

NatWest Group Plc – Group Tax Strategy

“NatWest Group is committed to the responsible management of our worldwide tax affairs including a compliant approach to tax law in a transparent manner.”

Introduction

The NatWest Group Tax Strategy sets out the approach we take to our tax affairs and management of tax risk.

Our Group Tax Strategy has been approved by the Board of Directors and is reviewed and updated each year to ensure it continues to reflect our current practice and approach. Updates are approved by either the Group Board or a senior committee as required.

Our overall approach

At NatWest Group we believe that how we conduct ourselves determines whether people want to do business with us, work for us and welcome us as part of their community. This ethos is enshrined in [Our Code](#) which is integral to the way we do business and the values that we hold. We put purpose at the core of everything we do to create a sustainable and resilient long-term future. We aim to make a positive contribution to society benefitting our colleagues, customers, suppliers and communities as well as our shareholders.

In line with [Our Purpose](#) led strategy and the principles outlined in Our Code, NatWest Group is committed to the responsible management of our worldwide tax affairs including a compliant approach to tax law in a transparent manner. We are committed to paying the right amount of tax in the jurisdictions in which we operate; to completing and submitting accurate tax returns and to paying tax due within the timeframes set by legislation. NatWest Group has signed up to the UK Government’s [Code of Practice on Taxation for Banks](#) (“The Code of Practice”) which commits us to obeying the spirit as well as the letter of the law and to maintaining an open dialogue with HM Revenue & Customs (“HMRC”). We have been a signatory to The Code of Practice since its introduction in 2009. All parts of the bank worldwide are expected to follow The Code of Practice.

The responsible approach we take to our tax affairs extends to our relationships with key stakeholders including our employees, customers, contractors and suppliers.

Our approach to governance

The Group Board is collectively responsible for the long-term success of NatWest Group and the delivery of sustainable shareholder value. Its role is to provide leadership of NatWest Group within a framework of prudent and effective controls which enables risks to be assessed and managed. Ultimate responsibility for NatWest Group’s Tax Strategy and compliance rests with the Board. Day to day management of NatWest Group’s tax affairs is delegated to the Head of Tax who has a reporting line into the Chief Financial Officer who is a member of the Board.

As part of the bank’s governance structure the Board discharges certain responsibilities through Board sub committees including the [Group Audit Committee](#) and [Group Board Risk Committee](#). Tax risks are reported to the Group Audit Committee at least annually and significant risks are escalated to the Board via the Group and franchise governance structures. The Group Board Risk Committee is responsible for reviewing and recommending the risk appetite framework to the Board for approval and senior management of the Bank are responsible for implementing and embedding the Board approved risk appetite framework across the Bank. The Group Board Risk Committee provides oversight of senior management in this regard.

Our approach to tax risk management

Tax risk may arise due to the misinterpretation of tax regulations or guidance; or due to failure of operational processes or controls and may lead to financial penalties, additional tax charges and/or damage to our reputation

with both tax authorities and our wider stakeholders.

We consider tax risk to be the risk of:

- failure to pay, report or withhold the right amount of tax in any jurisdiction
- failure to pay or report taxes on time; or
- failure to act in accordance with The Code of Practice.

Due to the size and complexity of NatWest Group's business we are exposed to tax risk as part of our day-to-day business. We seek to proactively identify, assess, manage and monitor tax risks arising from changes in tax legislation or practice, changes in our business or changes in the wider economic environment. We aim to operate within tax risk appetite and minimise the level of tax risk arising from our operations as far as is reasonably possible. We take both economic and reputational consequences into account when assessing tax risk.

In line with our internal risk management framework we have put in place specific policy documents and processes to ensure that we fulfil our tax obligations and adhere to The Code of Practice. These policy documents are applied globally and are regularly reviewed and updated to ensure that emerging risks are addressed. The businesses and functions within NatWest Group are accountable for implementing our tax policy documents and identifying, owning and managing tax risk; and are also responsible for delivering a robust, co-ordinated and effective control regime. Our Internal Audit department provides independent assurance to the Board and Executive Management on the quality and effectiveness of governance, risk management and internal controls to monitor, manage and mitigate key risks including tax risks. All staff receive annual online training to support adherence to The Code of Practice and associated tax policy documents within our internal policy framework.

Group Tax review of new products, transactions or business proposals is required through the Group's risk governed sign off processes. Our in-house tax department is staffed with appropriately qualified and experienced tax professionals who ensure that we comply with tax law and practice in a timely manner; that transactions and business proposals are within tax risk appetite and that we consult with HMRC and/or external advisors where necessary. Our tax specialists work closely with the businesses and functions to ensure that our approach to tax is applied consistently.

In line with the Senior Accounting Officer legislation, our Senior Accounting Officer is responsible for ensuring that we have appropriate accounting arrangements in place to allow our UK tax liabilities to be calculated accurately and for providing annual attestations to HMRC in this regard.

Should issues arise in relation to the application of tax policies and processes at NatWest Group then we have systems by which these are escalated and addressed.

We are fully transparent with HMRC in relation to our governance procedures, policies, processes and controls and how they enable us to comply with the requirements of The Code of Practice.

Our attitude towards tax planning

We aim to operate in a tax efficient manner by claiming tax exemptions, reliefs and incentives which are in line with the relevant legislation and its intended policy objectives; and are consistent with the operational objectives and economic substance of our business.

NatWest Group does not enter into artificial tax structures or offer products or arrangements that are intended for tax avoidance. We will only undertake tax planning which supports genuine economic and commercial activity, is based on reasonable interpretations of applicable law and is compliant with The Code of Practice. Any tax planning proposed is subject to a robust review and approval process. Where there is doubt regarding the treatment of a transaction under The Code of Practice, Group Tax will refer the transaction to HMRC for clearance. Should a proposal not fall within The Code of Practice we will not proceed with it.

We are committed to paying the right amount of tax in the jurisdictions in which we operate. We do not establish businesses in any jurisdiction with the sole or main purpose of gaining a tax advantage or to divert profits from higher tax rate jurisdictions. We operate policies to ensure there is no artificial diversion of profits between high and low tax countries. All intra-group transactions are required to be priced on an arm's length basis in accordance with the Group's internal transfer pricing policies which reflect internationally accepted transfer pricing standards and local tax laws. We do not use low tax jurisdictions to undertake transactions with the main aim of reducing tax

liabilities. We are committed to improving tax transparency and comply with global initiatives in this regard including those under the Common Reporting Standard (CRS) and The Foreign Account Tax Compliance Act (FATCA).

Our tax specialists undertake regular training to ensure that they maintain up to date tax and industry knowledge but on occasion the tax treatment of particular issues will be uncertain. This may be due to the complexity of tax law or because there are alternative interpretations or approaches to tax law which might result in different outcomes. In such situations we will use external advisors to confirm the most appropriate tax treatment. External advisors may also be used where we do not have the internal resources to deliver large projects. All external advice received is considered in terms of our risk appetite, our risk management and governance standards and our own attitude to tax planning.

The level of tax risk that the Group is prepared to accept

At NatWest Group we use the term risk appetite to describe the type and level of risk that the Group is willing to accept in pursuing strategic objectives and business plans. NatWest Group has a low appetite for tax risk. We seek to comply fully with our legal, regulatory and other obligations and to act in line with the principles set out in Our Code. In accordance with our commitment to The Code of Practice on Taxation for Banks we will not enter into non-commercial transactions which give an artificial tax result. We do not promote products to our customers which we consider to be inconsistent with the spirit of the law.

Anti-tax evasion

The Group has no tolerance for any activity relating to the criminal offence of tax evasion and we are committed to preventing the facilitation of tax evasion. We comply with the relevant legislation in this area both in the UK and worldwide and expect the same from the third parties that we deal with. We maintain procedures to safeguard against our associated persons (third parties that act for or on behalf of the Group) deliberately facilitating tax evasion. In order to empower and protect our employees, all NatWest Group staff are provided with training on how to identify tax risks and have access to Speak Up, the Group's confidential whistleblowing service. This enables staff to report concerns relating to employee wrongdoing or misconduct in confidence (and anonymously if preferred).

Our approach towards our dealings with HMRC and other tax authorities

NatWest Group is transparent in our interaction with all tax authorities and follows established procedures in accordance with local jurisdictional rules.

In the UK we have real time engagement with HMRC and proactively discuss material business developments, significant transactions and current, future and past tax risks, tax events and interpretation of the law at our regular meetings. We fully disclose to HMRC any significant uncertainties in relation to tax matters and seek to resolve issues arising before returns are filed, whenever practicable. We aim to make our tax returns and other communications with HMRC as clear and accurate as possible and include appropriate disclosures where necessary.

Where there are disagreements in terms of interpretation of fact or law we work with the tax authorities to resolve these but in the very rare cases where litigation is necessary this will be handled in a way that is consistent with our Tax Strategy and the overarching principles in Our Code.

We engage constructively with government and non-governmental organisations directly & indirectly through industry trade bodies in relation to emerging legislation and the wider impact that proposals may have on the industry and our customers to help ensure practical and effective implementation. We engage in a co-operative, supportive and professional manner in all our interactions.

We regard this publication as complying with NatWest Group Plc's duty under para 16(2) Schedule 19 FA 2016 to publish a tax strategy for members of the NatWest Group for the accounting period commencing 1 January 2022. Members of the NatWest Group covered by this tax strategy are those entities in which NatWest Group Plc has a direct or indirect holding of over 50% of ordinary share capital as well as NatWest Group Plc itself. In this strategy references to "NatWest Group", "the bank"; "the Group" and "we" are to all these entities.

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