

Tax

Responsible tax payer

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. In that respect the aim of ForFarmers is to have an open dialogue with all its stakeholders including the Tax authorities (see also below).

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. ForFarmers may seek rulings from tax authorities to confirm the applicable tax treatment of an investment, a restructuring, or a transaction based on a full disclosure of all relevant facts and circumstances. Any rulings and other arrangements with the tax authorities are always in line with the tax strategy of ForFarmers.

Many governments have updated, or are in the process of updating, transfer-pricing documentation requirements, including country-by-country reporting to the tax authorities. ForFarmers has filed the country-by-country reports up to and including 2021 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. ForFarmers supports the efforts on tax transparency and fair taxation.

ForFarmers believes that reporting on sustainability performance is an obvious and responsible thing to do. The sustainability reporting has been prepared in accordance with the GRI Standards and is presented in accordance with the 'core' option. Details regarding compliance with GRI (GRI content index) can be found in the sustainability section on the corporate website.



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.
- Not use special tax treatments that is not specifically authorized by the government of a jurisdiction in which we operate.

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).

Tax control Framework

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, UK, Belgium and Germany and will subsequently be implemented in Poland. 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 2022 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.

Based on these various actions aimed at controlling and monitoring risks, the managers of the ForFarmers business units sign a Letter of Representation to declare that they comply both with the (local) laws and legislation and the internal control rules, including the Code of Conduct. Subsequently, an overall statement by the Executive Board is provided.

ForFarmers' Executive Board is responsible for establishing the approach to taxation under the supervision of the Audit Committee of the Supervisory Board. The 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.

Mandatory Disclosure Regime (DAC 6)

Based on the Mandatory Disclosure rules, also known as DAC 6, qualifying intermediaries such as lawyers, accountants and tax advisers, as well as "in-house teams" need to report certain cross-border arrangements (RCBAs) to the tax authorities. The Polish legislation goes beyond the minimum standard set forth in the Directive

ForFarmers implemented a group wide process to identify and report possible MDR transactions. This process includes (but not limited) questionnaires, a flow chart and a RACI. Any transactions marked as a reportable transactions is logged. DAC 6 has a control which is part of the Tax Control Framework. Based on the analyses and review executed during 2022, no reportable transactions are determined in 2022.

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. Next to designing a Robotic Process Automation (RPA) tool, also other tooling has been implemented to replace certain manual processes. By having such tooling, specific processes can be executed more quickly, and with less risk of human errors.

Effective tax rate and tax paid

In 2021 and 2022 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 millions of euro	2022		2021	
Profit before tax		22		21
Less share of profit of equity-accounted investees, net of tax		(4,3)		(3,8)
Profit before tax excluded the share of profit of equity-accounted investees, net of tax		17,9		17,0
Income tax using the Dutch domestic tax rate	25,8%	4,6	25,0%	4,3
Effect of tax rates in foreign jurisdictions	-1,8%	(0,3)	1,0%	0,1
Change in tax rate	-0,4%	(0,1)	9,8%	1,7
Tax effect of:				
Non-deductible expenses/ non-taxable income	3,6%	0,6	8,4%	1,4
Tax incentives	-3,4%	(0,6)	-5,3%	(1,0)
(De)recognition of deferred tax assets	0,4%	0,1	8,1%	1,4
Prior year adjustments	-1,9%	(0,3)	2,2%	0,4
Total	22,2%	4,0	49,2%	8,3

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 2022:

	2022	2021
Tax rates		
The Netherlands	25,80%	25,00%
Germany (average)	27,37%	27,94%
Belgium	25,00%	25,00%
Poland	19,00%	19,00%
United Kingdom	19,00%	19,00%
	2022	2021
Effective tax rate		
The Netherlands	36,03%	34,62%
Germany	30,65%	24,03%
Belgium	40,52%	9,39%
Poland	19,17%	18,40%
United Kingdom	50,84%	-8,59%

The difference in statutory and effective rates was driven by:

- **Netherlands:** The effective tax rate in 2022 is higher than the statutory tax rate, in particular due to the remeasurement of deferred tax assets in relation to earn-out put option liability.
- **Germany:** The effective tax rate in 2022 is higher than the statutory tax rate mainly due to settlement of corporate income tax returns of previous years.
- **Belgium:** The effective tax rate in 2022 is higher than the statutory tax rate due to settlement of corporate income tax returns of previous years.
- **Poland:** The effective tax rate in 2022 is slightly higher than the statutory tax rate due to the non-tax-deductible expenses.
- **UK:** The effective tax rate in 2022 is higher than the statutory tax rate mainly due to a non-taxable income and an income from adjustment of the deferred tax position as well due to settlement of corporate income tax returns of previous years.

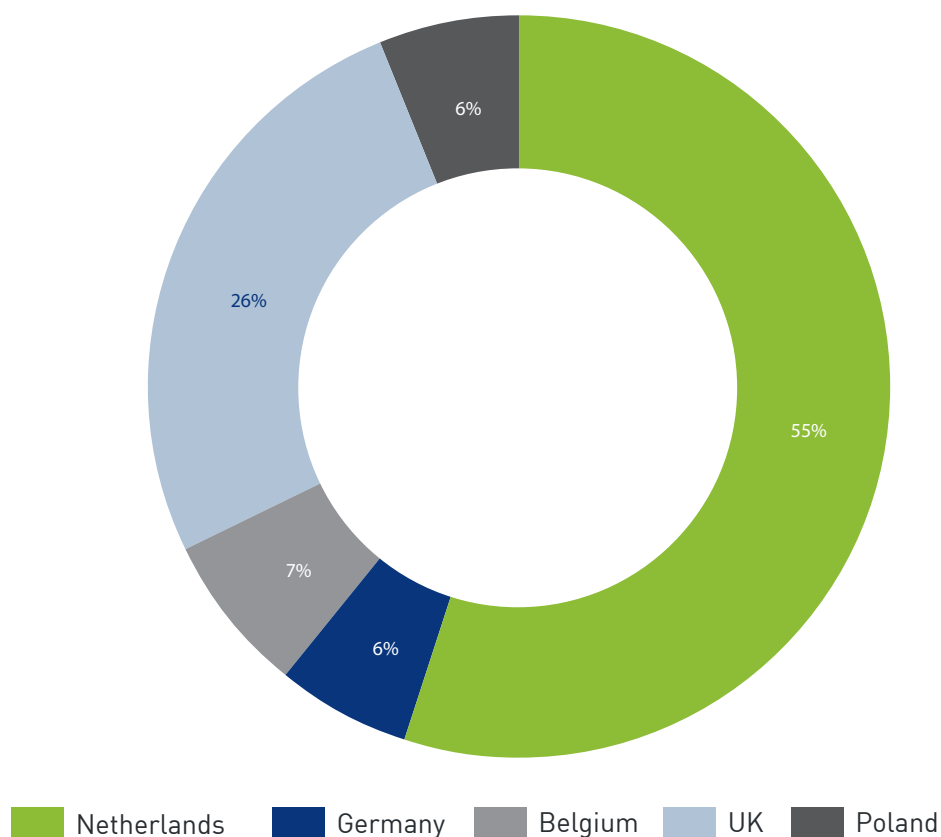
We pay taxes where our economic activity take places. During 2022 we made a total tax contribution (corporate income tax & employment taxes) of EUR 58,272k (2021: EUR 73,495k).

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.

The total tax contribution per country in 2022 Corporate income tax & Employment taxes



This tax strategy 2023 is approved and signed off by the Executive Board.

For further information, please see the ForFarmers' annual report 2022, 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.