Associated British Foods plc

TAX STRATEGY

This tax strategy document* sets out the principles governing the management of our tax affairs across all ABF group companies (the “Group”) and our strategy for delivering against those principles. The tax strategy is actively monitored by the group tax team, internal audit, our external advisers and the board of ABF plc. The strategy is reviewed and approved by the ABF plc board on an annual basis, or more frequently as necessary.

Tax principles

The principles governing the management of our tax affairs are fully aligned with the Group’s wider commercial, reputational and business practices and are consistent with our commitment to corporate responsibility. They consist of the following:

- Complying with applicable tax laws, rules, regulations and disclosure requirements;
- Paying the right amount of tax based on the tax laws, rules and regulations of the territories in which we operate;
- Interpreting the tax law using relevant guidance (in particular, from the OECD), and discussing such interpretation with tax authorities where appropriate;
- Managing our tax affairs so as to protect shareholder value, whilst ensuring the wider reputation of the Group is not compromised;
- Not undertake tax planning that artificially shifts profits to jurisdictions which lack economic substance, or lacks genuine commercial rationale;
- Seeking and accepting tax incentives only where they are aligned to genuine commercial activity;
- To be cooperative, constructive and transparent with tax authorities; and
- Proactively managing and monitoring compliance with the above tax principles.

*The publication of the following tax strategy is in accordance with the requirements of Section 161 FA 2016 for the financial year ending 18 September 2021

ABF is a large decentralised group with much of the day-to-day tax functions undertaken by the individual businesses across the globe. To ensure consistency in approach across our businesses, the following sections set out our strategy to meet the overarching tax principles of the Group.

1. Tax compliance and risk

- Each of our businesses should be fully compliant with the local tax law in the territories in which they operate, this includes:
  - Filing timely and accurate tax returns;
  - Full disclosure of the relevant facts in order to enable revenue authorities to form an accurate view of the tax affairs of the business; and
  - Retention of appropriate documentation in relation to tax compliance filings and support for transactions for the required statutory time limit.
- Where the corporate income tax compliance obligations are material to the Group (in terms of scale, administrative burden or complexity), the group tax team undertakes the corporate tax compliance directly (with assistance from the businesses). In all other instances, and for all other taxes, the businesses are responsible for compliance with the local tax law in the territories in which they operate.
- The group tax team provides support to the businesses as requested, or where material risks are identified, and are involved in any significant tax compliance issues such as, but not limited to, material tax audits or assessments raised by local tax authorities.
- Local advice from external tax advisers is taken where necessary to ensure all local compliance requirements are met.
- As part of the Group's commitment to ongoing compliance the group legal and tax teams have implemented processes and controls, and provide guidance and training to the businesses on a periodic basis to assist them in identifying any potential facilitation of tax evasion concerns that may give rise to legal or reputational risks to the Group in line with the new corporate criminal offence of failing to prevent the facilitation of tax evasion.

2. Relevant Transactions

- The group tax team is involved in all material Relevant Transactions and advises on the tax effects of those transactions before they take place to ensure consistency across the Group and the appropriate judgements on acceptable levels of tax risk can made. Relevant Transactions include, but are not limited to, changes in corporate structure, M&A, cross border flows of goods and services and any transaction in which tax is a significant consideration.
- Any Relevant Transaction undertaken must satisfy the following criteria and external advice sought where appropriate:
  - Decision to implement made with consideration of:
    - Impact on tax risk of the Group;
    - Relationship with tax authorities and wider stakeholders;
    - Reputation of the Group; and

    - Wider contribution of the Group to the territories in which we operate.
  - All transactions implemented must be:
    - Aligned with genuine commercial purpose;
    - Fully disclosed to the relevant tax authorities as required by law; and
    - Fully compliant with all laws, rules and regulations.
- Due to the nature of tax law, we recognise that at times tax authorities may have a different interpretation to the tax effects of particular transactions. Where this is likely to be the case, a decision to proceed with any material transaction is supported by advice from a specialist external tax adviser providing a strong level of certainty as to the tax consequences of the transaction.
- Relevant Transactions are reviewed, maintained and monitored to ensure:
  - Implementation is correct and is as intended;
  - Changes in tax law are identified and action taken where necessary; and
  - Changes to facts, circumstances and commercial rationale are monitored.

3. Relationship with Tax authorities

- We pursue a professional, courteous and open relationship with all relevant tax authorities, governments and related third parties, in particular acting in a cooperative and transparent manner.
- We make appropriate disclosure of all transactions undertaken. We may seek certainty from relevant authorities on tax matters in advance of Relevant Transactions being undertaken.
- If disputes arise, we seek to work in a collaborative manner to agree the facts and set out the technical position with the relevant tax authority as quickly and efficiently as possible. We pursue tax litigation when advised that we have a strong technical position and where it is justified from a commercial and economic perspective.

4. Approach to Tax Risk

- It is inevitable that uncertainties will arise regarding the tax treatment of certain entities and transactions. This may arise for example, due to technical uncertainty, differences in interpretation or due to a misunderstanding of the facts.
- Whilst tax uncertainty exists, the group tax team will assess the need to hold tax provisions in respect of those uncertainties, in accordance with IFRIC 23, and tax provisions will be booked as appropriate.
- Theses judgements will be reviewed by the Group Finance Director and the Audit Committee.

5. Compliance with Tax principles

- The group tax team proactively identifies, monitors and manages compliance with the tax strategy outlined here. This tax strategy is communicated to the business through an internal policy document and the specific controls around tax are contained in the Financial Controls Framework.

- Internal audit is responsible for monitoring compliance with the Financial Controls Framework. The group tax team assist internal audit with monitoring compliance of the tax section of the Financial Controls Framework, using local in-country tax advisors where appropriate. This involves systematic testing for key areas and a risk based approach using the group tax team's knowledge of the businesses and the territories in which they operate.
- Breaches identified are recorded, evaluated and monitored, with remedial action taken to address issues identified and make improvements to avoid repetition in the future.