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# Maybank Group Tax Strategy

This document reviewed by the Audit Committee Board sets out Maybank Group's ("Maybank") tax strategy and approach in conducting its tax affairs and dealing with tax compliance risk for the financial year ended 31 December 2023.

## Setting Sustainable Standards in Achieving Responsible Tax Management

Established in 1960, Malayan Banking Berhad (“Maybank”) is the largest financial services group in Malaysia with an established presence in the ASEAN region. In serving our mission of humanising financial services, we provide an array of financial products and services across our global network of 18 countries. This includes our presence in all 10 ASEAN countries, with Malaysia, Singapore and Indonesia being our home markets. We are also present in international financial centres such as London, New York, Hong Kong, and Dubai.

With a network in conducting/undertaking banking activities across multiple jurisdictions, Maybank’s focus on humanising financial services boils down to placing the interest of people and the community at the centre of all we do when providing our customers with access to financial services in jurisdictions we operate.

To further enhance Maybank’s mission, a 5-year strategy, code-named M25 has been rolled out in 2021 which aims at making significant steps towards achieving Environmental, Social, and Governance (“ESG”) targets. Sustainability throughout its operations is one of the key strategic priorities identified in upholding its mission. Building on the M25 foundation, Maybank’s refined corporate strategy (code-named M25+) launched in 2022 is to reinforce the push for differentiation and focus across five strategic thrusts, namely intensifying customer centricity, accelerating digitalisation and technology modernisation, strengthening Maybank’s position beyond Malaysia, driving leadership in its’ sustainability agenda, and becoming a global leader in Islamic Banking.

In alignment with Maybank’s strategy, the Group Tax Department (“Group Tax”) is committed to placing sustainability at the heart of the business decision making process. This is attained by ensuring that the tax governance and risk management arrangements that are in place ensure the Group’s ESG strategy and targets are duly reflected. This involves ensuring tax is managed in a responsible manner and that business initiatives that involve tax planning opportunities, the utilisation of relevant tax incentives, schemes and benefits approved by Governments and Competent Authorities whilst making a positive contribution to profit after tax and minority interest (“PATAMI”) remaining consistent with legislative intent and the Groups ESG objectives.

The ultimate goal is to protect stakeholders’ interest, as well as to fulfil Maybank’s social obligations in contributing to nation building, through paying our fair share of taxes in the locations and communities we serve.

### A Collective Approach

This document reviewed by the Audit Committee Board sets out Maybank Group’s (“Maybank”) tax strategy and approach in conducting its tax affairs and dealing with tax compliance risk for the financial year ended 31 December 2023.

#### 1. Key principles

Maybank is committed to conducting its tax affairs based on the following principles:

- a) Business transactions are driven by business purpose taking into account ESG considerations and Maybank’s Core Values which entails (i) Teamwork, (ii) Integrity, (iii) Growth, (iv) Excellence & Efficiency and (v) Relationship Building.
- b) Reflecting good corporate governance, Maybank believes in conducting its affairs such that it reports and pays its fair share of taxes in a timely manner to all tax authorities and does not seek to evade tax or engage in any aggressive tax planning nor facilitate others in doing so.
- c) Ensuring compliance with local tax laws and regulations of the countries in which it operates both in terms of the letter but also the spirit of the law. This includes timely filing of tax returns and paying due taxes.
- d) Exercising due diligence and professional care, including seeking written opinions from third party advisors, where deemed appropriate and/or consider existing rulings from tax authorities to ensure that positions taken reflect legislative intent, are supportable and defensible from a tax audit perspective; and

- e) Building open and collaborative professional relationships with the relevant tax authorities, government bodies and stakeholders with which it interacts.

## 2. Approach to managing tax

Group Tax together with the finance team in each entity and location is responsible for ensuring timely compliance with local tax obligations. In addition, Group Tax work closely with various businesses, operations, and finance department to provide advice and guidance to ensure compliance with relevant tax law, regulations, and practice as well as ensuring that the relevant tax implications are considered in arriving at business decisions.

Businesses, support units such as operation and finance department are required to seek input from Group Tax in respect of:

- a) Business proposals to ensure a clear understanding of the tax implications, which is defined as the probability of unplanned financial losses as a result of additional dues payable to local tax authorities in carrying out the business transaction.
- b) Assessment and management of tax risks to ensure compliance with local and overseas tax regulations in respect of cross border related party transactions.
- c) Tax technical position to ensure position taken is supported by appropriate documentation, legal interpretation, and tax authority practice. Where required, external tax advice is sought in consultation with Group Tax; and
- d) Audits and/or enquiries from tax / regulatory authorities.

In addition, Group Tax must be involved in all planning, implementation, and documentation of any business acquisitions, including but not limited to disposals, changes in corporate structure, significant business transactions, new cross-border intra-group trading arrangements and selection of tax advisors.

## 3. Tax governance framework

The Board of Directors is ultimately accountable for the management of Maybank's tax affairs. The Board delegates to the Head of Group Tax the day-to-day management of Maybank's tax affairs including the management of tax risks under the Maybank's Executive Committee's oversight. The Head of Group Tax discharges these responsibilities through the implementation of a tax governance framework which through the implementation of controls determined by a set of policies and procedures aims to ensure the effective management of tax risks and management's accountability for managing the taxes across the Group in a manner consistent with this tax strategy.

The tax governance framework seeks to define the mandate of the tax function, establish roles and responsibilities between it and other areas of the Group in managing tax issues, sets risk appetite, aims to highlight key risks, and define the tax risk management process in terms of the identification, assessment, control, reporting and monitoring of tax risks. Reporting and monitoring represent key steps in gaining assurance over the effective operation of the tax governance framework.

The framework also provides a key communication mechanism such that the requirements of stakeholders across the Group in the management of the Group's tax affairs are fully understood and there are proper channels to report suspicious activities.

Group Tax's approach in managing Maybank's tax affairs also includes:

- a) Ensuring tax staff are sufficiently trained and proficient in identifying tax risks and work closely with tax agents, as appropriate to comply with the local tax rules and regulations.
- b) Keeping up to date on international tax developments, such as guidelines issued by Organisation for Economic Co-operation and Development ("OECD") from time to time and conduct regular dialogues with our internal stakeholders in ensuring transactions between related entities reflect the economic reality of the transaction.

#### **4. Attitude to tax planning**

Maybank will utilise tax incentives and reliefs to minimise the tax costs of conducting its business provided that they are aligned with intended policy objectives of the Governments which introduced the incentives; supported with genuine commercial activity and consistent with the business and/or operational objectives.

Maybank is cognisant of the importance of ensuring any tax planning opportunities are carried out within the ambit of the tax laws. Substantive and commercial reasons would always be the main consideration for entities which are based in low, or nil-tax rate jurisdictions and the Group uses the arm's length principle, pricing in-line with best practice guidelines issued by the OECD and apply this consistently across our businesses (contingent on local laws).

#### **5. Management of tax risk**

Any tax developments or updates, including changes in tax laws and practices are monitored through regular updates from external tax and legal advisors, discussions/ dialogues with the professional bodies and/or relevant tax authorities and participation in seminars/ conferences.

Group Tax has the rights and responsibilities to determine the technical position to be taken by Maybank in relation to tax matters with guidance from the Board of Directors and Audit Committee of the Board, where required. Written advice will be obtained from external tax and/or legal advisors to support the decision making process where there is uncertainty in respect of the application or interpretation of tax law and/or the transaction carries substantial reputational, monetary, or regulatory risk.

Notwithstanding that our tax position(s) are aimed to be reasonable, responsible, and consistent with legislative intent, there may be instances where they may differ from the position taken by tax authorities. In such instances, Maybank will work constructively and proactively to communicate with the tax authorities in reaching consensus for achieving an early resolution to any matters arising. Depending on the degree of risks and/or nature of the transactions involved, any action or decision on dispute resolution will be referred to the relevant Board of Directors and Audit Committee of the Board for approval and guidance.

#### **6. Relationships with tax authorities**

Maybank Group seeks to:

- a) Deal with tax authorities in a collaborative, courteous, timely and professional manner.
- b) Engage in open dialogue to discuss or share views on implementation of certain rules and regulations and request for ruling/confirmation on technical positions, where applicable.
- c) Make fair, accurate and timely disclosure in correspondences, returns and financial statements.
- d) Seek to resolve issues with the tax authorities amicably in respect of disputed matters.

Maybank Group considers the above statement as complying with the duty under paragraph 19(2) of Schedule 19 of the UK Finance Act 2016 to publish the group tax strategy in the current financial year.

This document is reviewed and updated on an annual basis by Group Tax, reviewed and endorsed by the Audit Committee, and approved by the Maybank Board.