



Rothschild & Co – UK Tax Strategy

12 December 2018

Scope

The UK tax strategy applies to all UK entities ultimately owned by Rothschild & Co SCA (“Rothschild & Co”), the French listed parent company.

The UK tax strategy is in line with the overall approach of the Rothschild & Co Group (the “Group”) to taxation matters.

The risk appetite of the Group is low and in line with its conservative approach to tax risk.

The Group’s UK tax strategy comprises the five key components set out below.

1. Definition of Tax Risk

The Group defines tax risk as the risk of adverse implications arising for the Group as a result of failure to manage tax appropriately. This risk can be split into the following three types: tax compliance and reporting risk, transactional risk and reputational risk.

- a. Tax compliance and reporting risk – This is defined as the risk arising from the failure to submit timely and accurate returns, payments, claims and elections, or where controls and systems are insufficient to support the Group’s tax obligations, thereby exposing the Group to penalties, additional tax, audit investigations and inaccurate reporting.
- b. Transactional risk – This is defined as the risk of unforeseen tax loss resulting from transactions which are not properly assessed or carried out with regard to potential tax implications.
- c. Reputational risk – This arises where the Group’s reputation is damaged in the eyes of the tax authorities, shareholders, clients and the public more generally, as a result of failure to control tax compliance, reporting and transactional risks effectively.

2. Governance of Tax Risk

- Ultimate responsibility for oversight of the Group’s tax strategy rests with the Group Executive Committee (“GEC”) of Rothschild & Co.
- The GEC, whose members are the most senior corporate officers of the Group’s businesses and support divisions, is the senior executive committee at Rothschild & Co. Rothschild & Co’s managing partner, Rothschild & Co Gestion SAS, is represented on the GEC by three members, of which two chair the GEC. In its role, the GEC participates in the overall management and the definition of the strategy of the Group, including tax strategy.
- The Group Chief Financial Officer (“CFO”) of Rothschild & Co is the executive GEC member ultimately responsible for oversight of tax matters.
- Following adoption, compliance with the UK tax strategy is also the responsibility of each of the boards of the UK companies, to which management report.
- The management and oversight of UK tax affairs rests with the Finance Director of N.M. Rothschild & Sons Limited (“NMR”), the main UK operating subsidiary of Rothschild & Co. Day to day responsibility is delegated to the UK Head of Tax, who reports to the NMR Finance Director, the Group Head of Tax and ultimately the CFO of Rothschild & Co.



- The Group Head of Tax reports to the Rothschild & Co Audit Committee on at least an annual basis on key tax matters concerning the Group including the UK.
- The UK tax team is staffed with appropriately qualified tax professionals who have regular interactions with the core Group business units, the Global Tax Team, Human Resources and the Legal and Compliance departments.

3. Attitude towards Tax Planning

- The Group organises the UK and overseas affairs of the UK Group to manage taxation efficiently, consistent with commercial needs and with a conservative approach to tax risk.
- Arrangements will not be entered into, facilitated or promoted which lack business purpose or commercial rationale, which are outside the Group's risk appetite or Code of Conduct, or which run contrary to the intention of parliamentary legislation.

4. Managing UK Tax Risks

- The UK tax team assists and works with the Finance department and other business areas to ensure full and timely compliance with UK tax reporting and other obligations as required by legislation.
- The Group proactively identifies and monitors key tax risks throughout the year, taking into account changes in the business and applicable tax legislation, ensuring that the control framework governing tax risk is updated appropriately.
- The UK tax team consults with external advisers on specific matters, where required, and engages with industry bodies to assess future legislative developments.
- The UK tax team maintains close working relationships with different parts of the business to ensure that the tax implications of transactions and any business changes are fully understood.

5. Approach towards Dealings with HMRC

- The Group seeks actively to engage and co-operate with HM Revenue & Customs ("HMRC") in an open, professional and transparent manner through the Annual Risk Assessment Meeting and regular meetings and communications.
- The UK tax team ensures that HMRC is kept aware of significant transactions and key business developments. It seeks to discuss these as early as possible and agree key tax issues with HMRC on a real time basis.
- Where current, future or retrospective tax law is unclear, external advice or clarification from HMRC is sought.
- The purpose of this approach is to reduce uncertainty for the Group's UK tax position, in line with the Group's appetite for a low level of tax risk.

Decision-making and supervision process

The GEC of Rothschild & Co has oversight of the UK tax strategy and it is reviewed and approved on an annual basis. The GEC approved the Group's strategy on 16 October 2018. Following this all other main UK operating entities (including NMR) will be asked to approve the UK tax strategy at a subsequent board meeting.

Rothschild & Co Continuation Limited approved the publication of the strategy on 26 September 2018 and regards this publication as complying with the duty under paragraph 16(2) and 25(1) of Schedule 19 of Finance Act 2016 to publish the UK tax strategy in the current financial period.