

Hong Leong Bank Berhad ("HLBB")'s Tax Governance Policy

1. Tax Strategy and Policy

The Bank, being a socially responsible corporation, is committed to engage in good tax governance with the objective to build trust, transparency and accountability which are necessary for fostering long-term business sustainability, financial stability and business integrity.

The Bank's tax governance policy is endorsed and approved by the Board. Tax processes (also known as Tax SOPs) are documented to provide guidance to our people at a day-to-day operational level and will be reviewed periodically for necessary changes to ensure sufficient tax controls are in place and tax obligations are fully met.

The Bank's tax code of conduct is based on the guiding principles as follows:

- Comply with tax laws and regulations in all countries we operate in;
- Pay our taxes as well as remit correct amount of taxes that we collect on behalf of tax authorities across all countries we operate in;
- File accurate tax returns (for all tax matters) and pay taxes on time;
- Zero tolerance on tax evasion;
- Will not enter into transactions or business structure which are solely for reduction of taxes or transfer value to low tax jurisdictions; transactions or business structure must have economic value at its foundations;
- Exercise due care in managing our tax affairs with relevant tax authorities in countries we operate and to cooperate with the tax authorities on tax audits and information requests.

2. Tax Transparency

The Bank is transparent about the amount of taxes paid, our tax strategies as well as the principles that guide our tax governance. The Bank will make disclosure on any material tax issues or litigation and will not undertake any arrangements that perceived as aggressive tax planning. The Bank will only undertake transactions that are supported with genuine business purposes and commercial substance.

3. Tax Risk Management

The Bank keeps up with tax law changes through regular updates from external tax advisors, tax forums with the professional bodies, the Associations of Banks and the regulators (such as the Ministry of Finance, tax authorities, Central Bank) and networking to ensure tax risks are continually monitored and reviewed.

The Bank will not adopt a tax position which is clearly contrary to tax laws, the spirit of those laws or administrative practices of the relevant countries in which we operate. Where there is ambiguity and uncertainty in tax laws and rulings, the Bank will seek confirmation/ clarification from the relevant regulators or seek independent tax advice from external advisors before a tax position is taken.

The Bank has leveraged on our finance digital transformation to automate certain tax processes to reduce tax risk including use of data analytics to identify exceptions especially in the areas of withholding tax and service tax compliance.

Various tax checklists and controls have been implemented in order to manage tax risk proactively and to achieve overall tax compliance. Internal tax briefings/ trainings have also been provided to increase tax awareness and compliance.

Material tax issues, if any, will immediately be escalated and reported to senior management or the Board.

4. Approach towards Transfer Pricing

The Bank transfer pricing is premised on the arm's-length principle, to ensure payment of taxes occur in the appropriate jurisdiction and/or business line.

5. Tax Authority Relationship

The Bank seeks and maintains an open and collaborative professional relationship with tax authorities and regulators across all countries that we operate in.

The Bank will endeavour to provide response to any queries and information request on a timely basis. In tax audits, we engage the tax authorities proactively and work with them in a supportive and co-operative manner in order to achieve early resolution of issues and expedite closure of tax audits.

The Bank contributes to the development of new tax laws and rulings, typically through direct engagement with tax authorities and regulators, public consultation processes or in our role as a member of an industry group.

The Bank also support tax authorities and regulators in their efforts to tackle tax evasion by complying with customer information reporting regimes such as FATCA and the Common Reporting Standard.