

KRÜGER GROUP – TAX STRATEGY

Commitment to compliance

KRÜGER GROUP and all its direct and indirect subsidiaries is fully committed to adhere to all applicable tax laws, regulations and practices. Therefore, the principle of compliance led to the establishment of all of our internal standards and procedures.

Embedded in all of our work is our commitment to being a responsible company by paying the right amount of tax, in the right place, at the right time. Our material tax footprint worldwide is aligned with where we deploy our assets, employ our people and earn our income. We contribute to worldwide economic development through tax revenues created all over the world and we aim to accelerate growth and social development throughout our value chain.

Compliance also involves the disclosure of all relevant facts and circumstances towards the respective tax authorities as well as claiming reliefs and incentives where applicable.

Our tax strategy is intended to comply with all global and local tax regulations including Schedule 19 Finance Act 2016 UK.

Responsible attitude towards tax planning

As the KRÜGER GROUP is a business driven multinational enterprise the tax policy and all guidelines are being derived from our business objectives. Legal tax possibilities and their consequences are taken into consideration in a responsible way as part of the alternative business strategies and decisions. For example, we will attempt to reduce the risk of double taxation (the same income being taxed twice in two different jurisdictions). We will also continue to utilise government tax incentive schemes, e.g. research and development expenditure credit. This ensures that the complete picture of diverse business strategies and decisions are shown and that within the legal framework the optimised alternative is chosen.

We will always take the potential tax consequences, impact on our reputation and other business goals into consideration and neither set up tax structures which have no commercial or economic substance nor arrangements which are contrived or artificial.

Risk Management

By following a conservative tax profile and having implemented rigid levels of acceptable tax risk, we aim to permanently improve our tax risk profile and minimise exposures that could lead to a dispute with the respective tax authorities. However, due to the scale and volume of our business, risks may inevitably arise over the course of time in relation to the interpretation of complex tax law and the nature of our compliance arrangement with the respective tax authorities.

When interacting with other external businesses, we will work with these as equal partners and provide and demand clear, timely, relevant and business focused advice across all aspects of tax arising from there. It is inordinately important for us to actively identify, evaluate, monitor, assess and manage tax related risks to ensure that these remain in line with our business objectives.

Where there is significant uncertainty or complexity in relation to a risk, external advice may be sought, particularly in relation if they result into international tax obligations of the Krüger Group and/or the individual countries the legal entities act in.

Our approach to communication with tax authorities

We follow the approach to communicate with tax authorities with honesty, integrity, respect, fairness and co-operative action (approach to ensure compliance with tax regulations). Wherever and whenever possible, we do so on a real time basis to minimise tax risk. An open, two-way communication with tax authorities is very important to us and is required practice in all of our business units.

Naturally we will not take positions on tax matters that may risk our good standing with respective tax authorities, however we are prepared to challenge any ruling or decision of a tax authority that we disagree

with. Nevertheless, our first approach shall always be to resolve any disputed matter through active and transparent discussion.

Oversight of the Board

The Group Tax Strategy is aligned with our Code of Conduct and is overseen and approved by the management of the KRÜGER GROUP.

Bergisch-Gladbach, 07.02.2020