

CaixaBank S.A.: UK tax strategy

Year ended 31 December 2017

CaixaBank S.A. has a Global Tax Strategy which is publically available here:

https://www.caixabank.com/deployedfiles/caixabank/Estaticos/PDFs/responsabilidad_corporativa/Tax_Strategy.pdf

CaixaBank S.A. operates in the UK through CaixaBank S.A., UK Branch (the “Branch”). The Branch’s primary activities consist of taking deposits, providing commercial loans and arranging finance by CaixaBank S.A. to UK, European and global companies. The products and services that the Branch provides include, amongst others, issuing guarantees, invoice discounting arrangements, taking deposits and making commercial loans. The Branch is a signatory to the UK Code of Practice on Taxation for Banks (The Code). As such it is committed to having an open and transparent relationship with HMRC and interpreting UK tax law within the intention of Parliament.

The Branch is fully aligned with the Global Tax Strategy. This addendum provides further detail on how the Branch manages its UK tax affairs in accordance with the duty outlined in schedule 19 of Finance Act 2016.

Approach to Tax Risk Management

The Global Tax Strategy outlines the strategic tax principles for all jurisdictions that CaixaBank S.A. operates and details how tax affairs are expected to be undertaken. The Branch’s tax risks fall into two broad categories:

- **Compliance Risk**

The Branch completes its UK tax returns on an accurate and timely basis. To achieve and preserve such standard the Branch has strong financial systems, internal controls and reports to the Global Tax Department. In addition the Branch engages external advisors to advise and / or prepare certain UK tax filings.

- **Business Change Risk**

In line with our internal policies all changes to the UK business (i.e. system changes, transactions, new products) are assessed from a tax perspective. If significant uncertainty or complexity did arise, we would consult with external advisors to ensure we stay both within our risk appetite and aligned to the Code. Our tax advisors also keep us updated on changes to the UK tax legislation.

The UK tax strategy is managed and coordinated by CaixaBank Tax Department, supported by the UK finance function where necessary, which reports to the Board of Directors of CaixaBank S.A.

In line with the Global Tax Strategy, any material UK tax matters would be reported by the UK Head of Operations to Global Tax Department for potential consideration by the Board of Directors or the corresponding delegated governing body.

Attitude to Tax Planning

Our approach to UK tax planning is fully aligned to our Global Tax Strategy which outlines that all tax implications of a transaction are considered in accordance with the local tax legislation and the economic activity carried out in the local territory.

The Branch ensures that cross border transactions are undertaken on an arm's length basis and in line with the Global transfer pricing policies.

This approach to tax planning ensures we are aligned to the Code.

Risk Appetite

The Branch has a low tax risk appetite which is aligned to its global corporate culture of responsible banking. The Bank's Global Code of Business Conduct and Ethics states that employees must comply with all laws and act with both integrity and social responsibility.

The Global Tax Department coordinates the management of the tax risk and control systems to ensure the branch stays within its tax risk appetite.

Approach to Dealing with HMRC

The Branch is committed to maintaining an open and transparent relationship with HMRC on all UK tax matters and would proactively engage with HMRC on areas of complexity or uncertainty.

This is fully aligned to the Global Tax Strategy which promotes cooperative compliance with all tax authorities through a relationship based on reciprocal trust, good faith between parties and transparency in interpretation of the law.