



APEX GROUP

# TAX POLICY STATEMENT

May 2021



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# INTRODUCTION FROM OUR CFO

We are supportive of a sustainable tax system which enables companies and citizens to thrive.

Apex Group Ltd. is a privately owned global financial services provider. Our purpose is to be the catalyst for positive change in the financial services industry to drive a more sustainable future.

Our business is unique in its ability to reach globally, service locally and provide cross-jurisdictional services. With our clients at the heart of everything we do, our hard working team has successfully delivered on an unprecedented growth and transformation journey and we are now represented by over 4,200 employees across 46 offices worldwide.

Our single-source solution enables us to deliver an extensive range of services across the full value chain, to asset managers, financial institutions, corporates and family offices.

We have continually improved and evolved our capabilities to offer the broadest range of services in the industry; including fund services, digital onboarding and bank accounts, depositary, custody, super ManCo services, business services including HR and Payroll and a pioneering ESG Ratings and Advisory solution for private markets. These services are tailored to each client and delivered at both a Group level and via our specialist subsidiary brands.

Tax is an important aspect of our business and the contribution we make to society. We are supportive of a sustainable tax system which enables companies and citizens to thrive. We understand our duty to pay an appropriate and fair amount of tax and are committed to continually improving our reporting and delivering transparency.

This tax policy statement provides details of our tax strategy used in respect of both our UK and global operations.



A handwritten signature in blue ink that reads "David Carrick".

**David Carrick**  
Chief Financial Officer

# OUR TAX PRINCIPLES

We seek to develop cooperative relationships with tax authorities based on mutual respect, transparency and trust.

As a global financial services company, we have a substantial business and employment presence in many countries around the world and pay a significant amount of tax. This includes:

- Corporation and business taxes
- Employment taxes
- VAT and sales taxes

We also collect a significant amount of tax on behalf of governments, including taxes on behalf of our employees.

We seek to maintain open and constructive relationships with tax authorities worldwide. This includes a commitment to ensure tax returns and payments are accurately filed and paid within the statutory deadlines.

Our **Tax Principles** which form the foundation of our approach to global taxation are shown opposite.

## Principle 1: We are transparent

We are transparent in our approach to tax with the global tax authorities in all countries in which we have business operations.

## Principle 2: Compliance

We abide by tax laws, policies and judicial precedents in the countries in which we operate.

## Principle 3: Taxing value where created

Ensuring the substance and form of transactions are taxed in the country where they are created.

## Principle 4: Robust tax risk and governance framework

We believe in a 'top-down' approach to governance. This ensures we adhere to our tax principles and manage tax risk in line with our tax risk management framework.

## Principle 5: We engage constructively with tax authorities

We seek to develop cooperative relationships with tax authorities based on mutual trust, honesty and transparency.

## Principle 6: Tax Reputation

Our tax strategy has been designed to support the principles on which Apex operates and to ensure no tax planning is undertaken which would undermine our reputation domestically or globally.

Our Global Tax strategy has been prepared to meet the requirements of paragraph 16 of Schedule 19 to the UK Finance Act 2016 and sets out our approach to tax as well as an overview of our global tax profile. It applies to the UK and all other countries in which we operate. This publication was approved by our Group Audit and Risk Committee on 18 May 2021 and by the Board on 18 May 2021.

# OUR APPROACH TO TAX PLANNING

**We do not engage in artificial tax arrangements – those without commercial substance. All of our tax planning is undertaken in accordance with the tax laws, guidance and judicial precedents in the respective countries where we operate.**

We consider tax planning to be a legitimate right of a taxpayer provided it is pursued in accordance with our Tax Principles.

When undertaking tax planning, we consider the relevant tax laws, administrative practices and judicial precedents in the respective tax jurisdictions. If a tax position is considered to be complex or to carry a degree of risk, we rely on third party tax advice from our network of trusted advisors.

Our appetite for tax risk is considered to be moderate. This is governed by the application of the 'should' standard to any tax planning. This broadly equates to a 70-80% probability of success if any tax planning were challenged by a tax authority. We may occasionally apply the 'more likely than not' standard' (a greater than 50% degree of probability), but this is considered to be the minimum threshold which must be satisfied before we engage in any tax planning.

A consequence of our business strategy to have local operating entities in the same jurisdictions as our clients is that we have group companies incorporated in low tax rate jurisdictions. Our operations in these countries are not considered to be tax planning because of the level of economic substance attached to our commercial operations in these countries.

## Transfer Pricing

The worldwide nature of our operations means that we engage in cross-border services. In accordance with our Tax Principles, profits are recognized and taxed in the countries where the activities are performed and where the value is generated.

We follow OECD Transfer Pricing Guidelines. Our Transfer Pricing policies are in accordance with the OECD's 'arms-length' principle.

## The 'arms-length' principle

One of the foundations of the OECD's Transfer Pricing Guidelines is that transactions between 'associated entities' must be conducted as if they were independent enterprises, with each appropriately rewarded for the functions which they perform, assets they employ, and risks they assume when entering into intra-group transactions.

We apply the arms-length standard on all intra-group transactions. We support our transfer prices with economic and benchmarking analysis substantiating that our pricing methodologies are in accordance with the 'arms-length' principle.

## Country-by-country reporting

We are currently below the turnover threshold required to apply the OECD's country-by-country reporting obligations.

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# OUR TAX RISK MANAGEMENT FRAMEWORK

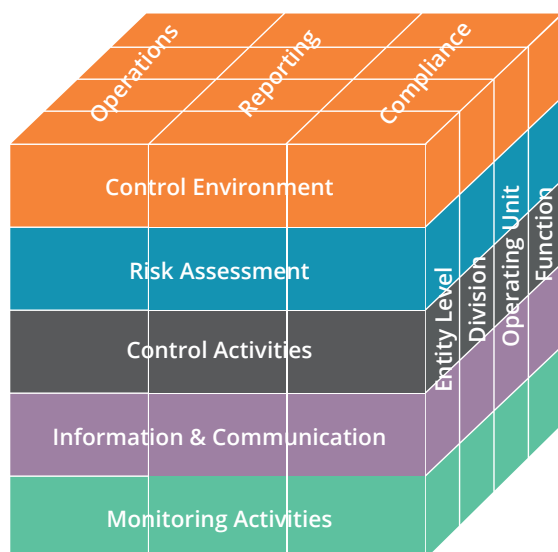
Our objective is to have a robust tax risk management framework to ensure our Tax Principles are followed in the countries where we operate. We operate a top-down governance structure to define and monitor the operation of our tax risk management framework.

## How do we manage tax risk?

Tax risk in all countries in which we operate is managed through robust internal procedures and controls.

We have adopted a COSO based framework to tax risk management, which is considered to be the flagship standard for internal control and governance frameworks.

COSO based risk management and governance frameworks are based on the following key stages to manage and control risk. These are encompassed by the 'COSO Cube'.



## Who manages tax risk?

Our tax team is part of our global finance team.

Our global head of tax is responsible for the design and implementation of our tax risk governance framework, which is ultimately overseen by our Chief Financial Officer.

The key areas of tax risk managed by our tax risk governance framework is broken down into the following areas.

### Operational

Ensuring our global tax compliance obligations are appropriately managed and controlled in all locations where we operate.

### Technical

Ensuring we fully understand tax laws in the countries in which we operate and that our Tax Principles will continue to be met in an evolving global tax environment.

### Reputational

Ensuring the application of our Tax Principles is governed using a 'top-down' approach and is in accordance with the groups' wider principles and values.

A key aspect of our tax policy is ensuring our global tax team are suitably qualified for the roles which they perform. This includes expertise in the following areas: corporation and income taxes; transfer pricing; employment taxes; VAT and sales taxes; and cross-border tax structuring. Our in-house tax expertise is supported by external tax advice from our network of trusted advisors.

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# OUR TAX GOVERNANCE STRUCTURE

Our tax risk management framework is supported by a 'top-down' governance structure. The diagram below shows the Governance and Control Environment overseeing the operation of our tax risk management framework.

## Governance & Control Environment

We follow a 'top-down' approach to risk management and culture. Areas of significant tax risk are escalated to the Audit & Risk Committee, Board of Directors and Executive Committee. These meet at least quarterly.

## Risk Management

### Operational

Oversight of internal compliance systems, processes, controls and staff

### Technical

Managing uncertainty in understanding and application of tax law

### Reputational

Continuous monitoring of the publication and interpretation of tax law

## Control & Monitoring Activities

In-house tax experts working collaboratively with a trusted network of external advisors to ensure the group's global tax compliance obligations are appropriately managed and controlled in all locations where we operate

In-house tax experts working collaboratively with a trusted network of external tax advisors to fully understand tax law developments, and to ensure our Tax Principles will continue to be met in an evolving global tax environment

In-house tax experts working collaboratively with a trusted network of external tax advisors to ensure all global tax structuring is implemented in accordance with our business strategy and our Tax Principles and to uphold Apex's global reputation

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