

# UK TAX STRATEGY

## **SUMMARY OF BUSINESS OPERATIONS**

The Federated group (the “Group”) is a global investment management group, which provides its services to various domestic and foreign customers through its wholly-owned Federated Investors (U.K.) LLP and majority-owned Hermes Fund Managers Limited group. The Group and each employee are committed to conducting business in accordance with the highest legal and ethical standards. The Group’s UK tax strategy applies to all of its UK-resident companies, branches and partnerships (“UK entities”).

## **APPROACH TO TAX RISK MANAGEMENT AND GOVERNANCE**

The Group strives to act as a responsible global corporate taxpayer in compliance with applicable tax law and regulations, seeking to minimise the risk of uncertainty or disputes in tax matters. The tax risk of the UK entities is managed by their executives and Boards [with oversight by the US parent as part of its overall tax risk monitoring]. Review of the key tax risks are performed on an ongoing basis and where there is a material issue, matters are escalated to the respective Board and/or Risk and Compliance Committee.

The Group’s tax risk management procedures include:

- Clearly documented processes and controls relating to UK tax compliance. Processes and controls are subject to a periodic review and are updated as needed to reflect business and legislative changes;
- The employment of appropriately qualified tax professionals within the tax function;
- Where appropriate, external advisers are engaged prior to the initiation of new activities or operations or in areas of complexity or uncertainty, to ensure that applicable tax rules are identified and followed; and
- Periodic review of the tax risk management procedures by the internal audit function.

## **ATTITUDE TOWARDS TAX PLANNING**

The Group’s conservative culture translates into an organization seeking to be compliant in all matters, including taxation. It is the Group policy not to participate in contrived, artificial, or non-commercial transactions, the sole purpose of which is tax avoidance.

## **LEVEL OF ACCEPTABLE TAX RISK**

The Group’s appetite for tax risk is low. The Group’s structure and activities are driven by business purpose or commercial rationale, and our approach is to be compliant and understand our responsibilities when it comes to tax matters.

The Group does not tolerate tax evasion, nor does the Group tolerate the facilitation of tax evasion by any person(s) acting on the Group's behalf.

## **APPROACH TO DEALINGS WITH HMRC**

The Group seeks to comply with its UK tax filing, tax reporting and tax payment obligations in line with statutory timelines. An important part of the UK tax strategy is the maintenance of a constructive and transparent relationship with HMRC.

Although it has not been the circumstance to date, it is possible that the Group’s view on the appropriate tax treatment of an issue may differ from that of HMRC. If such a circumstance should arise, the Group will work proactively and constructively with HMRC in order to achieve a timely resolution.

The publication of this UK tax strategy statement relates to the year ended 31 December 2018 and is regarded as satisfying the statutory obligation in Para 19(2), Schedule 19, Finance Act 2016.