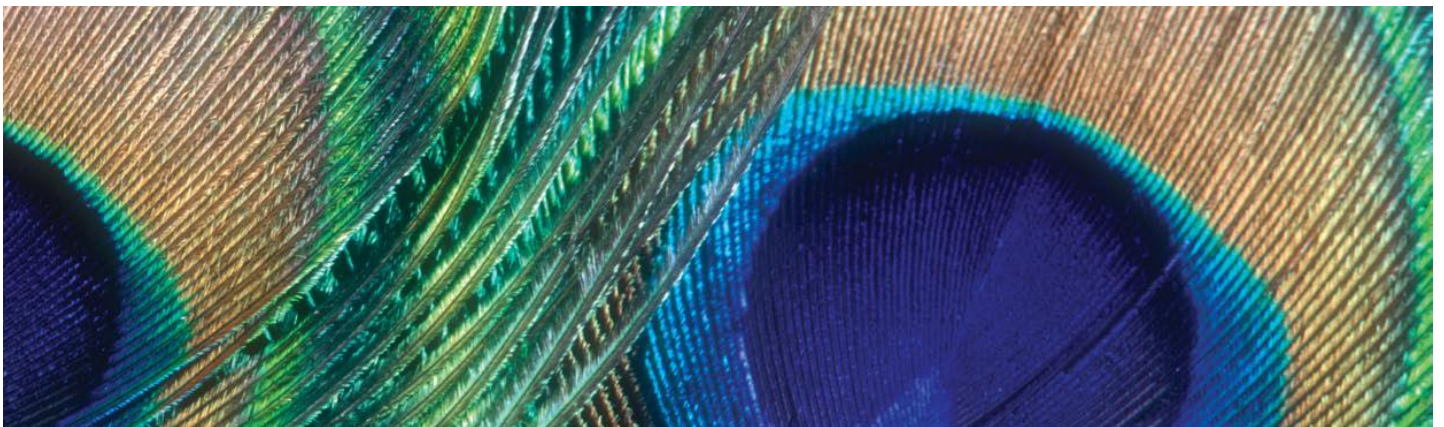




ARBUTHNOT BANKING GROUP PLC

Tax Strategy

In relation to Financial Year ending 31 December 2021



Registered Number 1954085

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Introduction

Arbuthnot Banking Group PLC

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Arbuthnot Banking Group PLC (“the Group”) consists of Arbuthnot Latham & Co., Limited (“AL”) and its subsidiaries, Arbuthnot Commercial Asset Based Lending Limited, Arbuthnot Specialist Lending Limited, Asset Alliance Group Holdings Limited, Renaissance Asset Finance Limited and Pinnacle Universal Limited. AL has a banking licence and is regulated by the Prudential Regulatory Authority and the Financial Conduct Authority and is an authorised deposit-taking business. Renaissance Asset Finance Limited and three of the subsidiaries of Asset Alliance Group Holdings Limited are regulated by the Financial Conduct Authority. Accordingly, the Group operates to the high standards of corporate accountability and regulatory compliance appropriate for such a business.

Corporate income taxes, employment and other business taxes are paid where applicable. In addition, the Group also collect and pay employee taxes and indirect taxes such as Value Added Tax (“VAT”). As the main activity of the Group is banking, a lot of the supplies of the Group are exempt supplies and therefore the Group has an agreed partial exemption method, which it applies in the calculation of the Group’s VAT liability.

Commitment to tax compliance

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The Group is committed to compliance with tax law and practice in the UK, which includes paying the correct amount of tax at the right place and right time, and having a transparent and constructive relationship with the tax authority. It also involves claiming reliefs and incentives where available and ensuring that the tax authority has all relevant facts and a clear understanding of circumstances.

The Group has also adopted the Code of Practice on Taxation for Banks. With the adoption of this Code of Practice, the government expects that banking groups, their subsidiaries, and their branches operating in the UK, will comply with the spirit, as well as the letter, of tax law, discerning and following the intentions of Parliament. This means that banks should:

- adopt adequate governance to control the types of transactions they enter into
- not undertake tax planning that aims to achieve a tax result that is contrary to the intentions of Parliament
- comply fully with all their tax obligations
- maintain a transparent relationship with HM Revenue and Customs (HMRC)

Governance & risk management

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Given the scale of our business and volume of tax obligations, risks will inevitably arise from time to time in relation to the interpretation of tax law and nature of our compliance arrangements. All tax risks are identified, evaluated, monitored and managed to ensure that they remain within the Group's objectives and overall guiding principles. The Group seeks to reduce the level of tax risk which arises from its operations, as far as is practicable, by ensuring reasonable care is applied in all processes which could affect the Group's compliance with its tax obligations.

Documented tax policies and procedures are maintained in relation to key tax processes, e.g. transfer pricing, corporation tax and VAT. These are reviewed annually and all tax processes are subject to the same level of internal controls, assurance processes, Code of Conduct, internal audit (only done periodically) and external audit as the rest of the Group's business.

Where the Group engages in any out of the ordinary transactions, professional advice is sought on potential tax implications.

Tax planning

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Commercial activities are structured taking into consideration, among other factors, the tax laws. This is done with a view of maximising shareholder value, however, no arrangements will be put in place that are contrived or artificial.

The Group will access government sponsored tax incentives where appropriate, e.g. Research and Development (“R&D”) tax credits. At all times, the Group seeks to comply fully with its tax obligations and to act in a way which upholds its reputation as a responsible corporate.

The Group will always get professional advice whenever there are any new tax rules that come into force, e.g. loss restriction rules, etc.

Managing relationship with Tax Authority

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The Group seeks to develop and maintain a professional and transparent relationship with the tax authority. All correspondence with HMRC is done with honesty and integrity. The Group will not take positions on tax matters that may create reputational risk or jeopardise the firm's good standing with the tax authority.

HMRC is kept up to date with significant transactions and changes in the business and the Group seeks to discuss any tax issues arising at an early stage. All relevant facts are disclosed to HMRC.

In the event of any inadvertent errors in submissions made to HMRC, the Group will fully disclose details of such errors as soon as is reasonably practicable after they are identified.

Board ownership and oversight

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This tax strategy is in line with our Code of Conduct and is approved and owned by the Board.

Legislative compliance

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The aforementioned tax strategy/policy complies with the UK legislative requirement under paragraph 16(2) Schedule 19 Finance (No.2) Bill 2016.