

# Tax Strategy

Approved by the Board of Directors

May 3, 2024



## Purpose

This Tax Strategy outlines how TELUS Digital Experience ("TELUS Digital"), including its controlled subsidiaries, manages its tax affairs, i.e. income and indirect taxes (collectively referred to as "Tax(es)" or "Taxation"), in all jurisdictions where TELUS Digital operates. TELUS Digital Taxation's business professionals deliver the best solutions for TELUS Digital and our customers, managing TELUS Digital's Tax risk in a manner that is conservative, ethical, transparent and collaborative while complying with all applicable Tax laws and regulations.

**At TELUS Digital, we not only do things right, but we strive to do the right things.**

## Tone from the Top

At TELUS Digital our goal is to demonstrate the highest level of ethics and integrity in our business dealings with all stakeholders (including our customers, shareholders, suppliers, colleagues, communities and governments). All members of the TELUS Digital team are required to act honestly in all dealings, comply with laws and regulations governing our businesses and maintain an ethical working environment.<sup>1</sup>

## Team

### TELUS Digital:

- Hires qualified tax professionals who maintain an up to date knowledge of all relevant Tax law/jurisprudence and/or related Tax accounting pronouncements;
- Applies high ethical standards at all times in dealing with Taxation matters;
- Applies diligent professional care and judgment to arrive at well-reasoned conclusions. All advice and solutions should be clear, timely, relevant, business-focused and value-added;
- Empowers all TELUS Digital team members to promptly raise issues or concerns with abiding by the Code of Ethics and Conduct in all business activities, including concerns related to tax and adherence to the Tax Strategy, through the TELUS Digital Ethics Office or an independently operated EthicsLine;
- Expects that all teams comply with all anti-bribery and anti-corruption laws<sup>2</sup> guided through integrity training and supporting education through our Law & Governance Team;
- Requires that all decisions are taken at an appropriate level and are supported with documentation that evidences the facts, conclusions and any significant risks involved. Our Tax Strategy is aligned with the business strategy and the tax function, operations and activities are aligned with the Tax Strategy;
- Maintains an efficient and effective legal and business structure, driven by

<sup>1</sup> TELUS Digital's Code of Ethics and Conduct can be found at [here](#)

<sup>2</sup> TELUS Digital's Anti-Bribery and Corruption Policy can be found at [here](#)

commercial considerations aligned with business activities and which has genuine substance; and

- Provides the TELUS Digital Taxation team with the necessary resources to execute this Tax Strategy.

## Tax Authorities

Wherever possible, we seek to develop an open and constructive working relationship. TELUS Digital will:

- Proactively manage and build the relationship with the tax authorities;
- Undertake all dealings with tax authorities, government officials, ministers and other third parties following established procedures and channels in a professional, transparent, courteous and timely manner;
- Advocate for and support various lines of communication and channels with tax authorities;
- Provide the tax authorities with timely access to and disclosure of all relevant facts and circumstances regarding our Tax matters, including, but not limited to, when seeking advance rulings; and
- Share information, where appropriate, for tax authorities to assess the revenue and economic impacts of specific tax adjustments.

## Tax Incentives

TELUS Digital may seek to benefit from tax incentives in accordance with the relevant statutory framework by Government authorities to support investment, employment, social, environmental or economic development. We will only seek these benefits

where they are aligned with our business and operational objectives and where they require economic substance.

TELUS Digital may seek tax exemptions and reliefs that are specified by the relevant statutory framework by government authorities and are generally available to all market participants. Where there are specific exceptions made for tax exemptions or relief, we will work with relevant authorities to encourage publication of those incentives and contracts.

## Supporting Effective Tax Systems

TELUS Digital supports effective tax systems by engaging in both local and international dialogue with industry groups, governments and other international organizations to contribute to the development of sustainable and effective tax systems, regulations and administration, including advocacy for tax policy development. We will proactively support and, where possible, engage in tax initiatives and reforms to help the capability of tax authorities and systems. We continue to be involved in these initiatives, including early adoption of technology for compliance and providing feedback on proposed compliance measures through engaging in open dialogue with tax authorities.

Wherever possible, we will leverage our in-house team of tax professionals to assist in global tax policy advocacy through industry involvement. This includes engaging with tax authorities and government representatives directly and indirectly through relevant industry bodies that work to identify, raise, and work to resolve tax issues and policies affecting industry practitioners.

## Business Structure

TELUS Digital pays taxes on its profits according to where value is created in the normal course of commercial activity. TELUS Digital will not seek to create any wholly owned legal entities in a “tax haven” country. TELUS Digital only maintains subsidiaries in these countries to the extent necessary to service customers in these jurisdictions or for other substantive economic and commercial reasons. There is no commonly accepted definition of a “tax haven”. We define a “tax haven” as a country that only shares limited or no financial information with foreign tax authorities and has a statutory general corporate taxation rate of less than 10%. We will not transfer value created to a legal entity located in a “tax haven”.

In the jurisdictions where we create value in the normal course of commercial activity, we will not use artificially fragmented structures or contracts to avoid establishing a taxable presence. TELUS Digital will not engage in arrangements whose sole purpose is to create a tax benefit which is in excess of what is reasonably understood to be intended by relevant tax rules.

TELUS Digital will also apply our tax principles to all our relationships with employees, customers, contractors, and partners, wherever possible. We will seek to establish a responsible approach to tax in all of our engagements with our customers and business partners whilst ensuring our compliance with all applicable tax laws and regulations.

## Transparency

TELUS Digital seeks to provide regular information to our stakeholders and the general public on the taxes we pay as a part of our annual reports published

in addition to disclosure of any financially-material tax incentives, where applicable.

## Tax Risk Management

To manage its Tax risk TELUS Digital:

- Pays its fair share of Taxes by paying the amount of Tax legally due in accordance with the laws and jurisprudence at the time and seeks to file all tax returns and related information returns on an accurate and timely basis;
- Monitors changes to Tax law and jurisprudence to ensure continued compliance;
- Manages the Tax function centrally to maintain a consistent standard to mitigate Tax risk;
- Maintains internal controls over financial reporting of Taxes to assure there are no deficiencies or material weaknesses in the financial reporting of Taxes;
- The TELUS Digital Taxation team actively engages with the business to ensure compliance and mitigate Tax risk, carrying out clear risk management procedures and assessments before entering into any significant transaction or reorganization;
- Reviews the Tax Strategy annually with oversight and approval from the Board of Directors;
- Provides ongoing updates regarding tax risks and adherence to the Tax Strategy to the Audit Committee on a quarterly basis, with oversight and direction from the Chief Financial Officer and other members of management where appropriate;
- Communicates the Tax Strategy within the organization and actively manages

adherence to the Tax Strategy, reporting any material risks to the Audit Committee;

- Considers the i) facts, ii) Tax law/jurisprudence technical merits, iii) financial return/risk, iv) brand reputation, and v) corporate and social responsibility when deciding any Tax position. TELUS Digital does not knowingly take a Tax position that is:
  - Not, at the very least, “more likely than not” to prevail in the courts, based on reasonable interpretations of applicable law, or
  - Designed to artificially reduce Tax, such as through abusive Tax shelters or other evasive practices;
- Ensures that all tax planning is aligned with the substance of the economic and commercial activity of our business;
- Adopts best practices in complying with the “arm’s length standard” in relation to transfer pricing laws/jurisprudence, as supplemented by the Organisation for Economic Co-operation and Development Transfer Pricing Guidelines to only apply transfer pricing as necessary to support business functions;
- Engages with tax authorities positively, in the event of any differences in opinion arising from inherent uncertainties in tax law, while defending our Tax positions where we believe we are applying the relevant law/jurisprudence appropriately; and
- Seeks professional third-party Tax assistance to supplement our in-house team of professionals, including to provide expert opinions or to assist in dispute resolution and litigation when necessary.