

# **Public Packages Holdings Berhad (hereafter “PPHB”)**

Registration no.: 198701003743 (162413-K)

## **Tax Policy**

### **1. Introduction**

PPHB and its subsidiaries (hereafter “The Group”) recognise the importance of how taxes contribute to local societies and the development of countries in which the Group operates.

The Group strives to manage all tax affairs in accordance with applicable laws and regulations, and acknowledges the increased focus on our decision-making processes related to tax affairs, particularly regarding the amount we pay and where it is paid. The Group supports standardization, transparency, predictability and equal treatment in tax matters as a way of ensuring equal conditions for all market participants.

PPHB Tax Policy (hereafter “the Policy”) is approved by the Board. The Head of Finance is responsible for the creating, designing and implementing of this Policy, ensuring adherence to throughout the organisation.

### **2. Purpose**

The purpose of this Policy is to provide direction and communication how the Group conducts its tax affairs in pursuit of a compliant and competitive tax position.

The Group is committed to paying all applicable taxes across all countries, where it operates. In addition to corporate income tax, it is also committed to comply with duties, sales tax, service tax, withholding tax and other applicable tax laws and regulations.

### **3. Scope**

This Policy applies broadly to all employees that involved in tax matters that directly or indirectly impact taxes. It aims to set out expectations and responsibilities for key roles, including how to interact with external stakeholders, tax advisors and tax authorities.

### **4. Definition**

Tax risks can be defined as follows:

“Any event, action or inaction in tax strategy, operations, financial reporting or compliance that either materially adversely affects the Group’s tax or business objectives or results in unanticipated or unacceptable of monetary, financial statement or reputational loss or exposure.”

Type of risks, include: -

*a. Compliance risk*

Risk that ensures tax deadlines such as filling of returns and payment due dates are met.

*b. Technical risk*

Risk that could arise from a lack of personnel with adequate tax knowledge, access to professional advice or lack of a regular review of internal tax policy.

*c. Operational risk*

Risk arising from non-familiarity with corporate compliance requirements (due to high turnover), poor internal controls (such as lost records), inadequate documentation, and/or weak corporate governance.

## **5. Key principles**

PPHB is committed to conduct its tax affairs based on the following principles: -

- (a) Ensure business transactions are driven by legitimate business or commercial purposes, taking into account of PPHB's Core Value;
- (b) Maintain zero tolerance for tax evasion;
- (c) Comply with all applicable tax laws and regulations in all countries where the Group operates;
- (d) Pay the correct amount of taxes that we collect on behalf of tax authorities across all countries where the Group operates;
- (e) Exercise due care in managing tax affairs, including seeking written opinions from third party advisors and obtaining rulings/confirmations from the tax authorities, where necessary, to ensure that the positions are supportable and defensible in a tax audit; and
- (f) Foster open and collaborative professional relationships with the relevant tax authorities.

## **6. Tax governance**

The Finance Team in each entity is responsible for ensuring timely tax compliance.

The Head of Finance will collaborate with the Head of Operations to provide advice and guidance to ensure compliance with the tax regulations and that business decision-making is commercially justified.

The business and finance teams will seek input from Head of Finance on: -

- (a) Business proposals to ensure a clear understanding of the tax consequences;
- (b) The assessment and management of tax risks to ensure compliance with the local and international tax regulations, particularly concerning PPHB's cross broader related party transactions;
- (c) Tax technical positions to ensure that a position taken is supported by documentation, legal interpretation and practices adopted by the tax authorities. When necessary, external tax advice should be sought in consultation with Group Tax; and
- (d) Audits and enquiries from tax/regulatory authorities.

In addition, Head of Finance and its team must be involved in the planning, implementation and documentation of any business or share acquisitions and disposals, new cross-border intra-group trading arrangements, and selection of tax advisors.

## **7. Attitude to tax planning**

The Group strives to reduce tax through proper tax processing and is committed to avoiding aggressive tax avoidance or abusive tax planning practices, including tax heavens, harmful tax incentives or treaty shopping.

Within the limits established by laws and regulations, and subject to Group's principles, the Group manages its tax affairs proactively, seeking to maximising shareholder value and at the same time contributing to society by paying the right amount of tax at the right time.

This includes: -

- (a) Tax planning based on interpretation of applicable laws aligned with the substance of the economic and commercial activity;
- (b) The use of tax incentives, exemptions and deductions that are available to taxpayers through tax legislation or practice in the market in which the Group operates; and

- (c) Monitoring and reviewing current and legacy tax positions and structures with in light of changes in tax practice.

#### **8. Approach towards Transfer Pricing**

PPHB's transfer pricing policy is based on the arm's-length principle to ensure taxes are paid in the appropriate jurisdiction and/or business line.

#### **9. Tax Risk Management**

- (a) To obtain written advice from external advisors to support the decision-making process where there is uncertainty on the application/interpretation of tax law and/or a transaction carries substantial reputational, monetary or regulatory risk.
- (b) To monitor changes in relevant tax relevant tax laws and practices through regular updates from external tax advisors, discussion with the professional bodies and participation in seminars and conferences.
- (c) The Board and the Head of Finance has the responsibility to determine the technical position to be taken by PPHB in relation to tax matters.
- (d) The Group's tax position may differ from that of the tax authorities regarding the appropriate tax treatment from time to time. In such case, Head of Finance will work constructively and proactively with the tax authorities to achieve an early resolution to any arising matters.
- (e) Depending on the degree of risk and/or nature of the transactions involved, tax actions and decisions will be referred to the Board of Directors and the Board of Audit Committee for approval and guidance.
- (f) The subjective nature in the interpreting tax laws and various tax rules makes it impossible to fully mitigate all tax risks. Therefore, the Group endeavours to keep the risks to minimum and does not set a limit on acceptable risks.
- (g) The Head of Finance seeks to manage tax affairs in line with our tax strategy principles and will refer to the Board of Directors for guidance when required.

#### **10. Relationships with tax authorities**

PPHB seeks to: -

- (a) Deal with tax authorities and other relevant bodies in a collaborative, courteous and timely manner;
- (b) Engage in open dialogue to discuss tax planning, strategy, risks and significant transactions;
- (c) Make fair, accurate and timely disclosure in correspondence and return; and
- (d) Response to queries and information requests promptly, working to resolve issues with tax authorities, aiming for early agreements on disputed matters and seeking rulings and confirmations on technical positions whenever possible.

#### **Review**

This Policy will be reviewed annually by the Board.