

Group Tax Strategy

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1. INTRODUCTION

Tech Mahindra Limited (referred to as “TechM” or the “Company” or “We”) is a leading provider of innovative, customer-centric digital solutions and consulting-led integrated portfolio services through Information Technology (IT) and IT-enabled services. The company offers consulting, SAP, Oracle, digital supply chain services, infrastructure management services, integrated engineering solutions, BPO, platform solutions, network services, and testing services. TechM also provides new generation solutions, such as cloud computing, big data, machine learning, artificial intelligence, cyber security, data analytics, and Internet of Things (IoT). The company offers services to various industries including banking, financial services, and insurance; communication; energy and utilities; healthcare and life sciences; manufacturing; public sector and government; retail and consumer goods; hi-tech, media, and entertainment; travel, transportation, hospitality, and logistics; and oil and gas.

We are a USD 6 billion organization with 158,000+ professionals across 90 countries helping 1262 global customers, including Fortune 500 companies. We are focused on leveraging next-generation technologies including 5G, Blockchain, Quantum Computing, Cybersecurity, Artificial Intelligence, and more, to enable end-to-end digital transformation for global customers. Tech Mahindra is the only Indian company in the world to receive the HRH The Prince of Wales’ Terra Carta Seal for its commitment to creating a sustainable future. We are the fastest growing brand in ‘brand strength’ and amongst the top 7 IT brands, globally.

The Group tax strategy is:

- I. Aligned to the overall business strategy of TechM along with Business growth, value creation and Sustainability. As a company with purpose, we believe in creating value for all our stakeholders which includes our employees, customers, Investors & shareholders, partners & collaborators, government & regulators, academic institutions, and local communities.
- II. Owned by the Tax department and approved by the Chief Financial Officer (CFO), who is a member of the executive committee (management) of Tech Mahindra. The Tax department of Tech Mahindra is responsible for the Overview and implementation of the strategy across the organisation. It is subject to annual review by the Board, who along with the Audit Committee receive an annual compliance report.

It applies to all directors & employees, in particular all tax professionals working in the company (including, holding companies & subsidiaries) and acts as a guidance to ensure tax compliance and accountability accompanied by a constructive engagement with governments, regulators & tax authorities.

2. GROUP TAX STRATEGY

To ensure that the tax approach and tax strategy are properly embedded in the organisation, we have a robust governance, control, and risk management framework in place. The tax strategy of the company comprises the following:

- A. Tax Planning
- B. Governance
- C. Compliance
- D. Ethics
- E. Transparency
- F. Relationship with Tax authorities
- G. Risk Management
- H. Sustainable Development

A. Tax Planning

Tech Mahindra has a responsible attitude to tax compliance and planning coupled with transparency in disclosure. We engage in efficient tax planning that supports our business and reflects commercial and economic activity. We do not engage in artificial tax arrangements. We are committed to adhering to tax laws and regulations of relevant countries/jurisdictions and seek to minimise the risk of uncertainty or disputes. As a policy, we do not consider aggressive tax planning, do not support or tolerate or promote tax evasion in any manner. We conduct Intra-group transactions between Tech Mahindra group companies on an arm’s-length basis.

B. Governance

The MD & CEO along with Senior Leadership conduct quarterly update sessions with the Board about the Company's business strategy, tax strategy, operations, and key trends in the IT industry along with which are relevant to the Company. Board members are regularly updated on changes in corporate and allied laws, taxation laws and related matters through presentations and updates made by the respective functional leaders. The Tax Strategy is monitored by the group tax head within the framework and approved by the Board on an annual basis.

C. Compliance

Our taxation department is responsible for tax compliances and accountability within the organisation. We respond to tax-related queries and audits in a transparent and timely manner. The Company is committed to paying tax which we are legally obliged to pay as and when it becomes payable. We believe in reporting to the respective tax authority, information that is complete and accurate. We utilise tax rulings, agreements, clearances, concessions, or reliefs which are provided by the relevant governments. The taxation department organises 'Tax Conference' each year to discuss the relevant amendments and respective impact on the organisation. The critical issues are addressed to group tax head by tax team and ultimately to the Board. As an organisation, we do not tolerate unethical or unlawful behaviour or any activities that compromise the organisation's integrity concerning tax.

As part of the regulatory requirement for Country-by-Country reporting (CbCR) – in Form No. 3CEAD, we have primarily relied on the regulations as pronounced by the Central Board of Direct Taxes (CBDT) in relation to furnishing of report as per Rule 10DB of the Income Tax Rules, 1962 (the Rules) read with section 286 of the Income Tax Act, 1961 (the Act).

As mentioned above, TechM Group is engaged in providing information technology and related services. All the subsidiaries (mentioned in Form AOC-1) and branches operating in over 90 jurisdictions are reported in CbCR. With regards to TechM Group entities, we have considered statutory financial statements of each of the constituent entities for the said financial year. The total number of employees reported in CbCR are in line with employees reported in Integrated Annual Report.

D. Ethics

Our Code of Ethical Business Conduct, which applies to the Board of Directors, Senior Management, Associates (permanent and on contract) and all external stakeholders, covers all aspects on Anti-Corruption and Bribery. TechM ensures ethical and transparent practices by ensuring stringent adherence to this Code of Ethical Business Conduct across all business dealings and actions. We have a zero-tolerance policy for any kind of unethical practices. This helps us to safeguard the interests of stakeholders including employees, customers, and partners, reduce risks for investors and ensure more reliability and consistent improvement in our financial performance. Hence, our tax department as well as teams around the globe are required to adopt the Code of Ethical Business Conduct as a testimony to the standards of loyalty, honesty, integrity and to avoid any conflict of interest while ensuring the highest standards of business ethics. Cognizant of the risks due to various unethical practices, we have devised multiple other policies including the Anti-Corruption and Bribery Policy, Prohibition of Insider Trading, and Whistle-blower Policy, among others. These are monitored & reviewed on an ongoing basis as per regulatory requirements and incorporate mechanisms to report any unethical or unlawful behaviour or any activities that compromise the organisation's integrity concerning tax. We also continue to improve them based on benchmarking to global best practices. This helps us maintain the required checks and balances to ensure high level of ethics and integrity.

E. Transparency

We support the principle towards greater transparency that increase understanding of tax systems and build public trust. In all the jurisdictions it operates, TechM believes in reporting to the respective tax authority, information that is complete and accurate, in a timely manner.

F. Relationship with Tax authorities

We seek to build and sustain relationships with governments and fiscal authorities that are constructive and based on mutual respect. We work collaboratively wherever possible with fiscal authorities to resolve disputes and to achieve early agreement and certainty.

G. Risk Management

We identify and monitor the risks concerning tax regularly. The monitoring is also covered as a part of timely statutory audits and internal audits carried out by independent auditors. Immediate actions are taken by the management to mitigate such risks and appropriate provisions are considered in the books of accounts in case any liability is identified. Tech Mahindra's tax accounting is externally audited and assured. We support the principle of greater transparency that increases understanding of tax systems and builds public trust. Where there is significant uncertainty or complexity in relation to a risk, the company takes advice from subject experts. In order to achieve greater certainty, the Company engages with tax authorities to disclose and resolve issues, risks and uncertain tax positions by obtaining tax rulings, Advance pricing agreements etc.

H. Sustainable Development

With the increasing demand for sustainable development & reporting, we have aligned our Tax strategy with the Sustainability strategy of the organisation. Our sustainability strategy is helping us minimise costs, attract revenues, augment profitability, improves our competitive position, and reiterate our brand equity as a sustainability leader. This involves publishing an Integrated Annual Report aligned to GRI standards with reporting on the GRI Disclosure 207, the Tax component of GRI. Additionally, it also includes Country-by-Country Reporting (CbCR) as part of compliance with OECD's Action 13 of BEPS Country-by-Country reporting (CbCR).