

Dolby Tax Strategy

In September 2016, the Parliament of the United Kingdom (“UK”) enacted the Finance Act 2016 (the “Act”). Among other things, the Act introduced a new requirement for all large businesses operating in the UK to publish a Tax Strategy Statement (“Statement”) disclosing (a) the approach of the group to risk management and governance arrangements in relation to UK taxation, (b) the attitude of the group towards tax planning (so far as affecting UK taxation), (c) the level of risk in relation to UK taxation that the group is prepared to accept and (d) the approach of the group towards its dealings with Her Majesty’s Revenue and Customs (“HMRC”).

This Statement is applicable to the following UK subsidiary and partnership (collectively “Dolby UK”) of Dolby Laboratories, Inc. (“Dolby”) in accordance with the Act and will remain in place until superseded.

- Dolby Europe Limited
- Dolby Properties LP

Risk management and Governance arrangements in relation to UK taxation

Dolby UK’s policy is to comply with all relevant rules, regulations, disclosure requirements and to pay the amounts of tax that are legally due. Dolby UK’s Board of Directors, along with its management, understand the importance of corporate governance, and leverages Dolby’s tax and finance functions to apply local tax laws and regulations. The VP of Tax & Treasurer, who reports to the CFO of Dolby, is ultimately responsible for Dolby UK’s tax strategy and policies. Dolby’s tax and finance team is appropriately skilled, trained, and supervised for the level of roles and responsibilities performed. This team, in partnership with external tax advisors, monitors key UK tax risks and takes into consideration the changes in business and tax legislation.

Dolby maintains suitable systems and internal control processes to ensure that its overall control framework is appropriate. This involves, but is not limited to, account reconciliations, self-review and the use of Dolby’s Internal Audit function. Dolby’s Board of Directors through its Audit Committee monitors the integrity of Dolby financial reporting system, internal controls over financial reporting and disclosure, compliance, governance and risk management framework including the elements relating to taxation. In this way, appropriate governance and oversight of tax risks is maintained.

Attitude towards tax planning (so far as affecting UK taxation)

Dolby UK does not engage in any artificial transactions, tax avoidance schemes, or aggressive tax restructuring, the sole purpose of which is to reduce UK tax. Dolby UK seeks to minimise uncertainty, risk or disputes and engages external tax advisors as appropriate. Any tax planning undertaken as part of Dolby's business strategy will be supported by economic and commercial substance.

Dolby UK may avail of government sponsored tax incentives where appropriate and in line with substantive business activities (e.g. Capital Allowance).

Level of risk in relation to UK taxation that it is prepared to accept

Dolby UK recognises there is always some level of risk on taxation including but not limited to:

- The complexity of taxes including frequent changes in laws;
- The scope for disagreement over the interpretation of laws meaning that tax authorities may take a different view of the application of legislation.

A conservative approach is adopted in relation to tax risks. Dolby UK is committed to fulfilling its tax obligations and paying the correct amount of tax at the appropriate time. With respect to transactions in which there could be significant doubt or uncertainty as to the tax treatment, Dolby would customarily seek advice from external advisers and proceed accordingly. Dolby is conscious of the potential for negative impact caused by taking inappropriate tax positions, and sees strong internal processes as an effective way to manage this reputational risk. Dolby UK seeks to ensure that its tax arrangements remain consistent with a low risk assessment, both in financial and reputational terms.

Approach towards its dealings with HMRC

Dolby UK is committed to ensure full compliance with all statutory obligations to tax authorities. Dolby UK engages and responds to inquiries from the HMRC with respect, transparency, and co-operation in a timely manner. Dolby UK retains the services of external tax advisors to act as its agents to liaise with HMRC on its behalf and in a manner consistent with its principles.

This statement is applicable for the taxable year ending September 25, 2020.

(Dated September 25, 2020)