

Westrock Coffee & Tea International Limited

Falcon Coffees Ltd

2023 Tax Strategy



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1. Introduction

This document sets out Westrock Coffee & Tea International Ltd ('WCTI') and Falcon Coffees Ltd ('Falcon') policy and approach to conducting their UK tax affairs and dealing with UK tax risk.

WCTI and Falcon both form part of the wider Westrock Coffee Company group ('Westrock', or 'The Group'), whose United States ultimate parent company, Westrock Coffee Company, is publicly listed on the Nasdaq stock exchange. Both companies are held by different US entities within the group and are therefore UK sister companies within the wider business.

For the financial year ended 31 December 2022 the wider Group had consolidated turnover exceeding €750m and therefore WCTI and Falcon are qualifying companies with a requirement to publish a tax strategy for the current financial year ended 31 December 2023.

As qualifying UK companies sitting within the wider Group, WCTI and Falcon therefore have separate obligations to prepare and publish their tax strategy online in accordance with paragraphs 22 and 23 of Schedule 19, Finance Act 2016.

Due to the closely aligned management roles, policies and strategies within the two companies, the tax strategy obligations are set out below for both companies as a self-contained part of the wider group's tax strategy. The Group considers that this is appropriate given the synergies of the two entities and comparable smaller size of WCTI by comparison to Falcon.

It is effective for the year ended 31 December 2023 and will remain effective until any amendments are approved by the Board, but it will be formally reviewed, approved and re-published by the WCTI and Falcon finance teams at least on an annual basis.

Group background

Westrock is a leading integrated coffee, tea, flavours, extracts, and ingredients solutions provider in the U.S., providing coffee sourcing, supply chain management, product development, roasting, packaging, and distribution services to the retail, foodservice and restaurant, convenience store and travel centre, CPG, non-commercial, and hospitality industries around the world.

With offices in 10 countries, the company sources coffee and tea from 35 origin countries.

WCTI was incorporated in September 2020 and its principal activity is that of an intermediate holding company which wholly owns the share capital in Westrock Coffee & Tea Singapore Pte Ltd, a Singapore based entity. In its first full accounting period to 31 December 2021, WCTI had no income. WCTI's registered office is in London, UK.

Falcon's principal activity is a green coffee trader. Falcon specialises in the purchase, sale and logistics associated with sourcing and distributing green coffee from origin countries to consuming countries around the world.

The majority of Falcon's business is back-to-back sales of containers of coffee. Falcon also maintains a spot position of specialty grade coffee. This coffee is bought for quality and provenance, shipped, imported and warehoused by Falcon and is sold in small quantities to specialty roasters. The UK offices are based in Lewes, UK, with operations including coffee releases from its warehouse partners in the UK and worldwide.

Westrock's Code of Ethics set forth the standards that must be followed to uphold our principles of ethics and integrity. This code applies to all Westrock employees, officers and directors at our subsidiaries around the world, including WCTI and Falcon. The culture of ethics and compliance is one based on respect: respect for each other; respect for Westrock and its stakeholders; respect for our customers; and respect for our communities.

Tax strategy

The Group aims to comply with tax law and practice in all of the territories in which it operates, including the UK. Compliance for Westrock means paying the right amount of tax in the right place at the right time and involves disclosing all relevant facts and circumstances to the tax authorities and claiming available tax reliefs and incentives where available.

Our UK tax strategy is aligned with the overall Westrock Group strategy, and we seek to manage tax cost and risk accordingly in line with our Code of Ethics taking into account our external reputation and view of stakeholders.

We seek to apply professional diligence and care in the management of risks associated with tax matters.

We commit to maintaining open and honest relationship with the tax authorities, based on the concepts of integrity, collaboration and mutual trust.

We seek to claim legitimate tax reliefs to manage the tax cost of conducting our business while ensuring that these reliefs are claimed in line with the manner intended by the purpose of the legislation.

2. Tax risk management and governance arrangements in relation to UK taxation

The Board of the wider Group, including WCTI and Falcon, is ultimately responsible for the UK tax strategy and tax risk management of the Group.

Tax risks are considered at frequent intervals by the Group finance department, including a review of existing risks and any new risks (such as new tax legislation).

The senior finance officials at Westrock, who are responsible for approving the Group's financial strategy, take responsibility for the UK tax strategy of WCTI

given its limited activities. They also take responsibility for liaising with and engaging professional advisors to ensure that WCTI complies with UK tax risk and governance rules.

Due to Falcon having a wider range of activities and being a more active company, this responsibility and liaison with professional advisors is delegated to Falcon's UK finance team, led by Falcon's CFO, to ensure that Falcon complies with UK tax risk and governance rules. Professional care and judgement are employed to assess and manage tax risks and to obtain external advice from our independent professional advisers on tax issues to support the decision-making process.

The Falcon finance team reports to the Group Board on Falcon UK tax matters as appropriate, ensuring that the Group has full oversight and involvement over UK tax risk and governance matters.

This demonstrates that internal governance procedures, systems, controls and protocols are in place to manage and mitigate tax risk and governance matters.

The oversight from the finance teams includes the following aims from a tax perspective:

- submit all UK tax returns on a timely basis.
- pay the appropriate amount of tax on time.
- maintain accounting arrangements that are robust.
- ensure tax processes are appropriately resourced.
- make fair, accurate disclosure in correspondence, returns and respond to queries and information requests in a timely fashion.

3. Tax Planning Approach

The Group aims to maintain a conservative approach to tax and will not engage in artificial transactions or aggressive tax planning to reduce the amount of tax payable. Any tax structuring planning is general undertaken for entirely commercial purposes.

This is important to ensure that the Group's tax strategy is consistent with the Group's wider Code of Ethics and overall strategy.

Where there is uncertainty as to the application or interpretation of tax law, or the Group does not feel it has the necessary expert tax knowledge (such as where new tax law has been implemented), appropriate written advice evidencing the facts and conclusions may be taken from external third-party professional advisors to support the decision-making process.

We also take advantage of available tax incentives and reliefs where we are legitimately entitled to and make full disclosure of all incentives and reliefs claimed within our UK tax return filings.

4. Level of risk that we are prepared to accept in relation to UK taxation

We do not engage in high risk or aggressive tax planning. However, as UK

subsidiaries of a multinational corporation, we accept a certain level of tax risk due to uncertainties in tax legislation and the increasing complexity of the international tax environment, particularly with regard to transactions between our affiliated companies.

We seek to mitigate and manage this tax risk through our approach to tax compliance, tax planning and tax risk management, and consult with relevant stakeholders such as professional advisors to ensure that internal governance processes are followed and to gauge the level of tax risk involved.

5. Working with HM Revenue and Customs

The Group deals with HMRC in an open, honest and transparent manner with regards to current, future and past tax risks across relevant taxes and duties. This includes ensuring that statutory and legislative tax requirements and filings are met with support provided by professional advisors, and also that any historic or future correspondence with HMRC is dealt with quickly and with professional support where required.

WCTI and Falcon would consider approaching HMRC where it considers that there is a significant level of risk relating to a particular transaction or complex / new tax law.