

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

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

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

Our overall approach

At NatWest Group our purpose is to be the bank that turns possibilities into progress. We want to help customers to make progress and reach their goals by being a vital and trusted partner and understanding their hopes and needs. To do this and succeed with customers, it's important we behave and act in a way that meets their expectations. [Our Code](#) defines who we are and how we operate at NatWest Group. It shows our commitment to acting ethically, responsibly and with integrity.

We aim to deliver sustainable long-term value and in line with 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 seek to pay the right amount of tax in the jurisdictions in which we operate; complete and submit accurate tax returns and pay 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 approach we take to our tax affairs extends to our relationships with key stakeholders including our employees, customers, contractors and suppliers and we will not knowingly enter into arrangements with them which we consider to be beyond the spirit of the law from a tax perspective.

Our approach to governance

The Board is collectively responsible for promoting the long-term sustainable success of NatWest Group, driving shareholder value and the Group's contribution to wider society. 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, with day to day management of NatWest Group's tax affairs delegated to the Head of Tax.

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 considering and recommending the Group's risk appetite framework to the Board for approval. Senior management are responsible for implementing the Board-approved risk appetite framework and the embedding of risk appetite within the Group. 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; change in legislation or business activities 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 other 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 operations 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, for example, tax legislation or practice, changes in our business or changes in the wider economic environment through activities such as regular horizon scanning. 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 operational procedures, processes and controls which aim to ensure that we fulfil our tax obligations and adhere to The Code of Practice. Our tax operational procedures 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 operational procedures and identifying, owning and managing tax risk. They 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 operational procedures 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 seek to 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 operational procedures 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, operational procedures, 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 to reduce the amount of tax that we pay 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 seek to pay 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 which aim 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 support measures to improve tax transparency and aim to 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 role as a signatory 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.

All NatWest Group staff are provided with training on how to identify tax risks. Where staff are not comfortable to raise concerns through their line management, they can access 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) including concerns regarding tax matters.

Anti-tax evasion

The Group has a zero-tolerance policy for knowingly facilitating tax evasion. Tax evasion is a criminal activity and our approach to anti-tax evasion can be found in our [Financial Crime Statement](#).

Our approach towards our dealings with HMRC and other tax authorities

NatWest Group aims to be 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 and 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 aim to 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 paragraph 16(2) Schedule 19 Finance Act 2016 to publish a tax strategy for members of the NatWest Group for the accounting period commencing 1 January 2025. 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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