

ZENITH BANK PLC

TAX STRATEGY DOCUMENT

Tax Governance

Tax is managed by an integrated team of tax specialists led by Head of Tax reporting to the Group Chief Financial Officer (“Group CFO”). They deal with Tax Compliance, Tax Accounting & Reporting, Indirect Tax, Corporate Tax Audit, and Transfer Pricing.

The Head of Tax, at least once a year, provides the entire Board of Directors formally with details of relevant worldwide tax developments, tax audits and tax controversy and specific actions the Group is taking to address those trends. This meeting is also attended by the Group’s General Counsel and the Statutory Auditors.

Tax Risk Management

Tax risk management is primarily the responsibility of the Group CFO, and supported by the Head of Tax. The Group CFO is ultimately responsible for implementing tax strategy across the group while the Group Head of Tax is responsible for day to day tax risk and opportunities management. Tax is managed by:

- ensuring that there are appropriately qualified and experienced employees in the tax function
- putting processes and procedures in place that mitigate risk (using technology, database management systems and agreed processes)
- using external advisors for review and independent checks.

Approach to Reviewing Tax Legislation

We will subscribe to platforms to actively monitor new tax legislation and any changes of interpretation of existing legislation as part of the management of our estimated effective tax rate throughout the year and the management of all taxes (including indirect tax and transfer pricing issues). We seek external assistance from top professional advisors in respective markets where we operate and clarification from the Tax Authorities where there are alternative interpretations of the law or uncertainty.

Culture of Compliance and Tax Code of Conduct

We have adopted a Code of Conduct and other internal policies and guidelines intended to support our mission statement and to comply with the laws, rules and regulations that govern our business operations. The Code applies to all directors, officers and employees of Zenith Bank Plc. Based on management reports, the Audit Committee monitors compliance with the Code and other internal policies and guidelines.

Our published Code of Conduct affirms that we believe that “acting ethically and responsibly is not only the right thing to do, but also the right way to do business”. Abiding by the standards and procedures outlined in the Code and related policies is a condition for continued employment with the Company. Our tax culture and code of conduct would be implemented such that we maintain our reputation as a tax compliant and ethical organization in all the jurisdiction where we operate.

Cross-Border Transaction Risk

We engage in intercompany transactions, some of them with entities outside Nigeria. All the locations where our subsidiaries operate have implemented income tax legislation explicitly requiring that intercompany transactions be conducted according to arm’s length standards and that materials be prepared (i.e. transfer pricing documentation) to demonstrate compliance in this regard.

Products and Services

We strive to develop products that add value for our customers, including digital products and derivatives. The tax team is involved from the beginning of any project or product development. The tax team is also involved in any necessary tax due diligence and the overall deal process.

Tax Risk Appetite and Attitude to Planning

We generally have a low tolerance for tax risk. We work diligently to fulfill tax compliance obligations and avoid, where possible, errors or omissions and/or late submissions of tax filings or tax payments. When tax risks arise due to uncertainty or complexity we will, where appropriate, seek external advice in relation to analysis of, and decisions about, these risks. We have no appetite to participate in activity that may create a high level of tax risk.

We recognize our responsibility to pay tax under applicable laws in the jurisdictions in which we operate, as well as our responsibility to shareholders to operate in an efficient manner. To fulfill these obligations, we engage in responsible and reasonable tax planning. We do not engage in artificial tax planning arrangements where the main purpose is tax avoidance – our approach to tax planning is driven by the commercial and economic substance of our business.

Approach to Dealings with Tax Authorities

In any dealings with tax authorities, we look to maintain an open, constructive, and transparent relationship. When appropriate, we work to ensure tax authorities understand the value drivers of our business and how we operate. There may be situations where we disagree with the tax authorities on interpretation of the applicable tax law or tax treatment. Where these cases arise, we work collaboratively with the tax authorities where possible to achieve clarity and certainty regarding the interpretation of tax law, in a timely manner and proactively, rather than during tax audits.

Our approach to Taxation is reviewed and updated annually. This tax strategy is prepared for 2019 financial year.