



TAX REPORT AUSTRALIA

FOR YEAR ENDED 31 DECEMBER 2021

Unilever Australia Group Pty Ltd



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INTRODUCTION

As one of the world's largest and oldest consumer goods business, we are on a mission – *To Make Sustainable Living Commonplace*. Our great range of products, including more than 400+ household brands, are used by 2.5 billion people a day and are available in over 190 countries, giving us a unique place in the lives of people all over the world. Whatever the brand, wherever it is bought, we're working to ensure that it plays a part in helping fulfil our purpose as a business.

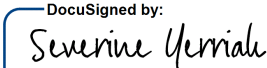
The tax we pay is an important part of our wider economic and social impact and plays a key role in the development of the countries we operate in. We regard it as a critical element of our commitment to grow in a sustainable, responsible and socially inclusive way.

Our Code of Business Principles sets out the standards of behaviour we expect all employees to adhere to. This is no different when it comes to taxation. While Unilever has a clear responsibility to comply in full with the laws in the countries in which we operate, we also choose to do this by respecting not only the letter of the law but also the underlying tax policy intent.

Re-building public trust in the corporate tax system is vital – when broader taxpayer trust in the system is damaged people become less willing to comply and all taxpayers suffer as a result. Providing user-friendly information about a company's tax position to a broad range of stakeholders plays an important role in this.

We promote open, transparent working relationships with tax authorities. In Australia, we engage co-operatively with the Australian Taxation Office regarding international related party dealings using the process for Advance Pricing Arrangements.

We are pleased to provide, in this report, an overview of Unilever's global tax policy, risk and governance which we fully endorse and comply with in Australia. Further we have provided a summary of our total tax contribution for Unilever Australia Group Pty Ltd and its subsidiaries (collectively, the "Group") for the period ended 31 December 2021 as per the guidelines set out in the tax transparency code recommended by the Australian Board of Taxation.

DocuSigned by:

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Severine Yerriah

Chief Financial Officer
Unilever Australia and New Zealand



TAX STRATEGY

Our brands are important assets used in our business and managing them effectively requires a global strategy. Centralising parts of our business means we can offer consumers innovative products quickly. By bringing together activities in one location, we create efficiencies and economies of scale which create value for our consumers and our shareholders. As a result, there are many transactions between Unilever Group companies, and the transfer pricing for these transactions must reflect an arm's-length or market price. Our pricing is driven by the activities undertaken and the value created in each part of our business and is in accordance with the OECD transfer pricing guidelines.

Corporate income tax is payable on the profits made by the companies in the Unilever Group after deducting business expenses and legislated tax reliefs - such as depreciation on equipment and R&D incentives - as provided by the tax laws in the countries we operate in. We aim to pay the right amount of tax at the right time, on the profits we make, and in the countries where we create the value that generates those profits. This means that we must:

- Respect the tax laws applicable in each country, including not only the letter of the law but the tax policy intent underlying the tax law
- Understand how and where the different companies in the Unilever Group contribute to creating value, and ensure that our transfer prices - the prices paid on transactions between companies in the Unilever Group - properly reflect where value is created
- Prepare and file all tax returns in the form specified and at the time required
- Prepare and retain the documentation required by the tax laws or which will be needed to answer any questions raised by tax auditors
- Employ appropriately qualified and trained tax professionals with the right levels of tax expertise and understanding of Unilever's business



TAX PRINCIPLES

1. Compliance

We act at all times in accordance with all applicable laws and are guided by relevant international standards (for example OECD Guidelines). We aim to comply with the spirit as well as the letter of the law

2. Transparency

We are transparent about our approach to tax. We regularly put forward understandable, timely and transparent communication about our tax policy and total tax payments.

3. Transfer Pricing

We aim to pay an appropriate amount of tax according to where value is created within the normal course of commercial activity. Any transfer pricing is always calculated using the 'arm's-length' principle.

4. Structure

We do not use contrived or abnormal tax structures that are intended for tax avoidance, have no commercial substance and do not meet the spirit of local or international law.

5. Tax havens

Secrecy jurisdictions or so-called 'tax havens' are not used for tax avoidance.

6. Tax rulings

We only seek rulings from tax authorities to confirm the applicable treatment based on full disclosure of the relevant facts.

7. Relationships with government

We respect the right of governments to determine their own tax structures, rates of tax and collection mechanisms.

8. Relationships with tax authorities

We seek to develop strong, mutually respectful relationships with national tax authorities based on transparency and trust. Where countries have weak or poorly constructed fiscal regulation and/or institutions we support work to help develop the capability of tax authorities and systems.



9. Accountability & governance

We ensure that as a business we have the mechanisms in place to adhere to the above principles and provide both relevant training and opportunities for employees to raise any issues of concern confidentially, consistent with the Unilever Code of Business Principles.



TAX RISK FRAMEWORK

As Unilever operates a global business, we are subject to taxation in the many countries in which we operate. The tax legislation in these countries differs and is often complex and subject to interpretation by management and the government authorities. Recent developments in the international tax arena have increased the likelihood of changes to tax systems in the countries we operate in and this creates added uncertainty.

The risks are managed through our Tax Risk Framework and monitored through a web-based tool for collecting details of corporate income tax exposures and provisions. We also have an Annual Compliance Checklist, in which the confirmation is given on complying with statutory tax obligations and Unilever Tax Principles and control effectiveness.

We centrally monitor the filing of all corporate income tax returns and related tax payments.

The Tax Risk Framework, detailed below, sets out the key tax risks and the mitigating actions that Unilever takes to manage and monitor those risks. There are five key risk areas covered by the tax risk framework – policy, governance & organisation, people, compliance & documentation, reporting & risk management.



Tax Risk Framework – examples of a risk and mitigating action for each of 5 key risk areas

	RISK	MITIGATING ACTION
POLICY	Transactions and behaviours not in line with Tax Principles	Annual compliance confirmation and completion of scorecard for certain transactions
GOVERNANCE & ORGANISATION	Lack of right organisational structure to implement tax strategy	Organisational structure regularly reviewed by Tax Leadership Team
PEOPLE	Insufficient tax training	Regular Global, regional and local training sessions, plus individual development plans
COMPLIANCE & DOCUMENTATION	Failure to comply with statutory tax obligations	Annual compliance checklists plus online compliance tracking tool
REPORTING & RISK MANAGEMENT	Tax positions not accurately reflected in reporting	Online tool to collect and approve direct tax exposures and provisions



RELATED PARTY TRANSACTIONS

The ultimate parent company of the Group is Unilever PLC, a public company registered in the United Kingdom. Transactions with related parties are conducted in accordance with agreed transfer pricing policies. Transactions include sale and purchase of goods, receipt and provision of services, and related party loans.



TOTAL TAX CONTRIBUTION

In Australia, we pay corporate income tax and pay and collect various other taxes, including employment taxes, transaction taxes, withholding taxes, property taxes and customs duties.

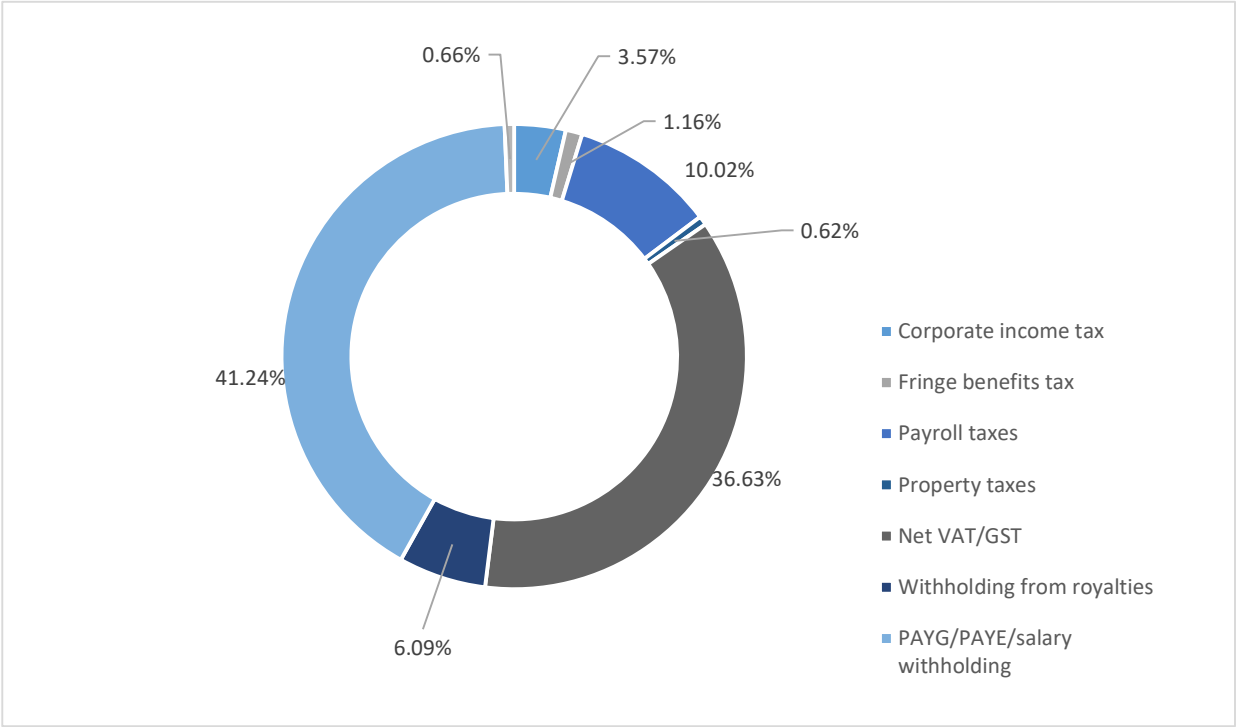
During 2021, the total tax contributions were A\$92.1 million, comprising A\$47.9 million of taxes borne by Unilever, and A\$44.2 million of taxes collected on behalf of the Australian government.

Total Tax Contributions

	\$A million
Tax Borne	2021
Corporate Income tax	3,290
Fringe benefits tax	1,069
Payroll taxes	9,226
Property taxes	575
Stamp duties	-
Customs/importation duties	-
Net GST	33,735
Tax Collected	
Tax withheld from employees (PAYG)	37,974
Royalties withholding tax	5,612
Interest withholding tax	608
Total Tax Contribution	92,089



Tax Paid by Category – 2021





EFFECTIVE TAX RATE

The Effective Tax Rate (ETR) for the Group in 2021 was 23.1%. The table below provides the calculation of the ETR:

	2021 A\$'000
Total current and deferred income tax expenses	
Income tax attributable to continuing operations	12,451
Income tax attributable to discontinued operations	26,237
Income tax expenses	38,688
Income tax expense	38,688
Accounting profit before tax (PBT)	167,469
Effective tax rate (ETR)	23.10%

The Unilever Global Effective Tax Rate (ETR) in 2021 was 23%. For further details, refer to the Unilever Global Annual Report note 6.



Table 1:

RECONCILIATION OF ACCOUNTING PROFIT TO INCOME TAX EXPENSE

	2021 A\$'000
Profit for the year before income tax	167,469
Income tax calculated at 30%	50,241
Amounts recognised in profit but not included in taxable income (tax effected):	
Non-Deductible	55
Assessable gain on disposal	43,898
Non-assessable gain on disposal	(40,770)
Use of previously unrecognized capital losses	(15,120)
Share-based payments	(233)
Employee Benefits	(464)
Doubtful debts	(169)
Provision for Redundancy	(2,322)
Right-of-use assets/Lease liabilities	23
Other provisions and accruals	770
Inventories and consumables	641
Depreciable fixed assets and intangibles amortised	(3,922)
Retirement Benefit obligation	(9)
Under provision of current tax in prior periods	2,091
Deferred tax expense (current year adjustments)	5,221
Deferred tax benefits (prior period adjustments)	(1,243)
Income Tax expense	38,688



Table 2:

RECONCILIATION OF INCOME TAX RECEIVABLES

	2021 A\$'000
Income taxes receivable at beginning of financial year	7,607
Income tax paid during the year	2,754
Income taxes payable for current financial year	(32,085)
Under provision of current tax in prior periods	(2,091)
Income taxes payable at end of financial year	23,815



Table 3:
DEFERRED TAX

	2021 A\$'000		
	Consolidated statement of financial position:	Consolidated statement profit or loss and other comprehensive income:	Consolidated statement profit or loss and other comprehensive income:
	DT Asset/ DT (Liabilities)	Continued operations Expense/(Benefit)	Discontinued operations Expense/(Benefit)
Employee Benefits	8,333	(66)	(53)
Expected credit losses	270	(166)	(3)
Provision for redundancy cost	1,424	(2,322)	-
Other provisions and accruals	5,672	797	(27)
Inventories and consumables	(27)	819	(178)
Depreciable fixed assets and intangibles amortised	(1,814)	(2,793)	-
Retirement benefit obligations	(1,584)	16	(25)
Right-of use assets/Lease liabilities	695	(39)	62
Deferred tax benefit		(3,754)	(224)
Net deferred tax assets	12,969		