

## **Tax Strategy Emirates Group**

The Emirates group (the "Group") comprises Emirates and dnata. Emirates is a global airline, serving 151 airports in 80 countries from its hub in Dubai, United Arab Emirates. dnata is one of the largest combined air services providers in the world and the largest travel management company in the UAE. Its main activities are the provision of cargo and ground handling, catering and travel services.

The aim of the Tax Strategy is to reflect and support the business of the Group by ensuring full compliance with tax legislation and regulations in the countries where the Group has operations, mitigating tax risks in a timely and cost effective manner and by ensuring a sustainable tax rate.

### **Tax profile of the Group**

The tax profile of Emirates is predominantly determined by the application of bilateral tax treaties concluded between the UAE and the various countries. These tax treaties, in general, follow the basic principle laid down in article 8 of the OECD Model Treaty, based on which profits derived from the operation of aircraft in international traffic are exclusively taxable in the country of residence of the airliner. The UAE, the country of residence of Emirates, does not levy corporate income taxes on aviation profits. Alternatively, countries may exempt the profits derived from international traffic on the basis of reciprocity. In the situation where there is no tax treaty or reciprocal exemption, the profit is in general determined on a net income basis via generally accepted net income apportionment formulas.

The nature of dnata's operations means that it cannot, in general, benefit from any corporate tax exemption. Consequently, dnata's operations are subject to the relevant corporate taxes levied by the respective authorities in the countries in which it operates. In repatriating the proceeds from these operations, dnata applies the treaties to avoid double taxation where appropriate.

Tax is one of the elements the Group takes into account in its commercial and economic activities, while the various businesses within the Group may also respond to available tax incentives and tax exemptions.

### **Compliance by the Group with its tax obligations**

The Group focusses on being fully compliant with the applicable tax rules and principles in the various countries in which it operates. This includes the preparation and filing of tax returns in time and the payment of all due taxes in time in

accordance with the relevant tax laws and regulations (including international standards such as those issued by the OECD, bilateral tax treaties for the avoidance of double taxation and specific agreements concluded between the Group and the relevant authorities of specific countries).

### **Transfer pricing**

Intercompany transactions are concluded on an at-arm's-length basis to ensure that the parties to these transactions are properly remunerated. Where required, transfer pricing documentation is prepared, based on which the intercompany pricing that has been used is substantiated. The transfer pricing used by the Group is based on a global transfer pricing policy which has been established and drafted in line with the principles of the OECD Transfer Pricing Guidelines. The transfer pricing guidelines are consistently applied within the Group and are regularly reviewed and updated where necessary.

### **Tax avoidance**

The Group will not establish or use artificial tax structures unrelated to the Group's business for the sole purpose of reducing taxes. In addition, the Group will not enter into intercompany transactions with the sole purpose of eroding the tax base of a group entity and/or to shift profit to low tax jurisdictions. Where commercially viable, the use of tax haven entities or entities in secrecy jurisdictions is avoided.

### **Relationship with governments**

The Group respects the right of governments to establish their own tax regime with their own rates of tax, to determine exemptions from taxes and to implement methods to monitor the population of tax payers. The Group furthermore acknowledges that the taxes the Groups pays and collects on behalf of the relevant governments are required to sustain public expenditures and considers the cash flow to the relevant governments as a contribution to society.

### **Relationship with tax authorities**

The Group supports a transparent and open approach to any competent tax authority in order to build a strong and mutually respectful relationship. In case of legitimate tax disputes, the Group will collaborate with the relevant tax authority to come to a settlement of the dispute in a timely manner. The Group will provide

material tax related documents that may be requested as soon as reasonably possible.

### **Tax risks**

The Group aims for a moderate tax risk profile and tries to prevent and reduce significant tax risks within the Group. In this regard, the Group tries to ensure that the tax burden has an appropriate relationship with the structure, nature and location of the activities, the applicable legal and tax framework and the Group's business risk appetite.

### **Monitor and Control**

The Group has established a detailed Tax Control Framework (TCF) based on which the tax position within the Group is monitored and controlled on a continuous basis. This TCF should ensure compliance with the tax laws and regulations in the relevant jurisdictions and the other principles included in the Group's Tax Strategy. In addition, the TCF is used to monitor and mitigate the (potential) material tax risks within the Group.