

Ferrero Group

UK Tax Strategy

In accordance with Paragraph 16(2) Schedule 19 Finance Act 2016 this represents the tax strategy of the UK subsidiaries of the Ferrero Group as listed at Appendix 1 ("the UK companies") in effect for the year ended 31 August 2020.

The tax strategy has been approved by the boards of directors of the UK companies, it is reviewed annually and updated as appropriate.

Company objectives in relation to the tax variable ("Tone at the Top")

The UK companies, in accordance with the principles set out in the Group Tax Policy, has defined the following six objectives to be pursued continuously for the development of its Tax Strategy, applicable also to the companies controlled by it:

- *"Tax Value"*: Efficiently manage the "tax burden" arising from its business activities, in compliance with all the relevant laws and obligations and with the principles and purposes of the tax system.
- *Risks and reputation*: Control and manage tax risks and protect the reputation of the Company through appropriate policies, procedures, organizational solutions and communication tools, including appropriate internal audit testing of such controls.
- *Tax compliance*: Ensure that the Company acts with integrity and that taxes due are correctly determined, respecting the timing and the requirements associated with them, avoiding disputes with the tax authorities.
- *Promotion of a virtuous corporate culture*: Promote awareness at all company levels of the importance given by the Company to the values of transparency, honesty, correctness and compliance with the law.
- *Relations with the tax authorities*: Establish relations with the tax authorities based on good faith and transparency, pursuing a goal of enhancing long-term relationships, being recognized as a reliable counterpart with which to establish collaborative relationships.
- *Build capability*: Develop and strengthen the personal and professional skills of the resources involved in the tax process and in the management of the risks associated with them.

Risk appetite and risk management

In observance and implementation of the principles contained in the Group Tax Policy, the UK companies aim at "certainty" on the tax positions adopted. However, where the tax obligations are unclear or subject to interpretation, the UK companies will seek and retain evidence of external advice that, considering the probability of the different scenarios, a possible dispute over the position adopted would be resolved in their favour.

Furthermore, in cases where, based on an objective assessment by management, margins of uncertainty persist on the interpretation of tax laws, also deriving from the incompleteness of the provisions of law, the UK companies will act in full transparency with regard to the tax authorities, acting in concert with them in order to determine the appropriate level of taxation, to this end using all the tools made available by the law.

The UK companies will not undertake tax practices or strategies that could be perceived as intended to erode the tax base or artificially transfer profits.

The UK companies, in line with the policies of the Ferrero Group, will not undertake transactions, establish business relationships or implement corporate structures with the prevailing purpose of tax savings, in the absence of economic substance or other valid non-marginal reasons.

Approval

This strategy, as adopted for the previous financial year, remains appropriate for the financial year ending 31 August 2020 and has been approved by the boards of Ferrero UK Limited and Ferholding UK Limited and other UK subsidiaries of Ferrero International S.A. and they consider the publication of this UK Tax Strategy as complying with their duties under paragraph 19(2) of Schedule 19 to the Finance Act 2016.

Appendix 1
UK subsidiaries of the Ferrero Group

Ferrero UK Limited Ferholding Limited
Thorntons Limited (incl. its subsidiaries as below)

Gartner Pralines Limited
Imco (3496) Limited
Strand Court Properties Limited