



ARISTON GROUP

Tax Strategy

December 16th, 2022

1. Safeguard the tax way we do business

Dear Stakeholders,

by renewing our ambitions for sustainability and long-term value creation, we are developing our new 2030 vision and defining the roadmap to **build a sustainable future**.

Focused on **sustainable governance**, Ariston Group's corporate governance model has always been aligned with the highest standards and set the goals to maximise the value created for shareholders and all stakeholders by controlling business risks and ensuring the integrity and fairness of decision-making processes.

With that view, starting from 2019, we set up our **Code of Ethics** as a commitment to **compliance** and to conduct our business based on the highest **ethical standards**.



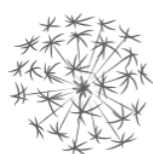
Inspired by our renewed commitment towards sustainable governance, through the following Group Tax Strategy we are **safeguarding the tax way we do business**, ensuring that also in tax matters our behaviour is consistent with our values and acting with integrity and in compliance with different tax rules in several jurisdictions in which we operate.

The overall **responsibility** of ethics and integrity culture of Ariston Group N.V. (the “Company”) and its subsidiaries (collectively the “Ariston Group” or “Group Companies”) is up to the **Board of Directors** of the Company (the “Board”), that is supported by the Audit Committee: therefore, the Board has adopted the Group Tax Strategy that is addressed to all corporate bodies and their members, to all employees of the Ariston Group.

Ariston Group personnel who violate this Group Tax Strategy are subject to **disciplinary actions**, including claims for compensation for any losses incurred as well as procedure for dismissal.

The worldwide **whistleblowing** process is envisaged to protect persons who report alleged violations of this Group Tax Strategy or tax legislation from any means of retaliation. You are required to promptly report the situation by using the Company's official website.

Yours sincerely,
Paolo Merloni, Executive Chairman



2. *Tone at the top*

By approving the Group Tax Strategy, the **Board** of the Company consequently takes on the responsibility to ensure that the purposes, principles and guidelines set out therein are known and that the underlying values are applied and widespread.

The Board is supported and advised by the **Audit Committee** of the Company, which focuses among other things on monitoring the Company's tax policy.

Periodic checks on the operation of and compliance with the Group Tax Strategy are performed by the **Internal Audit** department and the results are presented to the Audit Committee.

The **Group Tax** department is responsible to periodically update the Group Tax Strategy.

The Group Tax Strategy is available on the Company's **website** <https://www.aristongroup.com>.

3. *Purposes*

Ariston Group is committed to pursuing the following purposes:

- **Tax Compliance:** In all jurisdictions where we are operating, we act with integrity to ensure the compliance with all applicable laws and regulations, timely and responsibly paying our fair share of taxes.
- **Tax Risk Management:** In line with our low tax risk appetite, we consider an effective tax risk management, integrated into the governance system, a key factor in protecting the Group's value over time.
- **Tax Transparency:** Our actions are guided by transparency. We collaborate with all Tax Administrations ensuring trust, loyalty and fairness.

4. *Principles*

In this section the principles inspiring the day-by-day tax operations are delineated. They require the implementation of proper processes to assure their effectiveness and application.

- **Tax Sustainability:** In respect and in line with our sustainability journey, we intend to conduct tax management activities with openness and honesty, acting with integrity towards sustainable tax outcomes, being aware that tax revenues - own as well as withheld on behalf of the Tax Authorities - constitute one of the main sources of contribution to the economic and social development of the Countries in which we operate.
- **Tax Legality:** Our behaviour is oriented towards compliance with the tax regulations applicable in the Countries in which we operate and we interpret tax rules in such a way as to responsibly manage tax risks, so as to satisfy the interests of all Stakeholders and to assure positive reputational outcomes. In the cases where the tax laws are not sufficiently clear or unambiguous in the meaning attributable to it, the Group Tax department pursues a reasonable interpretation, based on the principle of legality and, if necessary, assisted by external consultants.

- **Tax Disclosure:** In line with our commitment to comprehensive sustainability reporting, we publicly disclose the Company's tax strategy and tax risk management policies, including information on where Ariston Group pays its own fair share of taxes. We promote a transparent relationship with the Tax Authorities, ensuring that the latter, among other things, is able to fully understand the facts underlying the application of tax rules.
- **Stakeholders value:** Ariston Group manages its taxes, including by means of tax incentives and regulations available to optimise its tax burden, in compliance with the principle of legality, acting with the aim of safeguarding the assets and pursuing the primary interest of creating sustainable value for the Shareholders as well as for the other Stakeholders in the medium to long term.

5. Guidelines

In order to ensure the effective implementation of the general principles outlined above, the Group Tax Strategy sets out in the following **guidelines**:

- **Tax Control Framework:** Taking inspiration from the best models of tax governance, Ariston Group is committed to put in place systems of internal control that ensure that the returns submitted to the revenue body are accurate and that transactions or positions giving rise to material tax uncertainty are managed. This is the path towards the Tax Control Framework (TCF) in line with international best practices, which the Group has started. Through the TCF, roles and responsibilities are clearly assigned in the tax management process, with due consideration of the principles of segregation of duties and decision-making escalation processes on tax uncertainties arising from the interpretation of tax regulations. The tax risk assessment is properly executed, ensuring the identification of risks and controls in place at an operational level.
- **Board oversight:** The Board is held accountable for the effectiveness of enterprise risk management and internal control systems. On an annual basis, a specific report is addressed to the Audit Committee and therefore to the Board, illustrating whether the TCF effectively ensures that the Ariston Group entities that have adopted it are in control of their tax processes and that the TCF is operationally effective, the processes that have been established are followed in practice, maintained and monitored.
- **Transfer pricing:** Ariston Group manages, for tax purposes, cross-border intercompany transactions with the aim of aligning, as fairly as possible, the conditions and transfer prices with the places where value is created, on the basis of the arm's length principle, as outlined by the OECD (Model Tax Convention and Transfer Pricing Guidelines). Where Ariston Group operates in countries that do not apply the OECD rules, transfer pricing policies will have the twofold objective of, on the one hand, ensuring consistency between the place of value creation and the place of taxation and, on the other hand, avoiding double taxation. In addition, the Company adheres to the transfer pricing documentation provisions (so-called three-tiered approach consisting of the Master File, Local File and Country-by-Country Report).
- **Artificial arrangements vs Economic substance:** Ariston Group does not engage in conducts and/or operations that result in purely artificial arrangements that do not reflect economic reality and from which improper tax advantages can reasonably be expected, to the extent

that they are contrary to the purpose or spirit of the relevant tax provisions or regulations. Ariston Group is committed to align tax presence with substantial economic activities: more specifically, the Group Companies do not make artificial use of low tax jurisdictions or tax havens for the sole purpose of reducing the Ariston Group's tax burden.

- **Agree to disagree:** In its relations with Tax Authorities, Ariston Group operates with transparency and good faith, including in the case of tax audits relating to both Group Companies and third parties. In the interests of Ariston Group, its Shareholders and its Stakeholders, the Company supports interpretative positions that are considered reasonable, even if not shared by the Tax Authorities. Tax dispute resolution measures are applied whenever viable.
- **Soft controls:** Ariston Group ensures that the Group Tax department is adequately resourced (human, material, financial) and is organised to perform its functions. There are no reward mechanisms for managers linked to the reduction of the tax burden, where these are consciously contrary to the specifically applicable legislative provisions. The training program of our People on Ariston Group's ethics and integrity culture encompasses the values of tax compliance.
- **Tax Whistleblowing:** Ariston Group is committed to fully implementing and maintaining the worldwide whistleblowing process that allows its own employees and Group's business Partners (Customers, Vendors and Third Parties) to report and voice their concerns related to any case of suspected misconduct, malpractice or breach including in tax matters. All cases shall be dealt on a strictly confidential basis, ensuring the protection and anonymity of the Whistleblower.

