

Vanquis Banking Group Tax Strategy

Introduction

Our board approved tax strategy, which applies to Vanquis Banking Group plc and its subsidiaries (“VBG”) sets out our approach to tax. We seek to ensure that it is aligned with our mission, our core values and our overall strategy. We are committed to being a responsible taxpayer, being straightforward and transparent on all tax matters and acting fairly, responsibly and with integrity in all our dealings with tax authorities.

We are committed to ensuring we pay the tax we are legally required to pay in all the territories in which we operate, we comply with all tax rules and regulations in those territories, and we safeguard our reputation as a responsible taxpayer. However, we recognise we also have a responsibility to protect shareholder value by controlling and managing our tax liabilities.

Our tax strategy is aligned with HMRC’s Code of Practice on Taxation for Banks (“the Code”) which sets out the principles and behaviours expected of banking groups regarding tax, and we have unconditionally adopted the Code.

Our tax strategy has the following key components:

- I. Tax objectives
- II. Tax policies
- III. Tax risk management framework

Our tax strategy is supported by our tax procedures manual which sets out how the objectives and policies set out in our tax strategy are achieved, as well as setting out further details of our tax risk management framework.

Tax for these purposes includes all taxes that we suffer or incur on our operations, as well as taxes that we collect on behalf of governments, such as employment taxes deducted from payments to employees.

I Tax objectives

Our key tax objectives are:

- To ensure the group pays the tax it is legally required to pay and complies fully with its tax obligations in all territories in which it operates.
- In a manner commensurate with the group’s appetite for risk, to control and manage the taxes it incurs.
- To safeguard the group’s reputation as a responsible taxpayer.
- To take a zero-tolerance approach to tax evasion and the facilitation of tax evasion.

II Tax policies

Our key tax objectives are achieved through a series of tax policies which set out a few principles, as follows:

- **Calculation and payment of taxes, tax returns and other tax obligations**
 - (a) All taxes should be correctly calculated in accordance with the law, or where applicable, estimated based on latest forecasts, and paid when due.
 - (b) Statutory tax returns for all taxes should be filed correctly, contain accurate information and be filed on a timely basis.
 - (c) All other tax obligations in the territories in which the group operates should be fully complied with.

- **Managing and controlling tax liabilities**

- (a) Ordinary commercial transactions should be structured, with clear and unambiguous legislative support, so that tax liabilities are controlled and managed.
- (b) Structures designed to save tax but with no commercial or economic substance or which give a result which is inconsistent with the underlying economic position will not be considered unless there is specific legislation designed to give that result and this is not contrary to the intentions of Parliament. Where there is any doubt on this, an approach should be made to HMRC to confirm the position prior to the transaction being undertaken.
- (c) Structuring should not disrupt the business or conflict with operational goals.
- (d) Structuring that might reasonably be expected to have a negative impact on the group's reputation will not be considered.
- (e) Any structuring which could generate material tax savings or create material tax risks requires board approval, as well as external tax, legal and accounting sign off.

- **Dealing with tax authorities**

- (a) All tax authorities should be dealt with in an open, honest and pro-active manner.
- (b) HMRC should be informed of key issues and changes affecting the group through meetings and dialogue at regular intervals.
- (c) Advance tax clearance of key transactions should be obtained where the tax treatment is uncertain, and a tax clearance procedure is available.
- (d) The group aims to discuss uncertain matters with the relevant tax authorities as early as possible.
- (e) Details of key transactions and uncertain issues should be fully disclosed in the relevant tax return.
- (f) Enquiries raised by tax authorities will be dealt with on a timely basis, answered openly with a full response to the enquiry.
- (g) Any errors or mistakes in tax returns will be fully disclosed and notified to the relevant tax authority as soon as practicable.

- **Mitigating and controlling tax risk**

The group has a low appetite for tax risk. The group has established procedures to prevent and control tax risks by:

- (a) Developing robust systems, processes and internal controls to ensure the correctness and completeness of data which needs to be captured and treated correctly in the various tax reporting and payment of taxes that the group is required to make. Such systems, processes and internal controls are documented and subject to regular review.
- (b) Setting out:
 - Principles for the involvement of the in-house group tax function in transactions, business developments and day to day business operations.
 - The allocation of responsibilities between group tax and the business units.
 - Principles for the involvement of external advisers, including a requirement to obtain external advice where the impact on the group is material or where the in-house group tax function does not have the necessary expertise.
 - Group tax organisation, responsibilities and reporting lines.
- (c) Developing policies and procedures which support the management, mitigation and control of tax risks.

These are embedded into corporate policies and procedures and the documented systems, processes and internal controls underpinning the reporting and payment of taxes and ensure that tax implications are fully considered on corporate transactions and business developments.

- **Prevention of tax evasion and the facilitation of tax evasion**

The group does not tolerate any of its associates (employees, agents or suppliers) undertaking tax evasion themselves or taking action to facilitate tax evasion by another person whilst acting in that capacity. These principles are embedded into policies and reasonable preventative procedures which are reviewed, enhanced and monitored on an ongoing basis.

III Tax risk management framework

This identifies and reports on tax risk across the group, as well as ensuring that appropriate internal controls are in place. It is embedded into the group's overall risk management framework and governance structure and operates a "3 lines of defence" model. In relation to tax risk it involves the following:

- (a) The identification, evaluation, monitoring and reporting of tax risk, as well as ensuring appropriate internal controls are in place, by the in-house group tax function working with the Chief Financial Officer and the business units.
- (b) Independent oversight, review and challenge of first line actions and internal controls by (a) the group risk function, including the Executive Committee, the Executive Risk Committee and the Risk Committee; (b) twice yearly by the Audit Committee; and (c) the Board.
- (c) Independent assurance of different aspects of the processes and internal controls underpinning the reporting and payment of UK taxes provided by the group internal audit function which adopts a risk-based approach in line with internal auditing standards.

The Vanquis Banking Group regards its publication of this tax strategy as complying with the duty under paragraph 16(2) Schedule 19 Finance Act 2016 to publish a tax strategy for the year ended 31 December 2025.

This Tax Strategy was approved by the Vanquis Banking Group plc Board on 16th December 2025.

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