

## **GIB UK 2019 TAX STRATEGY**

### **Introduction**

Gulf International Bank (UK) Limited is authorised by the Prudential Regulation Authority (PRA) and regulated by the PRA and the Financial Conduct Authority as a deposit taking bank and is also permitted to manage investments, provide custody services and to deal in investments as principal. The Group's principal operations are carried out in London, with a branch in New York.

The Bank's principal business activity is focused on client related activities in Treasury and Asset Management.

Treasury activity consists of taking deposits from institutional clients based primarily in the Gulf Cooperation Council ("GCC") and placing those funds in short dated money market instruments, an investment portfolio, as well as the provision of Foreign Exchange services for clients. The Asset Management business consists of the management of equity and fixed income discretionary portfolios for institutional clients based in the GCC. It also manages the GIB Trade Finance Fund, which is established as a separate legal entity.

GIB is committed to acting ethically and with integrity in all our business relationships and this is firmly enshrined in our Code of Conduct ([http://www.gib.com/corporate-governance#code\\_conduct](http://www.gib.com/corporate-governance#code_conduct) ). Central to this Code of Conduct is to ensure that our staff "act responsibly, honestly, fairly, ethically and with integrity at all times."

In addition, Gulf International Bank (UK) Limited has adopted the Code of Practice on Taxation for Banks that was introduced in 2009 to promote transparency and encourages banks operating in the UK to implement best practices in relation to their tax affairs, and not to promote or knowingly facilitate UK tax avoidance. Information in relation to the Code of Practice on Taxation for Banks can be found at the UK Government's website (<https://www.gov.uk/government/collections/the-code-of-practice-on-taxation-for-banks> ).

The Bank's clients and other stakeholders expect the Bank and its employees to abide by our Code of Conduct, local laws and regulations, as well as the Bank's policies and procedures as they carry out their duties and functions. We believe that everyone at GIB has a responsibility to follow the letter and spirit of this Code, and its related policies.

### **Our Tax Strategy document**

This Tax Strategy is applicable to our tax activities as they relate to UK taxation.

This document meets the requirement for GIB UK to publish its Tax Strategy as required by section 161 and section 19(2) of Schedule 19 of Finance Act 2016.

It is effective for the year ended 31 December 2019 and covers Gulf International Bank (UK) Limited and all of its UK subsidiaries.

This Tax Strategy has been developed by the UK Chief Financial Officer. In developing this Tax Strategy, we have aimed to align the four tax principles below to our commitment to acting ethically and with integrity in all our business relationships.

### **1) Tax compliance and reporting**

In meeting our UK taxation obligations, we are committed to meeting all our legal and regulatory requirements in paying the correct amount of tax. As part of this commitment, we comply with the Senior Accounting Officer ('SAO') requirements and we undertake a review of our tax processes (for Corporation Tax, VAT and Employment Taxes), working with external advisors to benchmark our SAO review processes to leading practice.

### **2) Our approach to tax planning**

We have a low risk appetite to tax planning as it affects UK taxation, and tax decisions are aligned to business and commercial strategy. Like any other business expense however, we seek to create value for our shareholders. As such, we may respond to tax incentives and exemptions where appropriate and in a way that is consistent with HMRC and government policy.

We always seek to apply diligent professional care and judgement in any tax planning activities, as well as our tax reporting and compliance obligations, and provide sufficient evidence to support all judgements made.

As appropriate, we will seek external professional tax advice to support us in any tax decisions made, and to ensure we apply any tax incentives and exemptions legitimately. If appropriate, we also seek advance clearances with HMRC to ensure we minimise the risk of uncertainty.

### **3) Governance and risk management**

The UK board of directors is ultimately accountable in respect of all UK tax matters, and provides oversight in ensuring that tax is considered within the wider context of the business and in how tax risk is managed across GIB UK.

Compliance and risk matters, including those concerning taxation, are included on the agenda at board meetings. Additionally, the Audit and Risk Oversight Committee meet on a quarterly basis and will include tax as part of their review of the wider risk governance framework as appropriate.

The Chief Financial Officer has responsibility over GIB UK's approach to tax on a day-to-day basis which includes the identification, prioritisation and monitoring of tax risk across the business, as well as the escalation of tax risk to the board of directors. The ongoing monitoring of tax accounting arrangements as part of annual SAO compliance provides part of this process.

#### **4) Relationships with Tax Authorities**

GIB UK is committed to working with HMRC in an open, honest and transparent manner. Wherever possible, we also seek to achieve early agreement on issues and certainty. This also means that we will seek to work collaboratively with HMRC in terms of keeping them up to date about any commercial developments and events in our business that may have a tax impact.

Approved by the Board on 10 December 2019