

Tax Conduct Statement

1. A commitment to paying the right amount of tax

We are committed to paying all the taxes owed by Unity Trust Bank (“the Bank”), in accordance with the spirit of all tax laws that apply to our business. Paying our taxes in this way is a clear indication of our being responsible participants in society.

2. What seeking to pay the right amount of tax means

We will fulfil our commitment to paying the appropriate taxes that we owe by seeking to pay the right amount of tax, at the right rate, in the right place and at the right time. We aim to do this by ensuring that we report our tax affairs in ways that reflect the economic reality of the transactions we undertake in the course of our business.

3. Approach to tax planning and tax avoidance

As a bank, we will have to make decisions about the way in which transactions will be undertaken for tax purposes. We will not structure transactions in a way that does not reflect genuine commercial activity, with the intention of reducing a tax liability. We only seek to make use of the options available, and allowances and reliefs provided by HMRC, in ways which are both consistent with the spirit of the law and with the way in which we undertake our commercial transactions.

When making these tax planning decisions we will act in the best interest of the Bank’s shareholders, whilst also considering the impact that they might have on the company’s reputation, its relationship with HM Revenue & Customs, its staff, customers, suppliers and all its other stakeholders.

We will never seek to use options made available in tax law including allowances and reliefs in a way that is contrary to the spirit of the law. Nor will we undertake specific transactions with the sole or main aim of securing tax advantages that would otherwise not be available to us based on the reality of the transactions that we undertake.

4. What the Bank will not do

The Bank will never undertake transactions that would require notification to HM Revenue & Customs under the Disclosure of Tax Avoidance Schemes Regulations or participate in any arrangement to which it might be reasonably anticipated that the UK’s General Anti-Abuse Rule might apply.

5. Policy on tax haven usage

We will conduct business with customers and suppliers genuinely located in places considered to be tax havens, but we will not make use of those places to secure a tax advantage, and nor will we take advantage of the secrecy that many such jurisdictions provide for transactions recorded within them. We do not knowingly tolerate tax evasion or its facilitation by customers, employees or third parties acting on our behalf.

6. Policy on disclosure

We are committed to transparency about our tax affairs and this will be reflected in our annual financial statements, our web site and in other documents we produce. To fulfil this commitment, we will:

- a. Publish a tax reconciliation that explains the difference between the tax that might be expected to be due on our profits at current headline tax rates and the current tax expected to be paid with an additional reconciliation explaining the impact of deferred taxation on our tax charge

for the year. We will seek to explain all major differences arising in this way, both numerically and in accompanying narrative notes;

- b. Explain movements in the sums we owe in tax between each year end, referring to all tax charges included in the financial statements and the amount of tax settled in cash during the course of the year to ensure clear indication of our commitment to make payment of our tax liability on time is provided;
- c. Seek to make clear the explanation of our deferred taxation assets and liabilities, including explanation of how they have arisen and will provide an indication as to when they might impact on our cash flow to the extent that we are reasonably able to do so.

7. Policy on tax risk management

We will identify, assess, monitor and control any potential risks in accordance with our Risk Management Framework (“RMF”), to mitigate Operational, Compliance, Transactional and Reputational tax risks where weaknesses are identified. At least quarterly, management review risk registers, which are subject to challenge by the second line of defence, who update the corporate risk register as appropriate. The Board is responsible for overall corporate governance, which includes ensuring that there is an adequate system of tax risk management. The Bank has a low risk appetite for tax risks.

The CFO will instruct external tax advisers as appropriate, ensuring that all necessary considerations are made to reduce the risk of reputational impact which may result from a third-party supplier being accused of or found guilty of tax avoidance or evasion.

8. Relationship with HM Revenue & Customs and other tax authorities

We believe it is in the best interests of the Bank that we maintain an open and transparent relationship with HM Revenue & Customs and all other tax authorities with whom we might engage. To ensure that this is the case we will:

- a. proactively engage with HMRC where we identify any material and uncertain tax positions to ensure the appropriate treatment of these; and
- b. seek to resolve any issues arising openly and transparently.

9. Governance

This updated tax policy of the Bank was approved by the Audit Committee on 10 December 2018.

The CFO is responsible for ensuring that the Bank complies with its published tax policy and reports in a manner consistent with the policy. The CFO will bring significant tax risks to the Board for discussion.

The Bank reviews compliance with the policy in conjunction with its tax advisers at least once a year when preparing our annual Financial Statements.