

PICTET GROUP UK TAX STRATEGY



Tax – Group
09/2017

The Pictet Group is committed to being a responsible taxpayer in the UK and other jurisdictions where the Group operates based on a cautious management of its tax position, professionally executed tax compliance and legitimate tax policy driven by valid business purposes.

Scope of Our Strategy

Our UK tax strategy (the ‘**Strategy**’) applies to the London Branch of Pictet & Cie (Europe) S.A. (‘**the London Branch**’), Pictet Global Markets (UK) Limited (“**PGML**”) and Pictet Asset Management Limited (‘**PAM**’), which we collectively refer to as the “**UK Business**”.

This Strategy applies to all taxes relevant to the UK Business and takes effect from the date of publication until superseded or otherwise replaced.

This Strategy is published in accordance with paragraph 19(4) of Schedule 19 of the 2016 Finance Act.

Our Strategy

Our strategy is to manage the tax position of the UK Business in compliance with relevant laws and regulations, under an appropriate risk control framework, while maintaining the UK Business’s reputation and good relationships with the UK tax authorities, Her Majesty’s Revenue & Customs (“**HMRC**”).

Roles & Responsibilities

Ultimate responsibility for the implementation and oversight of the UK Business’s strategy rests with the Boards of PAM and PGML and the Executive Committee of the London Branch, respectively.

PAM’s Finance Department (‘**the Finance Department**’) is responsible for the day to day management of the UK Business’s UK corporation tax and VAT affairs, with specialist input provided by the Pictet Group’s Tax Department (‘**Group Tax**’) based in Switzerland.

PAM’s HR function is responsible for the UK Business’s obligations in relation to employee taxes and social security contributions, again with specialist input provided by Group Tax.

The Finance Department and Group Tax in discharging their responsibilities report directly to PAM’s Head of Finance and the London Branch’s Chief Operating Officer, respectively.

The responsibilities of PAM’s finance and HR functions in respect of PGML and the London Branch’s tax obligations are documented through SLAs agreed between PAM and the London Branch and PGML.

PAM’s finance and HR functions are staffed with appropriately qualified personnel, with oversight from experienced tax specialists in Group Tax.

For UK specific tax technical issues, Group Tax working in conjunction with the Finance Department, will seek support from specialist external advisors including advice in relation to new areas of law or areas over which there is doubt or ambiguity to ensure the UK Business remains compliant and manages all of its UK tax obligations.

The prime responsibilities of the Finance Department working in conjunction with Group Tax are to support the wider Pictet Group’s business strategy; to manage the tax affairs of the UK Business; and to ensure the proper collection of taxes which are within the scope of our activities.

Taxes have the potential to impact on the vast majority of the UK’s business lines and legal entities. As such, the Finance Department and Group Tax, working with external advisors where appropriate, seek to identify potential tax risks that may reside within the wider business. In addition, it is also the duty of the business lines to consult with the Finance Department and Group Tax prior to taking any decision which may have an impact on the tax position or obligations of the UK Business as well as to support the implementation of UK Business’s tax policies.

Risk Management Framework

To ensure the success of the Strategy, the UK Business has put in place an organisational framework, as well as the fundamental principles, for managing tax risks and lays down a structure that ena-



bles risks to be managed. Tax risks management is a key process by which the organisation can be protected from unacceptable outcomes as it works to deliver its business objectives.

Tax Governance

The Strategy is brought to bear and embedded within the UK Business through a set of policies and procedures covering the key areas of taxation relevant to the UK Business's activities. These describe the policies, rules and operational aspects of the covered taxes. Examples of key areas covered include Corporation Tax, VAT, and Transfer Pricing (amongst others).

Tax policies are set, and tax risk is managed, by Group Tax, which is chaired by the Group's Head of Tax. Key aspects of the tax policy are coordinated with the Group's Chief Financial Officer and the Chief Executive Officers of the various business lines.

Policies are kept under regular review and will be revised in the event of factors such as material changes within the Group or in tax legislation.

Risk appetite and level of risk

The UK Business maintains a conservative viewpoint towards tax risk and has no tolerance towards transactions that lack commercial benefit.

The UK Business, as a general principle and as a signatory of *The Code of Practice on Taxation for Banks*, does not enter into complex, tax driven arrangements and will only consider entering into transactions that have a credible economic benefit, driven by the business needs. This, along with the relatively limited scale of the UK Business and the procedures and controls implemented by the Finance Department and Group Tax, ensures tax risk is maintained at an acceptably low level.

This approach echoes that of the wider Pictet Group, where a culture of prudence and careful management pervades.

For the avoidance of doubt, neither the UK Business nor the wider Pictet Group support or condone tax evasion, either on their own account or in respect to their employees, customers or counterparties.

Relationships with Tax Authorities

We seek to have an open, transparent and cooperative relationship with HMRC. This includes:

- engaging in open and constructive dialogue with HMRC;
- seeking clarification in complex areas of tax law or when new tax laws are introduced;
- making full disclosures where required;
- meeting statutory deadlines; and
- remaining available to deal with queries from HMRC as and when required.

Key Principles Underlying Our Policy

Our tax policy and practice is based on the following principles:

Support Overall Business Strategy, Goals and Developments

Help the business lines to manage tax matters, to ensure their compliance with applicable rules and prepare them for upcoming changes. For that, the objectives of the tax function shall be aligned to support business goals and strategies.

Ensuring Compliance

Implement, monitor and control systems that ensure that all financial-related taxes are levied properly and transferred on a timely basis to the tax authorities. To fulfil this goal, the Finance Department and Group Tax work closely with the operational departments of the UK Business.

Management of Tax Risks

Make sure that there are no unexpected tax issues that could have a material financial impact or reputational cost to the UK Business. To achieve this, the Finance Department and Group Tax work closely with the Risk Management Department



and put into place reporting systems to assess and account for tax risks.

Transparent Dialogue with Tax Authorities

Maintain sound relationships with HMRC and other national tax authorities, based on mutual respect. Centralise non-routine communications with tax authorities to ensure high-quality exchanges. Comply with fiscal reporting requirements and respond to inquiries from fiscal authorities in a complete and timely manner.

Partnering with other Group Functions

Establish and maintain strong relationships with other relevant functions (including Finance, Legal, Compliance, HR and Internal Audit) with the emphasis on timely and pragmatic tax advice.