

Global Tax Strategy

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This policy document covers Firstsource Solutions Limited and its subsidiaries (together defined as 'FSL')

Introduction

Firstsource, a part of the RP-Sanjiv Goenka Group, is a leading provider of business process solutions to more than 100 global businesses in the Banking and Financial Services, Healthcare, Communications, Media and Technology, and diversified industries. A publicly traded company on the Indian Stock Exchange, NSE: FSL, Firstsource employs over 26,000 people across the US, UK, India, Philippines and Mexico.

Using FSL's 'Digital First, Digital Now' strategy as the north star, FSL's transformational tech-based solutions help clients simplify complex business processes, elevating customer experience and creating value across your business. FSL's tech-based solutions span three major areas: Digitally Empowered Contact Centre, Intelligent Back Office, Platforms, Automation and Analytics.

As a global leader, FSL also brings the strength of its resources, people, and practices to support CSR initiatives across education, healthcare and the environment around the world. FSL is working hard to ensure that deprived and marginalized sections, especially women and children, acquire the right skills to avail employment through specialized training-led workshops and virtual counselling programs. We're lending a healing touch with our preventive healthcare initiatives, food donation campaigns, and fund raising and awareness drives in the areas of cancer care, mental health, and physical well-being.

Besides these CSR initiatives, FSL contributes to the economic and social development of local communities by creating high quality, well-paying jobs that support the local economy and expand the tax base, and through the direct and indirect taxes that it pays to state and central governments. Further, FSL is cognizant of the contribution that tax can make as a means of financing social infrastructure and consider it our foremost responsibility to make fair and timely tax payment in the jurisdictions we operate. This is in pursuance of our sustainable development goal of strengthening domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection.

This tax strategy document sets out FSL approach to managing its tax affairs and the risks associated with them. It is guided by our governance philosophy of upholding the highest standards of responsible corporate citizenship in the communities and countries that we operate in, while serving the interests of our customers, employees, partners, and other stakeholders, to protect our reputation and strengthen the FSL brand.

The Tax Strategy is owned by the Chief Financial Officer ('CFO') and is reviewed periodically for any proposed amendments. The Board of Directors ('Board') is responsible for ensuring there is an appropriate framework for the implementation of the Tax Strategy and oversight of the identification and management of tax risk. The Finance Head supported by the accounting and tax teams is responsible for the implementation of the Tax Strategy including implementing new controls where material tax risks are identified. A number of tax sensitive processes are performed within the accounting and tax teams and each relevant individual is responsible and accountable for meeting their tax obligations, controls and policies which includes the internal controls over financial reporting for taxation and any scope inclusion for tax identified by the internal audit function. The CFO briefs the Audit Committee of the Board on all material tax matters and the Chairman of the Audit Committee in turn updates the Board.

FSL Tax Strategy

The FSL tax strategy, is as follows:

- The Company tax strategy is aligned with the overall business strategy and to Firstsource Group's approach to corporate governance and risk management wherever we operate
- We act in accordance with and seek to comply with relevant tax laws and obligations in all the jurisdictions we operate in and accordingly pay our fair share of taxes in respective countries.
- We have established robust tax risk management processes that enable the identification, assessment, management, and mitigation of key tax risks, along with accurate recording and reporting.
- We do not engage in tax evasion, nor planning that aims to achieve results that are contrary to the legislations or transfer value created to low tax jurisdictions.
- We believe in an open and constructive dialogue with tax authorities and seek to foster cooperative and trusted relationships.
- We support the principle of transparency and accordingly adequate disclosures are made in the financial statements to communicate appropriate information regarding our tax matters clearly to all stakeholders.
- As an organization we aim to be honest, fair and truthful in all of our dealings, and these principles of integrity are reflected in our relationship with tax authorities. In addition to operating with integrity, where possible and appropriate we seek to be proactive with tax authorities to ensure the efficient resolution of issues as they arise
- Any tax decisions are made in a manner which is consistent with the ultimate Group's strategy.

Commitment to Compliance

FSL is committed to complying with statutory tax obligations in all the jurisdictions in which it operates in a responsible manner. This includes:

- Filing accurate, timely tax returns as well as settling any tax obligations as required
- Disclosure of relevant facts and circumstances to tax authorities.

The tax strategy is regularly reviewed by the management to ensure that the people, processes, and technology deployed are appropriate to manage our current tax matters.

Tax Risk Management and Governance

The Company is committed to ensuring that its tax affairs are open, transparent and compliant with tax legislation. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors, and society at large. The Company's tax risk management, governance, and controls include measures and tools to ensure that we can identify, assess, manage, and mitigate any operational reporting, financial reporting, and compliance tax risks in all the countries we operate in.

The Company's internal structure is set up to ensure:

- The Board understand the importance of tax compliance, and how it is achieved
- There is a constant dialogue between the Board and those individuals tasked with the operation of the finance and tax function; and
- The Company portrays a positive view towards tax compliance and the importance of meeting its obligations.

The Board has established that the following principles will form the basis of management's philosophy and the Tax Strategy to achieve the vision of compliance and governance with respect to tax:

- Good governance: The Company seeks to comply with all relevant tax legislation;
- Internal control: Implement a system of internal controls in order to minimise tax risk;

- Documentation: Ensure that agreed tax processes are documented in order to mitigate the risk of error;
- Training: Investing in training for those staff tasked with tax compliance and governance;
- External advice: Seeking specialist external tax advice where required.

Tax Planning

The Company's tax strategy is aligned with the overall business strategy and to the Group's approach to corporate governance and risk management wherever we operate.

The Company does not undertake aggressive or artificial tax planning, the sole purpose for which would be obtaining a tax advantage. The Company undertakes tax decisions and planning as part of its overall business strategy and engages the services of professional advisers to assist with major or complex business decisions in order to fully understand any associated tax risks.

The Company seeks to ensure that transactions are structured such that any tax reliefs or incentives available are realized in line with the intended tax legislation and only where there is a credible technical standing.

The Company is committed to acting with integrity and transparency. The mechanism for reporting any concerns about unethical or unlawful behaviour and organization integrity to tax will be governed by the Company's whistleblower policy. The tax strategy and policies seek to make use of appropriate reliefs to control the tax costs. The transactions are driven basis commercial rationale and the company's economic activity and not for the main purpose of gaining a tax advantage.

All inter Company transactions shall be conducted at arms length based on a transfer pricing study under the principles of OECD or equivalent guidelines.

Constructive approach to engage with Tax Authorities

The Company is committed to the principles of openness and transparency in its approach to dealing with Tax Authorities. The Company aims to:

- Promote a professional and collaborative relationship which is based on principles of transparency and justified trust;
- Make fair, accurate and timely disclosure in correspondence and returns, and respond to queries and information requests openly and honestly in a timely fashion;
- Resolve issues with the Tax Authorities in a timely manner;
- Ensure all interactions with the Tax Authorities are conducted in an open, collaborative and professional manner; and
- Disclose and correct any inadvertent errors as soon as is reasonably practical and implement controls to ensure future compliance.

The Company proactively and constructively engage in dialogue with governments, intergovernmental organizations, and industry groups to support the development of tax systems that are fair, transparent, efficient, effective, administrable, and sustainable.

All dealings with the tax authorities and other relevant bodies are conducted in a collaborative, courteous, timely manner and in compliance with the Company's Code of Conduct.

Tax Management and Organisation

All finance personnel employed the company are responsible for complying with the principles and strategy set out in this document and with wider tax governance requirements.

We are committed to providing training to non-tax personnel in key areas such as HR, finance, and business affairs to ensure that they are able to inform the tax team of relevant developments, and to make decisions with tax consequences in the best interests of the company and in line with this strategy.

External Advisors

Tax advice may be sought from external advisors in respect of material transactions as and when needed. We do not use artificial tax avoidance schemes or tax havens to reduce the tax liabilities or take an aggressive interpretation of tax legislations. We seek external tax advice in certain situations where we believe there is uncertainty with respect to the application of the tax laws, to ensure that we do not suffer any unforeseen or unreasonable tax outcomes.