

Al-Dabbagh Group Tax Strategy 2024

Introduction

The Al-Dabbagh Group ('ADG' or 'the Group' or 'We') is a family business conglomerate headquartered in Jeddah, the Kingdom of Saudi Arabia and guided by its home-grown philosophy of Omnipreneurship: giving, earning and sustaining. We have a range of strategic business portfolios or business verticals: food, housing, mobility, packaging, retail as well as an incubation portfolio. All these business verticals operate independently from one other and are organised under the 'Strategic Architect' operating model, which is completely decentralized. Our business portfolio has a global reach with operations in over 30 countries across the world providing employment to well over 15,000 people.

ADG's investments and business operations generate a substantial amount and variety of taxes and they form a core part of our corporate responsibility and governance. The taxes we collect, pay and bear form a significant part of our economic contribution to the countries in which we operate. It is our commitment to comply with tax laws in all countries where we operate and to pay the right amount of tax legally due at the right time in accordance with rules set by Governments.

The purpose of this document is to set out our tax strategy and approach to tax. It has been prepared in compliance with the UK Finance Act 2016's obligation for ADG to publish its tax strategy online.

Tax Governance

ADG's tax strategy and approach to tax is aligned with the Group's value and purpose, Code of Conduct and Sustainability Strategy. We are committed to achieve high standards of tax governance wherever we do business.

Our Chairman and CEO approves the overall Group Tax Strategy and is ultimately accountable for compliance with this strategy. On an operational level this accountability is overseen by the Group CFO and the Audit Committee.

The Group Head of Tax is ultimately responsible for managing the tax affairs of ADG and this person owns and implements the Group's Tax Code of Conduct, its Tax Policy, its Tax Risk Management Policy, its Tax Risk Control Framework and its Transfer Pricing Policy. This includes ensuring compliance with the strategy, reviewing its effectiveness and internal controls as well as ensuring that the Group's tax function has the appropriate skills and experience to implement the policy, meet the objectives of the risk control framework and comply with the code of conduct. Tax managers working for the various business verticals are responsible for ensuring compliance with all local regulations in line with Group, vertical and local tax policies.

We set tax and transfer pricing policies which contain appropriate guidance and procedures aimed at ensuring the tax strategy is implemented and embedded in the way we do business. We review and update these policies to ensure tax risks are adequately assessed and resolved. We regularly report to the Audit Committee on tax risks and adherence to the tax strategy.

Attitude to tax planning

ADG undertakes tax efficiency planning that supports business decisions where tax is one of the factors being considered. We do not take an aggressive approach to tax planning.

When taking tax decisions and adopting tax filing positions due consideration is given to our reputation, brand, corporate & social responsibilities as well as the legal and fiduciary duties of our directors and employees. These factors form part of our overall business and tax decision making. All our tax decisions and tax filing positions are supported by genuine business purposes and are underpinned by commercial rationales. We allocate value by reference to where it is created and managed within the normal course of investment and business operations and we pay our taxes on that basis.

We recognize the importance of respecting both the letter and spirit of the law and take steps to determine and follow the intention of the legislature where reasonably possible.

Tax incentives are sometimes provided by governments and fiscal authorities to encourage business investment, employment and economic development. Such incentives are utilised where appropriate and, in the manner, intended. ADG establishes entities in jurisdictions suitable to hold, fund and finance foreign investments giving consideration to its business activities, the prevailing regulatory environment available and as appropriate in line with joint venture requirements. We do not engage in or uses artificial tax arrangements and we do not use tax haven jurisdictions to manage our taxes.

Managing tax risks

Tax legislation is often complex and whilst ADG is committed to comply with all legislation in all countries where we have activities the risk of tax uncertainties and tax disputes cannot be excluded. Where tax law is unclear or subject to interpretation written advice or confirmation is sought from external professional advisors as appropriate to assess that our tax position would more likely than not be sustainable and upheld upon final settlement with the competent authorities in case of a dispute. We only take tax decisions and adopt tax positions where we are able to conclude that it is at least probable that this position will be upheld upon final determination by a Court of Law in an appeal situation. Where possible we seek to obtain clarity from the competent tax authorities through proactive engagement on the basis of full disclosure of the relevant facts and circumstances.

We follow ADG's risk management system and framework as a basis to identify, assess, manage and monitor known and emerging tax risks and to minimize tax uncertainties and tax disputes. The Group's tax function reports on a periodic basis to the Group's Audit Committee on its Tax Risk Control Framework.

Working with governments

ADG aims to develop and foster good working relationships with tax authorities, government bodies and other related third parties. We undertake all dealings with such parties in a professional, courteous, transparent, co-operative and timely manner. If there are misunderstanding and misinterpretations around matters of fact or law, we seek to work with tax authorities to resolve them.

We are committed to be compliant with Anti-Bribery and Corruption laws in all the countries where we operate. We have a zero tolerance for bribery and corruption.