

GROUP TAX MISSION STATEMENT AND STRATEGY

Year ended 31 December 2023

CONTENTS

INTRODUCTION **3**

TAX MISSION STATEMENT **4**

TAX STRATEGY **5**

FURTHER DETAILS ON THE 3 TAX PILLARS:

TAX COMPLIANCE **7-10**

TAX RISK MANAGEMENT **11-12**

TAX OPTIMISATION **13-15**

INTRODUCTION

The Dentsu group operates globally in a dynamic, fast changing industry with significant M&A activity.

We are committed to:

- complying with the domestic tax legislation and all relevant international based tax requirements for all countries in which we operate, including the OECD transfer pricing guidelines and Base Erosion and Profit Shifting (“BEPS”) regulations; and
- Paying the appropriate and fair amount of taxes in respect of the activities undertaken in the relevant country.

As a responsible international group we are committed to complying with the spirit of the tax law and do not seek to implement artificial tax planning. Furthermore, the Group does not utilize tax havens to reduce its tax liabilities.



A top-down view of a white desk with a laptop, a notebook, a smartphone, a pen, a coffee cup, and glasses. The laptop is open, showing the keyboard. A notebook with a spiral binding is open, with a smartphone resting on it. A pen and a coffee cup are also on the desk. The background is a plain white surface.

TAX MISSION STATEMENT

To pay the right amount of tax at the right time in the right place whilst being consistent with our business strategy, operations, corporate values and social responsibilities, and retaining and adding value for the Group by optimizing our tax position.

TAX STRATEGY

The three pillars of our tax strategy are tax compliance, tax risk management and ensuring that we optimise the group's tax position.

TAX COMPLIANCE

- We will comply with all of our statutory tax obligations, in respect of all tax filings and tax payments, in a timely manner to ensure tax fairness in each of the countries in which we operate.
- We will act at all times in accordance with all applicable local tax laws and relevant international tax standards.
- Our tax disclosures will be reported accurately and appropriately.
- We will build honest and open working relationships with tax authorities by dealing with each country's tax authority requests and providing appropriate information in a timely and transparent manner.

TAX RISK MANAGEMENT

- We will manage the tax risks associated with the rapidly changing global tax environment.
- We will manage the global reputation of the group from a tax perspective, communicating with stakeholders, as necessary, to ensure that they understand the group's position.
- We will ensure that all our people who manage the group's tax processes have the requisite skills and develop professionally

TAX OPTIMISATION

- We will efficiently manage the tax cost, including the Effective Tax Rate and cash taxes, as well as tax processes of our group.
- Our commercial business strategy of providing a comprehensive global network that supports clients' businesses around the globe is the priority but we need to ensure that our operations are effected in as tax efficient a manner as possible.
- We will work together with our commercial teams, clients and other stakeholders to ensure that our operating models are tax efficient and compliant.
- As an international group, transfer pricing rules are relevant to us. The Group seeks to ensure inter-company transactions take place on an arm's length basis and the Group will not seek to transfer value or shift profits to low tax jurisdictions without business substance and there are business driven reasons.

FURTHER DETAILS ON THE 3 TAX PILLARS



TAX COMPLIANCE

We are committed to complying with the relevant tax regulations in each jurisdiction, tax treaties and multilateral agreements and fulfilling our tax obligations in all countries and regions where the Group and its group companies operate. We will properly fulfil our tax reporting and tax payment obligations based on an understanding of the legislative intent to ensure tax fairness.

We comply with all our statutory obligations, in respect of all tax filings and tax payments, in a timely manner

- **We prepare and submit all required tax returns and other filings by the local statutory deadline.**
- **We make all payments of tax, including corporation tax, employment taxes, VAT/GST and all indirect taxes, state and local taxes, stamp taxes and all other taxes, in line with local requirements.**
- **If there are any areas of uncertainty, we take appropriate third party tax advice to reach a conclusion and, where necessary, will seek clarification with the relevant tax authority.**



TAX COMPLIANCE

All our companies have local statutory tax obligations and we ensure that these are met

We act at all times in accordance with all applicable laws and relevant international standards, which applies in all countries where we operate

- We take appropriate third party tax advice if there are areas of uncertainty.
- Our aim is to pay the right amount of tax on the profits we make in the countries where we create the value that generates those profits.
- We keep abreast of international tax developments to ensure that we are tax compliant in every country where we operate.



TAX COMPLIANCE

All our companies have local statutory tax obligations and we ensure that these are met

Our tax disclosures are reported accurately and appropriately

- We report our group disclosures under International Financial Reporting Standards and all required local statutory accounts under appropriate local Generally Accepted Accounting Principles.
- We ensure that our tax disclosures have sufficient detail to assist the reader in their understanding.
- We have a robust tax accounting process in place with a number of internal controls to prepare our tax disclosures.
- We discuss any tax accounting areas of uncertainty with our audit team on a timely basis.



TAX COMPLIANCE

All our companies have local statutory tax obligations and we ensure that these are met

We will build honest and open working relationships with tax authorities by dealing with each country's tax authority requests and providing appropriate information in a timely and transparent manner

- **We want to agree our tax liabilities with local tax authorities in a transparent, constructive and open way.**
- **Where appropriate (depending on the jurisdiction), we will attempt to agree any areas of uncertainty with tax authorities before submitting the relevant tax return**
- **In certain jurisdictions where it is appropriate and an accepted practice, we will help contribute to government consultations on tax matters within the context of shaping sustainable tax policies which are fair and balanced to all stakeholders.**



TAX RISK MANAGEMENT

Tax is a complex area for multinational groups and we supervise and manage our tax processes to ensure that we meet our statutory obligations and have no surprises.

We will manage the tax risks associated with the rapidly changing global tax environment. We will manage the global reputation of the group from a tax perspective, communicating with stakeholders, as necessary, to ensure that they understand the group's position

- We have appropriate and robust Tax and Transfer Pricing policies in place. These seek to give guidance and clarity to our in-country operations on fulfilling their tax obligations. This includes setting out the key controls to be tax compliant and minimise tax risk and any unintended tax non-compliance.
- Responsibility for the management of tax risks rests ultimately with the group CFO, a Group Director, who is responsible for establishing and maintaining the tax governance framework, which is part of the group's governance processes to manage all group risks. This ensures that the board of directors are aware of any tax risks and that they are appropriately managed.
- The group has well established governance processes in place to ensure that the appropriate issues are considered at all levels in respect of all tax risks, including M&A related issues.
- For acquisition activity, we have embedded approval mechanisms in place, depending on the level of risk.
- We ensure that there is excellent communication between the internal teams involved such that the appropriate teams are aware of their responsibilities and have full knowledge of the facts.



TAX RISK MANAGEMENT

Tax is a complex area for multinational groups and we supervise and manage our tax processes to ensure that we meet our statutory obligations and have no surprises

We ensure that all our people who manage the group's tax processes have the requisite skills

- There is a Group Tax function based in Japan and the UK and, in addition, we have tax qualified personnel in the majority of our key markets. All of the members of the central and local tax teams have the required skills, experience and, where necessary, training to carry out their tax responsibilities.
- Members of the tax team keep up to date with tax developments by attending tax update webcasts, training sessions and tax conferences.
- We provide tax support and appropriate training to finance team members to carry out tax tasks in line with the Group Tax Policies. Where necessary, we take appropriate third party advice to support the business needs.



TAX OPTIMISATION

We will not seek to effect aggressive tax planning schemes; however, where there are alternative ways to effect transactions, we will choose the most tax

We efficiently manage the tax cost, including the group's Effective Tax Rate and cash taxes, as well as the tax processes of our group

- We shall never engage in tax evasion.
- We will not use tax havens unless there are commercial reasons to establish business operations in that jurisdiction.
- We will not effect tax planning without any business purpose or economic substance.
- We actively manage the cash position of the group. This includes the cash tax position of the group, especially making tax payments on time.



TAX OPTIMISATION

We will not seek to effect aggressive tax planning schemes; however, where there are alternative ways to effect transactions, we will choose the most tax

Our commercial business strategy of providing a comprehensive global network that supports clients' businesses around the globe is the priority but we need to ensure that our operations are effected in as tax efficient a manner as possible

- We will only carry out planning, including restructuring and rationalisation of group entities, where there is a clear underlying commercial (non-tax) objective.
- We will work with all stakeholders to understand their commercial drivers and propose the most tax-efficient ways of effecting solutions.



TAX OPTIMISATION

We will not seek to effect aggressive tax planning schemes; however, where there are alternative ways to effect transactions, we will choose the most tax

We will work together with our commercial teams, clients and other stakeholders to ensure that our operating models are tax efficient and compliant

- **Our commercial teams use a number of operating models to provide the best services and solutions to our clients and we will work together with these internal teams to understand the commercial transactions and contracts, to minimise any tax risks and to ensure tax compliance.**

