in any aggressive tax planning schemes for any transactions in the UK or involving entities of Lallemand in the UK.

When considering the implementation of any tax planning in the UK or elsewhere, the core objective is invariably to support the overall commercial objectives of the Lallemand Group. While the Lallemand Group may consider tax costs and incentives available to it when making business decisions, the core commercial objectives remain at the center of all business decisions.

The Lallemand Group strives to strike a balance between conducting its business in a tax efficient manner, while also maintaining its strong corporate reputation and economic contributions as a good corporate citizen.

External tax advisors are called upon where the tax treatment of specific items is uncertain, where the underlying tax issue presents some complexities, or to support the Lallemand Group in their compliance processes, for example in ensuring that intercompany transactions between Lallemand in the UK and foreign affiliates are conducted under arm's length terms and conditions. Pursuant to the global governance and tax risk management framework, Lallemand Inc. is always involved in the approval of tax planning in the UK, if any.

The Lallemand Group has a Code of Conduct Policy which every employee signs when joining the company. This document provides direction and clarification on how Lallemand Group conducts its daily business, and outlines the business ethics and personal integrity required to ensure credibility and reputation of the group. The Code of Conduct Policy also covers tax matters, and Lallemand Group's business ethics has consistently led it to be very transparent in its tax affairs with tax authorities.

The level of risk that the Lallemand Group is prepared to accept in relation to UK taxation

The Lallemand Group and Lallemand in the UK are fully aware of their obligations in tax matters and aim to comply with all relevant tax laws and regulations.

On a regular basis, Lallemand in the UK seeks assistance from Lallemand Inc. and / or external tax advisors to receive guidance and advice on how to manage potential tax risks and risks of non-compliance. Based on such advice and input, Lallemand in the UK strives to implement prudent business practices in terms of tax compliance and risk mitigation.



The approach taken by the Lallemand Group in its interactions with HMRC

When required to engage with HMRC, the Lallemand Group and Lallemand in the UK strongly endeavour to collaborate and maintain a transparent relationship with HMRC. They strive to respond to queries in a timely manner and be proactive in resolving any misunderstandings or disagreements.

In general, all contact with HMRC is maintained by the UK financial controllers. Lallemand does not have a Customer Relationship Manager with HMRC.