



Taxes

Policy 0021 Automobili Lamborghini S.p.A.
Extract for publication

Ethic Code

» **Policies**

Process standards

Detailed regulations



CONTENTS

A.	OBJECTIVE AND AREA OF APPLICATION	3
B.	TASKS AND OBLIGATIONS IN THE AREA OF TAXATION	3
1.	VALUES UNDERLYING THE TAX POLICY	3
2.	COMPLIANCE	3
3.	OBLIGATIONS UNDER TAX LAW	3
4.	COMMUNICATION WITH TAX AUTHORITIES	4
5.	COORDINATION WITH THE GROUP TAX STRATEGY	4
6.	TAX COMPLIANCE MANAGEMENT-SYSTEM "TAX CMS" AND THE TAX CONTROL FRAMEWORK 4	4
7.	TAX THEME DOCUMENTATION	4
8.	TAX DATA AND USE OF IT	4
9.	SELECTION OF EMPLOYEES AND PROFESSIONAL FURTHER DEVELOPMENT IN THE AREA OF TAXATION	4
C.	INVOLVEMENT OF THE TAX FUNCTION BY OTHER SPECIALIST AREAS	5



A. OBJECTIVE AND AREA OF APPLICATION

The purpose of this [Lamborghini Tax Policy] is to define principles for the area of taxation of Automobili Lamborghini S.p.A. (the "Company").

In a nutshell, the Lamborghini Tax Policy ensures that our tax behaviour is consistent with our values, conducting the tax affairs for the sustainable success of our Company and the protection of our Brand. Therefore, the key principles and guidelines of the Lamborghini Tax Policy are summarized below, for publication on the Company's website.

The Board of Directors has the collective responsibility for the strategy of the Company. Therefore, the Lamborghini Tax Policy has been adopted by the Board and applies to all directors, officers and other employees of the Company.

This [Lamborghini Tax Policy] applies specifically to the national and international taxes and levies (e.g. corporation tax, VAT, withholding tax) and does not include Import-Export and Customs.

B. TASKS AND OBLIGATIONS IN THE AREA OF TAXATION

1. VALUES UNDERLYING THE TAX POLICY

The Code of Conduct of the Audi Group and the Lamborghini Code of Ethics form the basis of our actions, supporting ethical and responsible behaviour that ensures the sustainable success of our Company and the protection of our brand.

Also, in managing taxes, our shared values orient the way we operate, make decisions and interact, both within Lamborghini and with the Tax Authority: our actions, in tax matters, are inspired by honesty, integrity and fairness.

With the adoption of this Fiscal Policy, the Board of Directors of Lamborghini reaffirms these values and assumes the role and responsibility to lead its dissemination in the management of taxation.

Each individual employee and all persons acting in the interest of Lamborghini, are required to apply the principles set out in this Tax Policy and violations may result in disciplinary or contractual sanctions.

In case of violations of tax laws or of the standards of conduct related to taxes, the tax function must be informed immediately. The information can also be done via the Audi Whistleblower system. The Whistleblower System is obliged to forward the relevant information to the Audi tax department.

2. COMPLIANCE

Lamborghini complies with tax regulations in all countries where they are commercially active, and pursues a reasonable interpretation of the same, orienting decisions on tax matters towards compliance with the applicable laws and best endeavouring to correctly interpret the spirit underlying them.

In the pursuit of a sustainable development of the company, to protect the interests of all Stakeholders, Lamborghini adopts and benefits from incentives and tax concessions that permit an efficient and fair tax burden, within the limits provided for by the law.

To avoid any risk to reputation, no aggressive tax planning activities are pursued, as purely artificial arrangements and structures that lack of economic substance. In particular, Lamborghini ensures that the tax presence in a country is associated with relevant business activities that have economic substance.

Cross-border intercompany transactions are to be structured at arm's length principle, as outlined in the OECD (Model Tax Convention and Transfer Pricing Guidelines), with the objective of aligning, as correctly as possible, the conditions and transfer prices with the places of value creation.

Lamborghini Local Tax Function ensures an orderly professional cooperation with the tax authorities ("Good Corporate Citizenship"), including in the event of a tax audit, both on the Group and on third parties. In order to reinforce an enhanced relationship with the Italian Tax Authority, Lamborghini, in the spirit of transparency and the pursuit of preventive certainty, has proceeded to adhere to the Italian co-operative compliance regime established by Legislative Decree No. 128 of 5 August 2015.

If tax obligations are not met, this can have substantial negative effects. It can lead to heavy penalties and interest payments for AUDI AG and/or Lamborghini and damage to image. Fines can be imposed on responsible employees of AUDI AG and/or Lamborghini, or criminal proceedings can be instituted. In the event of a violation of existing legal and Lamborghini internal rules, the Audi Group tax department must be notified without delay.

3. OBLIGATIONS UNDER TAX LAW

A significant part of the fulfilment of tax obligations by Lamborghini Local Tax Function includes the implementation of laws in corporate processes, the submission of tax returns and the fulfilment of other tax reporting obligations. The focus is accordingly on orderly and timely submission of all tax returns and other required reporting obligations, supported by all the necessary documentation, as well as the timely payment of all the associated taxes (where appropriate, including additional charges).

If errors are identified retrospectively, i.e. after the submission of a tax return to the tax authorities, local correction obligations must be met including by recourse to the institute of voluntary repentance and/or supplementary tax returns. In cases where correction has substantial consequences, there is a consultation obligation with the Audi Group tax department. The outcome of the actions taken is shared with the Tax Authority within the framework of the Italian co-operative compliance regime.

Tax responsibility also includes proactive support with respect to Lamborghini audits. It must be ensured, that audit requests are answered promptly, including the submission of requested documents and documentation. Findings from closed tax audits must be taken into account in the course of tax control and tax risk management.



4. COMMUNICATION WITH TAX AUTHORITIES

Lamborghini adheres to the provisions on transfer pricing documentation, in compliance with the indications of the OECD Transfer Pricing Guidelines (so-called three-tiered approach, divided into Master File, Local File and the Country-by-Country Report). The Company is also committed to ensuring maximum transparency, on the management of taxation, in compliance with the relevant regulatory provisions on non-financial reporting.

5. COORDINATION WITH THE GROUP TAX STRATEGY

The global tax strategy is determined, coordinated and updated by the Audi Group tax department. Comprehensive and efficient sharing of information within the Audi Group is essential for this as a decision-making and planning basis; all divisions are accordingly obliged to share information proactively.

6. TAX COMPLIANCE MANAGEMENT-SYSTEM "TAX CMS" AND THE TAX CONTROL FRAMEWORK

In line with Group guidelines, Lamborghini implemented an effective tax CMS to monitor local tax risks, for which the responsibility lies with Lamborghini Local Tax Function.

In order to adhere to the cooperative compliance regime, Lamborghini has structured the internal processes of the Tax CMS, dedicated to the correct application of tax regulations, through the adoption of a Tax Control Framework ("TCF") that is fully compliant with the OECD indications, as implemented by the Italian Tax Authority in the cooperative compliance regulation.

In the TCF, Lamborghini has also outlined an identification and measurement process of interpretative risk, which aims at the prior discussion with the Tax Authority of uncertain positions, in accordance with the communication and transparency commitments undertaken by adhering to the cooperative compliance. At the completion of the path of preventive discussion, Lamborghini reserves the right, in any case, to adopt solid and reasonable interpretative solutions notwithstanding the fact that they are not endorsed by the Tax Authority ("Agree to Disagree").

On an annual basis, a report is addressed to the Board of Directors of Lamborghini, on whether and how the TCF adopted has ensured the control of tax processes and risks, certifying that the TCF itself is effectively operational and that the relevant processes are executed, maintained and monitored. The annual report is then forwarded to the Italian Revenue Agency, in the context of the Italian co-operative compliance.

7. TAX THEME DOCUMENTATION

Lamborghini Local Tax Function must document the main processes relevant for taxes. The aim of this documentation is

to present the information providers involved (including responsibilities) for compliance with local tax obligations as well as the corresponding identification of controls within the respective processes.

If there are no special local tax laws, the Audi Group tax department can issue binding process standards and control measures for main tax-critical processes. The cooperation and involvement of external advisors must be documented by Lamborghini Local Tax Function, and corresponding controls (e.g. principle of dual-party verification, joint technical discussions) must be implemented for quality assurance.

8. TAX DATA AND USE OF IT

A largely homogeneous IT landscape supports the necessary information management to perform the tasks of the Audi Group tax department. Within the framework of its Group responsibility, the Audi Group tax department can specify standards for the IT systems to be used, which can be used as an aid to perform tasks such as preparing tax returns and transfer pricing documentation, fulfilling the reporting obligation for cross-border tax arrangements, ensuring ongoing monitoring of compliance with the minimum requirements laid down by the Tax CMS and TCF, and calculating deferred taxes in the IFRS consolidated financial statements. This also applies to technical support for the tax risk management system.

9. SELECTION OF EMPLOYEES AND PROFESSIONAL FURTHER DEVELOPMENT IN THE AREA OF TAXATION

Sufficiently qualified staff must be made available to ensure fulfilment of the tax obligations associated with the role. All positions within the tax function are defined on the basis of job profiles, the relevant requirement profile (including training and professional experience) and the employee's area of responsibility. With regard to the appointment of managerial functions, the Audi Group tax department must be consulted for the first reporting level of the relevant tax function. The Audi Group tax department further has a technical right to be heard in establishing goals for Lamborghini Local Tax Function and its performance assessments. The CFO must involve the Audi Group tax department in the above matters. The above rights are subject to statutory provisions.

Ongoing and appropriate qualification of employees responsible for taxation must be ensured, so that they can perform their tasks correctly and efficiently, and assure the promotion of a tax culture that is oriented towards the values of integrity, ethics and compliance. The necessary professional literature must be made available to a sufficient extent. Tax law amendments must be communicated to all those affected in the relevant company (e.g. in the form of training). An appropriate budget must be made available for this purpose. Qualification of employees and networking of Lamborghini Local Tax Function can be assisted by corresponding employee rotation in the form of short-term assignment to the Audi Group tax department, and vice versa. There is also networking at international and regional tax specialist conferences.

In the context of manager incentive mechanisms, performance targets related to the achievement of a reduction in the tax



burden shall not be approved, where these are consciously contrary to specifically applicable legal provisions.

C. INVOLVEMENT OF THE TAX FUNCTION BY OTHER SPECIALIST AREAS

Business transactions with tax relevance may occur at various points of the company. Especially in the case of cross-border transactions, rapid and transparent sharing of information and Group-wide consistency is necessary. Lamborghini Local Tax Function must be involved from the beginning in all business transactions and projects with tax relevance. Lamborghini Local Tax Function must therefore create a framework and internal guide-lines/policies which ensure that the tax function obtains timely knowledge of these transactions/projects through effective cross-divisional (in part also cross-company) communication. This is the only way to ensure that tax aspects are taken into account in a timely and efficient manner in decision-making, thus minimizing costs and risks.