

DZ BANK Group

UK Tax Strategy

Scope

This tax strategy ('the Strategy') applies to all UK operations of the DZ BANK Group. References to "DZ BANK Group" for the purposes of this strategy are collectively to the UK operations of the Group, within the governance framework of the wider DZ BANK Group. DZ BANK AG, a bank registered and headquartered in Germany, is the ultimate parent of the entities within scope of the Strategy.

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

The strategy applies from the date of publication until it is superseded.

Aim

The DZ BANK Group strives for full compliance with all statutory obligations and full disclosure to the relevant tax authorities in respect of taxation matters. DZ BANK Group manages its tax affairs in a way which takes into account its wider corporate reputation in order to manage reputational risk.

Governance in relation to UK Taxation

Responsibility for tax strategy and compliance lies with the Board of each company and ultimately the Board of the DZ BANK Group. Executive responsibility for tax matters lie with the Chief Financial Officer of each company within the Group. Where the group has foreign permanent establishments (including in the UK), responsibility for branch tax matters lie with the respective General Managers.

The DZ BANK Group Board currently delegates responsibility for group tax policy and strategy related matters to the DZ BANK Group Risk Finance Committee ("GRFC"). The GRFC is comprised of board members responsible for Finance and Risk. The GRFC adopted and maintains a Group Tax Strategy from which UK Tax Strategy has been derived. DZ BANK Group's UK tax strategy forms part of the Group's overall corporate strategy.

Responsibility for day-to-day tax matters is delegated to the Finance and Tax departments of the respective entities in the group (including the permanent establishments). Consultation with other departments such as HR or Product Control is also the responsibility of the local finance departments in order to fulfil respective legal and regulatory obligations, including in respect of taxation matters. Responsibility for day-to-day tax matters may be delegated to other departments where taxes fall within the area of specialism of such departments (such as payroll taxes within HR).

Persons responsible for tax matters are equipped with the appropriate knowledge, skills and capabilities to manage DZ BANK Group's tax affairs, and where required, are assisted by external advisors.

The DZ BANK Tax department is responsible for overseeing tax management and compliance across the group, and for providing guidance and advice where necessary. The Group Head of Tax is responsible for the Group Tax Department, and reports to the Head of Finance.

Risk Management

The DZ BANK Group actively seeks to identify, monitor and manage tax risks through a system of tax risk assessment and controls as part of the overall group-wide risk management framework. The outcome of the group wide risk management processes is on-going tax risk reporting. In accordance with the group tax strategy, responsibility for tax risk management lies with DZ BANK AG in Germany, however this is delegated to the management of the respective entities within the group.

DZ BANK Group has a prudent risk appetite and seeks to reduce the level of tax risk arising from its operations as far as is reasonably practicable by ensuring that reasonable care is applied in relation to all processes which could materially affect compliance with its tax obligations.

Process owners review activities and processes to identify risks (including tax risks) and to implement and maintain mitigating controls, and monitor them for business and/or law changes which could impact them.

Appropriate training is carried out, as and when necessary, for non-finance staff who manage processes or have involvement with matters which have tax implications, for example HR and front office teams.

Advice is sought from external advisers where appropriate. Examples of circumstances necessitating this would include the following:

- Where new tax legislation has been or is expected to be introduced;
- Where there is doubt over the interpretation or application of tax law;
- Where the legislation is highly complex in nature; and
- Where the potential tax impact of a transaction is material.

Acceptable Level of UK Tax Risk

DZ BANK Group has a prudent risk appetite and low risk tolerance. The approach to ongoing tax risk is based on principles of reasonable care and materiality, and levels of tax risk are assessed on a case by case basis taking into account the specific facts and circumstances, and within the DZ BANK Group's overall prudent risk appetite and tax governance framework.

Attitude towards tax planning

DZ BANK AG London Branch and DVB Bank SE London Branch are banking companies, and are signatories to the HMRC's Code of Practice on Taxation for Banks. These companies ensure compliance with their obligations thereunder.

DZ BANK Group does not engage in aggressive tax planning, and transactions are based on commercial drivers and rationale. DZ BANK Group has zero tolerance for tax evasion, either on its own account or in respect to its employees, customers or counterparties.

When entering into commercial transactions, DZ BANK Group seeks to take advantage of available tax incentives, reliefs and exemptions in relevant jurisdictions, in line with, and in the spirit of tax legislation, bearing in mind its obligations to its communities and its public reputation.

Relationship with HMRC

DZ BANK Group aims for its relationships with HMRC to be open and constructive. The salient features of this relationship include:

- Being committed to open and constructive dialogue with HMRC;
- Disclosing any significant uncertainties regarding tax matters to HMRC in full;
- Engaging with HMRC to clarify complex or new areas of tax law, including where possible approaching HMRC prior to filing tax returns;
- Maintaining a cooperative, supportive and professional manner in interactions with HMRC
- Working with HMRC to resolve issues as soon as practicable.

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