

UK TAX STRATEGY

Background

ForFarmers UK Holdings Ltd is the parent company of the ForFarmers UK group of companies (the “UK Group”), the UK sub-group of ForFarmers NV (“ForFarmers”). The UK tax strategy is published to meet the reporting obligations of the UK Group under Paragraph 19(2) Schedule 19 Finance Act 2016 for the financial year ended 31 December 2017 and provide internal and external stakeholders with details of the approach to managing their UK tax affairs. This strategy will be periodically reviewed and updated, as appropriate, by ForFarmers UK Holdings Ltd.

Risk management & tax risk appetite

ForFarmers has an established active risk management monitoring system that operates from the Executive Committee, under the supervision of the Supervisory Board, down to all operational and financial departments. The aim of the system is to create a high level of risk control awareness across the entire ForFarmers business.

ForFarmers has identified 21 major risks that fall into the following categories:

1. Strategic objectives
2. Operational objectives
3. Financial objectives
4. Compliance

For each risk, control measures have been determined and implemented. These are regularly assessed to ensure they are effective and fall within the desired ForFarmers risk appetite.



ForFarmers has a very low acceptance level for risks regarding compliance with legislation and regulations, and has established the following policy specific to tax.

“ForFarmers operates in four different countries with different tax systems. The risk exists that the Company’s policy does not comply with local requirements as a result of the complexity of the various tax systems and legislation. ForFarmers’ tax policy is based on the principle that paying taxes is part of its corporate responsibility, and consequently complies with laws and legislation in the area of tax. ForFarmers’ risk appetite as regards taxes is low.

ForFarmers complies with its tax obligations and pays its tax on time. ForFarmers also monitors potential changes in the law and legislation both on a group level and local level, and anticipates upon them. In this respect, ForFarmers maintains an open line of communication with tax authorities. Over the year, various meetings take place with tax authorities in the different countries.

ForFarmers’ staff are actively encouraged to keep their knowledge on legislation up-to date. The current procedures and processes facilitate cooperation between the Group and local staff in the various tax zones.” [ForFarmers Annual Report 2017 – Governance and Compliance – p84]

This global tax policy is fully embedded within the business of ForFarmers and the UK Group.

More information on risk appetite, management, governance and reporting is included in the ForFarmers Annual Report, available on the global group website –

<https://www.forfarmersgroup.eu/en/investors/financial-documents-and-presentations/annual-report-2017.aspx>



Relationship with HM Revenue & Customs (HMRC)

The global tax policy governs the way the UK Group interacts with HMRC, but specifically the UK Group commits to:

- establish a collaborative professional relationship with HMRC;
- discuss tax planning, strategy, risks and significant transactions in a transparent and timely manner with HMRC;
- respond to queries and information requests in a timely fashion and keep HMRC informed of progress on responses relating to complex matters;
- work with HMRC to resolve issues in real time and before returns are filed if possible, and where disagreements arise resolve issues by agreement where possible;
- be open and transparent about decision-making, governance and tax planning; and
- try to avoid tax driven structures that give a tax result which is inconsistent with the economic consequences (unless specific legislation anticipates that result) and contrary to the intentions of Parliament.

UK tax governance

The tax governance structure of both ForFarmers and the Group is such that:

- Executive committee directors understand the importance of tax compliance and how it is achieved;
- Clear and regular dialogue occurs between directors and individuals in the tax and wider finance functions to ensure there is a clear understanding of responsibilities for the management of business tax risk;



- All decisions, including judgement calls, are made in accordance with UK Group authorisation procedures and thresholds;
- External tax advice is available for matters with uncertain tax outcomes.

Tax planning

To enable effective commercial decision making, it is essential that all the tax implications of a proposal are clearly understood by the key stakeholders. It is possible that such proposals may have several alternative tax outcomes and, whilst it is the intention of the UK Group to try to avoid artificial or tax driven business structures and transactions, the tax function will provide advice to ensure that proposals are undertaken in a tax efficient manner whilst ensuring they also comply with tax law.

Where insufficient tax expertise exists within ForFarmers or the legislative impacts are unclear, the UK Group may seek external advice to support the decision making process.

Richard Holdcroft
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19 December 2018

