

## **Tax Policy**

Kakao explores the possibilities of creating a better world with technology and people and strives to make a truly positive change in the world. We have stipulated and are operating our tax policy to grow our business as a way to contribute to our society and economy and fulfill our obligations in faithfully filing and paying taxes. We stringently abide by the following principles in our tax filing and payment.

### **1. Comply with country-specific tax laws**

We faithfully file tax returns and pay taxes accordingly in conformity with laws and regulations in countries where we operate, and do not take advantage of inconsistencies among countries in tax law for the purpose of tax evasion. We strictly prohibit the transfer of intangible assets, financial assets and/or other values to jurisdictions where effective tax rates are low, and do not use any tax structure void of a substantial commercial entity. We do not rely on tax havens which unjustifiably reduce one's tax liability, and faithfully perform our obligation to pay taxes in all countries where applicable.

### **2. Respond to tax risks through preliminary reviews**

We operate an internal tax department to monitor all potential tax risks that may occur in the course of our business conduct and respond to such risks through preliminary reviews. We also reflect the amendments made to tax laws each year in our operations and constantly check whether such amendments bring any change to the issues that have been already examined. This risk management process is supported by the expert opinions provided by domestic and global tax professionals, and tax issues that are complicated and critical are addressed by submitting inquiries to tax authorities in advance.

### **3. Comply with transfer pricing regulations in related party transactions**

We follow transfer pricing regulations of respective countries in engaging in related party transactions in Korea and overseas. As to related party transactions that we enter into with foreign counterparts, we determine their reasonable range of transfer

pricing based on assessment reports prepared in accordance with transfer pricing guidelines.

#### **4. Fully disclose tax information**

We establish transparency in disclosing information on our income tax expenses, deferred income taxes, assets and liabilities through the financial statements and their annotations contained in the audit reports submitted to the electronic disclosure system of the Financial Supervisory Service. We faithfully respond to any request for information made by tax authorities to maintain constructive and mutually cooperative relationships. We are aware that tax evasion which goes against the obligation for transparent taxation undermines the brand value of the Kakao Community and tarnishes our reputation as a company widely trusted and beloved by the public, and make sure that we transparently disclose all information from the long-term viewpoint.

#### **5. Manage global tax risks through BEPS reporting**

We prepare country-specific Base Erosion and Profit Shifting(BEPS) reports as recommended by the OECD to regulate cross-border tax evasion, and submit such reports to tax authorities. We also sincerely provide information necessary for our affiliates operating outside Korea to submit their own BEPS reports.

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