

## **Ferguson Global Tax Strategy**

**Our Tax Strategy is to maintain the highest standards of tax compliance. We support the execution of the Ferguson business strategy by managing our tax affairs in full compliance with local law and international guidelines while seeking to maximize shareholder value and serving the interests of all our stakeholders as set out in our Group Strategy**

### **Overview of our business and code of conduct**

Ferguson is a leading North American value-added distributor, providing expertise, solutions and products from infrastructure, plumbing and appliances to HVAC, fire, fabrication and more. Our strategy is to drive profitable growth in our businesses and therefore deliver sustainable returns for our shareholders. Our approach to tax supports this strategy.

Ferguson is committed to high standards of corporate governance, transparency and responsibility. We pay tax in all of the countries in which we operate in accordance with local laws and international guidelines. How much we pay is dependent on the tax rules of those countries and the performance of our business there.

In addition to corporate income taxes, our tax contributions include employment taxes, social security, VAT (and other sales-based taxes such as sales and use tax), taxes on ownership and use of property, customs duties, excise duties and environmental taxes. Our wider contribution to the economic activity in the countries in which we operate includes capital investment, job creation, sourcing from local suppliers and development of skills in the workforce.

Tax is a business expense which needs to be managed like any other, and we manage and report our tax affairs in accordance with international best practice guidelines such as International Accounting Standards, US Generally Accepted Accounting Principles ('GAAP') and the Organization for Economic Cooperation and Development ('OECD') Guidelines. Our Code of Conduct sets the standard for what is expected of everyone conducting business on behalf of Ferguson. It is essential that Ferguson maintains its reputation for integrity and that everyone in the group acts honestly, fairly and with transparency. This Tax Strategy follows its principles.

### **Our Tax Principles**

Ferguson pays tax in accordance with all relevant laws and regulations in all the countries in which we operate whilst adhering to the following key principles.

1. Transactions undertaken by Ferguson are executed in full compliance with local law and international and OECD guidelines.
2. Our Tax Strategy follows the Ferguson Code of Conduct which mandates Ferguson acts with fairness, honesty and integrity.

3. Ferguson's tax activities are governed by commercial purpose and simplicity. The tax activities always follow the Ferguson Group Strategy. As a result, the group's profits are generated and taxed where there is commercial substance and where value is created.
4. Ferguson considers all relevant costs, including tax, in execution of the Group Strategy. Ferguson looks to implement the optimal Group financing and operating structure in fulfilling this objective.
5. Ferguson has a low tolerance for tax risk and proactively engages with advisors to achieve certainty on our tax position.
6. We look to develop and maintain positive and transparent working relationships with all tax authorities, seeking to resolve audits proactively and promptly.

### **Application of this Strategy**

This Strategy applies to all Directors, associates and third parties whose actions impact the management of Ferguson's tax affairs. In particular this includes, but is not limited to:

- The Directors and Executive Committee of Ferguson plc
- All members of the Global Tax team
- All regional and local Finance Directors and HR Directors and their reports that have responsibility for managing or supporting tax matters
- All regional and local Chief Executive Officers
- Any other associate that has responsibility for managing or supporting tax matters
- External advisors who support on tax matters

### **Governance**

Ferguson operates a formal risk management process, in which business risks and their mitigation are formally assessed and reported every six months. Financial metrics and qualitative guidance are used to determine common risk thresholds and acceptable levels of risk across all areas, including tax risks.

Tax Strategy is a matter reserved for the Board of Ferguson plc. It delegates authority for amounts up to \$50 million per annum or audit settlements where the settlement is up to \$50 million to the Treasury Committee. The Treasury Committee, which comprises senior management with relevant expertise, considers tax risks that may arise as a result of our business operations, on a quarterly basis. The consideration of such tax risks includes actions to mitigate the risks or to prevent their occurrence or reoccurrence.

This Strategy<sup>1</sup> was last approved by the Board of Ferguson plc on 26 May 2022 to come into effect from 31 July 2022. It is reviewed and updated annually.

### **Guidance**

For further guidance on any aspect of this Strategy, please contact a member of the Global Tax team.

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<sup>1</sup> This strategy complies with the UK legislative requirement in paragraph 16(2), Schedule 19 Finance Act 2016