

Adyen's Responsible Approach to Tax



adyen

engineered
for ambition

Adyen's Responsible Approach to Tax

At Adyen, our commitment to responsible tax practices is fundamental. By integrating this as a tax policy into our broader business strategy, we want to fulfill our duties and pay our fair tax share, upholding our responsibility to stakeholders and the communities we serve.

This approach¹ reflects our dedication to transparency and responsible corporate (tax) behavior across Adyen N.V. and all legal entities, branches and (representative) offices within the Adyen group.

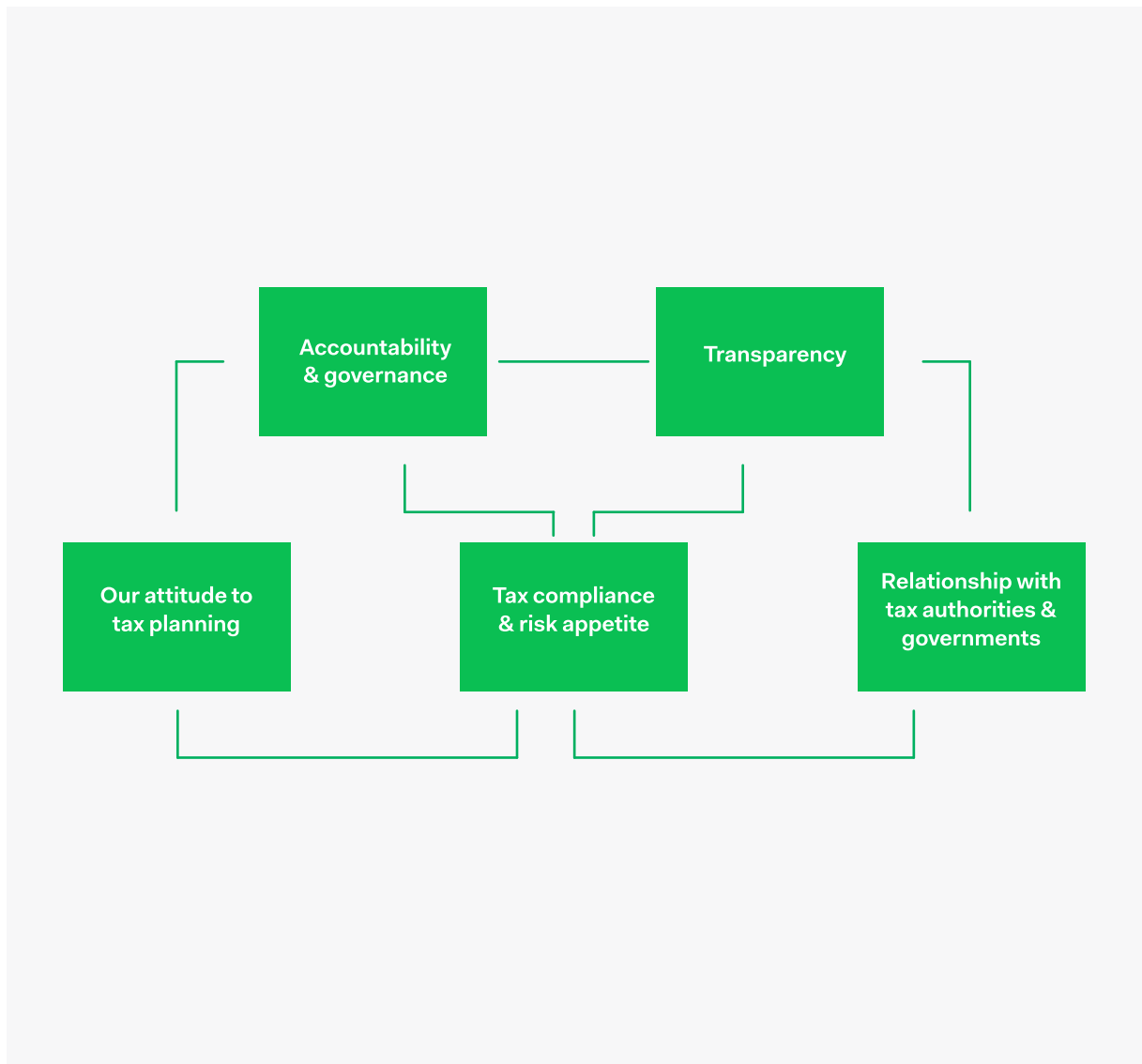


¹This document is published in accordance with the Tax standard 207 of the Global Reporting Initiative (GRI), the VNO-NCW Tax Governance Code, VBDO Tax Transparency Benchmark, as well as the requirements set out in paragraph 22 (2) Schedule 19 of the UK Finance Act 2016.

Our tax policy

This tax policy has been laid down by the Board of Managing Directors (hereafter the Management Board). It is guided by a conservative tax strategy and underpinned by a low-risk appetite. We prioritize sustainable and scalable practices that enable the business over aggressive tax planning and aim to avoid double taxation.

More specifically, our tax policy consists of 5 interconnected tax principles of conduct.



Tax Principles of conduct

1. Our attitude to tax planning

Our business set-up is fully driven by commercial, sustainable and scalable considerations and is aligned with the business activities we have. We pay our fair tax share in all countries where we operate and do not seek refuge in tax havens.² Understanding how and where the different companies in our group create value is therefore key. Adyen's tax team is tracking this in close collaboration with all stakeholders involved. In line with this, we only set up entities in countries where we actively do business, highlighting that we do not create entities solely for the purpose of gaining tax advantages.

This also means that we will not enter into set-ups or transactions, including arrangements with employees, merchants and contractors, that are not aligned with our business model solely to obtain a tax benefit or subsidy.

We make limited use of tax incentives or subsidies. When applying for them, we ensure compliance aligning with our principles and values.

2. Tax compliance & risk appetite

We strive for full compliance with tax laws and regulations. This is underpinned by a robust tax risk management strategy that proactively identifies potential risks through top-down and bottom-up risk assessments. This comprehensive approach ensures that we are aware of and responsive to business changes and the evolving tax landscape.

We ensure that all tax filing positions are supported by documentation and thorough analysis. Members of the tax team participate in relevant external training to ensure their knowledge is up to date and if specific knowledge is not available in-house, we seek external advice.

We have a transfer pricing strategy in place which ensures that the charges between our affiliated companies are at arm's length, benchmarked and well-documented in our transfer pricing documentation.

We support the principles of the OECD's work on Base Erosion and Profit Shifting (BEPS), including country-by-country reporting. We also value the importance of taking the spirit and purpose of the law into account when making tax decisions, and complying with the Environmental, Social and Governance (ESG) framework.

Under our Whistleblowing Policy, anyone within Adyen can report concerns about unethical or unlawful tax behavior. Tax evasive behavior is not accepted. Adyen takes full responsibility for paying the right amount of tax, at the right time, in the country where value is created.

²Adyen follows the EU list of non-cooperative jurisdictions to determine which country qualifies as 'tax haven'.





3. Relationship with tax authorities & governments

We strive to maintain a balanced relationship with tax authorities and engage in regular dialogues, fostering a climate of mutual respect and understanding. We are open to participating in cooperative compliance agreements. This may result in Adyen concluding tax agreement(s) with tax authorities to get upfront certainty on material tax implications that may arise. Where disagreement arises, we are committed to be transparent and collaborative with tax authorities to solve this.

Adyen intends to refrain from public policy advocacy on tax and tax lobbying activities. We have no active involvement in the development of tax legislation. However, Adyen is willing to provide feedback to legislators or other stakeholders with the goal of achieving clear laws and guidance, ensuring efficient tax compliance processes and maintaining a level playing field.



4. Accountability & Governance

The Management Board through its (co)CEO, CFO and other board members ensure due observance of the tax principles of conduct set forth in this tax policy.

Within Adyen we have defined the roles and responsibilities when it comes to managing tax risks and ensuring that the compliance requirements are met. This responsibility lies primarily with the Head of Tax and the tax leads within the tax team.

Tax control framework

Adyen utilizes a tax control framework to manage and control Adyen's global tax risks. Having a robust governance, control, and tax risk management system ensures that Adyen's tax principles of conduct are properly embedded within the organization.

Compliance with the tax control framework is effectuated through internal controls for which evidence is documented and collected on a regular basis. The internal control team monitors and tests effectiveness of the tax control framework. We continuously seek new ways to embed automation across all our tax processes, including tax control.

Adyen's Head of Tax, Head of Group Finance and CFO are active members of the Risk Committee and report on tax risks to the Risk Committee, but also to the Audit and Risk sub-committee of the Supervisory Board (at least yearly).

Adyen's independent Internal Audit function performs various audits. Our external auditor annually audits our consolidated financial statements which includes tax provisions following our tax risks.

The tax policy, i.e. Responsible Approach to Tax, is updated at least annually or in case of significant changes by the Tax team. The Risk Committee reviews this document before submitting it to the Management Board for their approval.

5. Transparency

We maintain transparency regarding our tax management approach and the amount of taxes we pay in the countries where we have a presence. To do so, Adyen publishes a total tax contribution report as part of the annual report that covers both the corporate income taxes paid and the taxes collected, such as: value added tax and payroll tax.

Final words

This document is approved by Adyen's Risk Committee and Management Board. It outlines the daily management of the tax function and reflects our dedication to transparency and responsible corporate (tax) behavior.

Adyen's tax team, the Head of Group Finance and CFO are responsible for ensuring compliance with this tax policy.

Appendix 1: Compliance with VNO-NCW Tax Governance Code

| TGC Section | Reference (publicly available) |
|--|---|
| A. Approach to Tax: Tax Strategy & Tax Principles | |
| 1. Tax strategy and approval | Responsible Approach to Tax on website |
| 2. Board reporting | Responsible Approach to Tax on website |
| 3. Tax strategy applicable to all group entities | Responsible Approach to Tax on website |
| 4. Applicable for employees, customers, and contractors | Responsible Approach to Tax on website |
| B. Accountability & Tax Governance | |
| 1. Board accountability | Responsible Approach to Tax on website |
| 2. Tax Control Framework | Responsible Approach to Tax on website |
| 3. Internal and external audit | Responsible Approach to Tax on website |
| C. Tax compliance | |
| 1. Complete, accurate and timely compliance | Responsible Approach to Tax on website |
| 2. Responsible tax planning | Responsible Approach to Tax on website |
| 3. Reasonable interpretation of tax laws | Responsible Approach to Tax on website |
| 4. Use of tax incentives | Responsible Approach to Tax on website |
| 5. Use of rulings from tax authorities | Responsible Approach to Tax on website |
| D. Business Structure | |
| 1. Tax havens | Responsible Approach to Tax on website |
| 2. Tax on value creation | Responsible Approach to Tax on website |
| 3. Arm's length principle | Responsible Approach to Tax on website |
| E. Relationships with Authorities and Other External Stakeholders | |
| 1. Cooperative relationships with authorities | Responsible Approach to Tax on website |
| 2. Constructive dialogue | Responsible Approach to Tax on website |
| 3. Disputed issues and controversy | Responsible Approach to Tax on website |
| F. Tax Transparency & Reporting | |
| 1. Tax policy and tax risk management policy published | Responsible Approach to Tax on website |
| 2. List of entities owned | Total Tax Contribution in Annual Report |
| 3. CIT paid and accrued per country | Total Tax Contribution in Annual Report |
| 4. Taxes borne and collected | Total Tax Contribution in Annual Report |
| 5. Tax incentives | Total Tax Contribution in Annual Report |
| 6. Advocacy approach | Responsible Approach to Tax on website |