

Tax

ForFarmers believes that paying taxes is an integral part of a company's responsibility to society at large. ForFarmers accordingly does not use contrived or abnormal tax structures that are intended for tax avoidance, have no commercial substance, or do not meet the spirit of local or international tax law. ForFarmers Group does not have any companies that are located in countries that are identified as tax havens by the OECD.

This document provides more information about the tax policy, principles, risk management, and tax knowledge of ForFarmers, next to the audited text and financial statements as disclosed in the Annual Report.

Tax policy

ForFarmers is conscious of its responsible role and position in society, and this determines its attitude vis a vis its tax policy. ForFarmers has set principles (see below), which in its opinion are in accordance with how a responsible tax payer should act. These principles take into account the interests of various stakeholders, such as customers, shareholders, employees, tax authorities, regulators, and society at large.

ForFarmers aims to pay the correct amount of tax at the right time, on the profits it made and in the countries where the value was generated relating to those profits. ForFarmers considers fulfilling its tax obligations as part of creating long-term value for all stakeholders.

Many governments have updated, or are in the process of updating, transferpricing documentation requirements, including country-by-country reporting to the tax authorities. ForFarmers has filed the country-by-country reports for 2016 to 2019 and procedures have been set-up to ensure that ForFarmers complies with the new requirements and supporting documentation required in various countries. ForFarmers closely monitors related developments and will follow up on legislative proposals in this respect as applicable.

Tax principles:

ForFarmers commits to:

- Act in accordance with all applicable tax laws at all times and in compliance with international standards (such as OECD Guidelines). ForFarmers aims to take account of the letter as well as the spirit of the tax laws and regulations;
- Be tax compliant and pay taxes when they are due and owed;
- Prepare and file all tax returns in the form specified and within the time required;
- Prepare and retain the documentation required by the tax laws, or which may be needed to answer any questions raised by tax auditors or tax authorities;



- Have an open and transparent communication line to the tax authorities in the countries where this is possible and accepted. During the year several meetings with the tax authorities are conducted;
- Ensure that tax is aligned with the business, and that there are no tax driven structures that are not in line with the business operating model and tax regulations;
- Pay the correct amount of tax according to where value is created within the normal course of commercial activity and apply transfer pricing calculation using the 'arm's-length' principle.

Whistle-Blower Policy

The ForFarmers' Code of Conduct comprises guidelines and principles for day-to-day activities. ForFarmers believes that it is vital that these guidelines and principles are upheld and that any suspicion of wrongdoing or the discovery of wrongdoing is reported. ForFarmers encourages stakeholders to make use of the whistle-blower policy in order to raise any concerns they might have about the conduct of others or the way in which the company deals with certain issues which may entail (suspicion of) wrongdoing. This also applies to (potential) issues relating to tax. The normal procedure would be to bring such issues to the attention of their manager. The company can then take appropriate action. The whistle-blower policy provides a procedure for cases in which this is not possible or desirable. For more information reference is made to this policy which can be found on our website: https://www.forfarmersgroup.eu/en/bestanden/ForFarmers_Group/PDF/Overig/15227-3/Whistle-blower_policy.pdf

Tax Governance

ForFarmers acknowledges the importance of good internal risk management and control systems, and strives for a high level of risk awareness in the organisation by actively monitoring risk management. This system is entrenched in the organisation, all the way from the Executive Board and the Executive Committee, under supervision of the Supervisory Board, to all operational and financial departments. ForFarmers uses the methodology for the control and management of the different risks, which is based on the model formulated by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

ForFarmers has low risk appetite for risks regarding compliance with legislation and regulations, including taxes.

A Tax Control Framework ('TCF') has been designed to control the risks related to corporate income tax, VAT and payroll/employment taxes. For each risk to be mitigated, control measures have been determined and implemented. These are regularly assessed to ensure they are effective and fall within the desired ForFarmers risk appetite. The TCF is being implemented in the Netherlands, and will subsequently be implemented in the other countries. ForFarmers participates in the cooperative compliance program with the Dutch Tax Authority, following the covenant which has been signed between the Dutch Tax Authorities and ForFarmers early 2020. The effectiveness of the tax controls are subject to review by our Internal Audit department.

External auditors verified that the financial statements 2019 prepared by ForFarmers represent a true and fair view of the financial position of the organization. Group tax discussed key transactions as well as any relevant correspondence with tax authorities with the external auditors.

ForFarmers' Managing Board is responsible for establishing the approach to taxation under the supervision of the Audit Committee of the Supervisory Board. Finance Director of each country is responsible for a correct and timely tax filing, supported if applicable by a local tax manager. In addition each filing is reviewed centrally by the Group Tax Manager, Group Finance Director and the CFO. ForFarmers does not consider the effective tax rate as a KPI. The achievements of the tax

department are assessed on compliance targets and adherence to local tax legislation. The implementation and execution of this tax strategy is reviewed by Group Tax on an annually basis. Group Tax informs the CFO on a regular basis throughout the year amongst others updates regarding the tax positions. The Audit Committee and Board are informed by the Group Tax Manager frequently regarding the tax position and tax developments which could have a material impact on the financial statements.

Tax knowledge

Employees involved in the various direct and indirect taxes attend seminars and trainings to stay up-to-date on tax law and regulatory changes.

To enable effective commercial decision making, it is essential that all the tax implications of business decisions are clearly understood by the key stakeholders. It is possible that such proposals may have several different tax outcomes. In such cases the Tax Manager will provide advice to ensure that proposals are undertaken in a tax efficient manner whilst ensuring ForFarmers continues to comply with tax laws. In case there is insufficient tax expertise within ForFarmers or the legislative impacts are unclear, ForFarmers may seek external advice to support the decision making process.

Tax technology

The use of technology in the tax function is increasing; for example in order to relieve the administrative burden or have a better understanding of the tax position. ForFarmers believes that technology will make tax processes increasingly effective while creating value. Therefore, ForFarmers follows such developments closely. ForFarmers reviews available tools which may be worthwhile to use, or develops its own tools. At the end of 2019, for instance, ForFarmers started an experiment by designing a Robotic Process Automation (RPA) tool in the tax field to relieve certain recurring manual processes. By having such a RPA tool, specific processes can be executed more quickly, and with less risk of human errors.

Effective tax rate and tax paid

In 2018 and 2019 the difference between the statutory Corporate Income Tax (CIT) tax rate of the Netherlands (Group holding country) and the effective CIT tax rate at a Group level was as follows:

In thousands of euro	Note	2019	2018
Profit before tax		27,615	74,454
Less share of profit of equity-accounted investees, net of tax		-2,773	-2,907
Profit before tax excluded the share of profit of equity-accounted investees, net of tax		24,842	71,547
Income tax using the Dutch domestic tax rate		25.0%	25.0%
Effect of tax rates in foreign jurisdictions		5.8%	0.4%
Change in tax rate		0.7%	-1.7%
Tax effect of:			
Non-deductible expenses/ non-taxable income		16.7%	2.8%
Tax incentives		-2.5%	-0.9%
(De)recognition of deferred tax assets	16E	-6.4%	-1.1%
Prior year adjustments	16A	-0.6%	-3.2%
Total		38.7%	21.3%

On a country level, the difference between the statutory and effective CIT tax rates, as well as the amount of Corporate Income Tax paid per country was as follows in 2018:

Tax rates		
	2019	2018
Tax rates		
The Netherlands	25.00%	25.00%
Germany (average)	27.99%	27.87%
Belgium	29.58%	29.58%
Poland	19.00%	19.00%
United Kingdom	19.00%	19.00%

Effective tax rate		
	2019	2018
Effective tax rate		
The Netherlands	18.75%	20.91%
Germany	33.60%	20.13%
Belgium	26.40%	30.97%
Poland	17.39%	4.19%
United Kingdom	2.09%	17.82%

The difference in statutory and effective rates was driven by:

- **Netherlands:** The effective tax rate is lower than the statutory tax rate, in particular due to the non-taxable income an innovation box benefits. The non-taxable income mainly relates to the changes in the fair value of the contingent considerations and the put option liability. Based on the enacted Dutch tax law, the Dutch corporate income tax rates will decrease from 25% to 21.7% per January 1, 2021, where previously a decrease to 20.5% was expected. All deferred tax calculations are updated based on deferred tax rates. This adjustment has a negative impact on our Dutch deferred tax position.
- **Germany:** The effective tax rate in 2019 is higher than the statutory tax rate due to the finalisation of the corporation tax assessments for prior years.
Belgium: The effective tax rate in 2019 is lower than the statutory tax rate due to the non-taxable income. In particular as a result of the change in fair value of the contingent considerations.
- **Poland:** The effective tax rate is lower than the statutory tax rate due to the finalisation of the corporation tax assessments for prior years.
- **UK:** The effective tax rate in 2019 is lower than the statutory tax rate due to the combination of a negative result and non-deductible expenses (including impairment of the goodwill), partly compensated by the utilization of unrecognised tax losses.

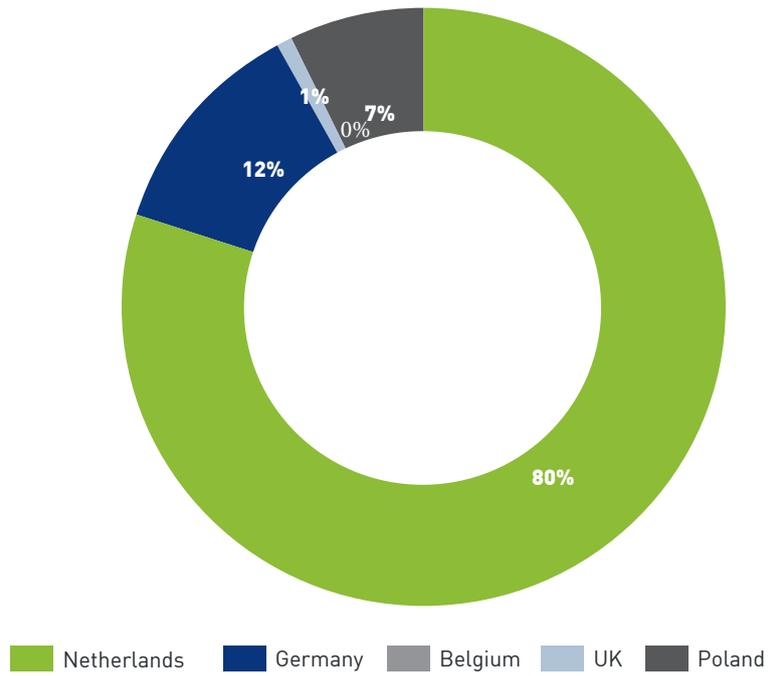
We pay taxes where our economic activity take places. During 2019 we made a total tax contribution of EUR 77,398k (regarding Corporate income tax, Employment taxes and net VAT).

Corporate income taxes - cash tax paid

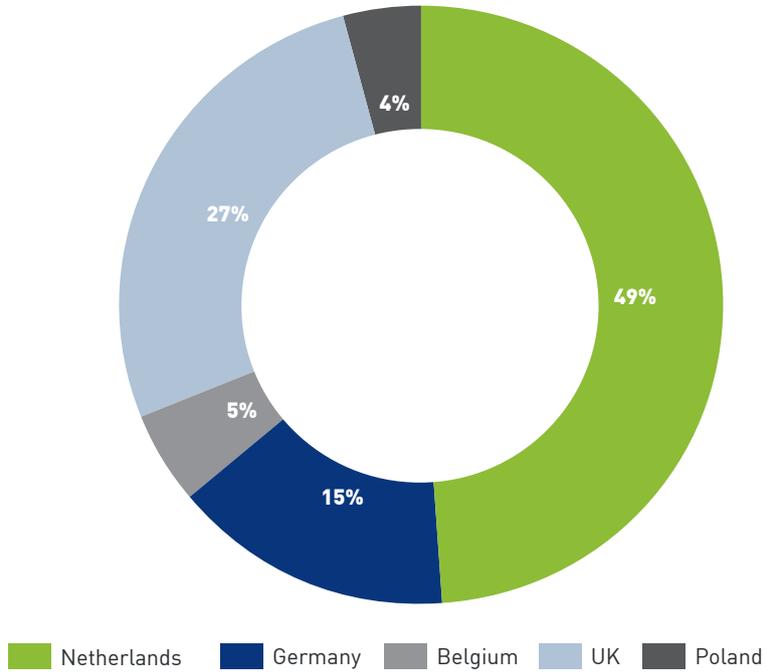
There are a number of reasons why the corporate income tax cash payments in a particular year will be different from the corporate income tax charge in the financial statements, including (but not limited to):

- **Moment of payment:** Tax payments relating to a particular year's profits will typically be due partly in the current year and partly in the following year;
- **Deferred tax:** The tax charge includes deferred tax which is an accounting adjustment arising from timing differences. Timing differences occur when an item has to be included in the financial statements in one year but is required to be taxed/deducted for tax in another year.

Total Corporate Income Tax per country 2019



Employment taxes



This tax strategy 2020 is approved and signed off by the Executive Board.
For further information, please see the ForFarmers' annual report 2019, which can be found on:
<https://www.forfarmersgroup.eu/en/investors/annual-reports.aspx>

Disclaimer

This document may contain forward-looking statements that can also relate to ForFarmers' legally required capital and liquidity positions in certain specific scenarios. Forward-looking statements can include but are not limited to statements that include words such as, "intended", "expected", "based on", "focused on", "plans", "estimate" and words with similar meanings. These statements relate to or can have an effect on circumstances that will occur in the future, such as ForFarmers' future financial results, business plans and current strategies. Forward-looking statements are subject to various risks and uncertainties that could cause actual results and performance to differ materially from the expected future results or performances that are implicitly or explicitly included in forward-looking statements. Factors that can lead to or contribute to differences in current expectations include, but are not limited to: developments in legislation, technology, taxes, laws and regulations, fluctuations in share prices, legal procedures, investigations by regulators, competitive relationships and general economic conditions. These and other factors, risks and uncertainties that may affect any forward-looking statement or the actual results of ForFarmers are discussed in the latest published annual report. The forward-looking statements in this document only concern statements from the date of this document, ForFarmers accepts no obligation or responsibility whatsoever to update forward-looking statements contained in this message, irrespective of whether they reflect new information, future events or otherwise, subject to ForFarmers' legal obligation to do so.

Please refer to the glossary in the annual report for the definition. The information provided in this document is unaudited.