

KOTAK MAHINDRA (UK) LIMITED

TAX STRATEGY

Introduction

The Kotak Mahindra Group (Kotak) is regarded as one of the most efficient and high-performing banks in India, built on the principles of simplicity and prudence. The group has an active customer base of over 17 million people and offers a wide-range of banking services to individuals and businesses, from current accounts and life insurance to business loans and investment management services. With over 60,000 employees, Kotak is recognised as one of the leading employers in India.

The core of the business model is concentrated in India, but the group has a global presence with several international subsidiaries managing a wide range of investment funds, allowing overseas investors to invest in India. Kotak operates in the UK through its UK subsidiary, Kotak Mahindra (UK) Limited (Kotak UK), which carries out marketing and distribution activities for both Kotak managed funds and third party funds and products.

Our goal is to achieve the highest levels of transparency, accountability and equity in all of our operations and business relationships. In order to meet this goal we have made corporate governance an integral part of our culture and we have a robust corporate governance framework that guides the organisation's efforts to conduct its operations in an ethical, responsible and transparent manner.

This Tax Strategy document

This Tax Strategy is applicable to our tax activities as they relate to UK taxation.

This document meets the requirement for Kotak UK to publish its Tax Strategy as required by section 161 and paragraph 19(4) of Schedule 19 of Finance Act 2016. It is effective for the year ended 31 March 2019.

Aligning to our Code of Conduct

In developing this UK Tax Strategy, we have aimed to align our tax principles below to Kotak Mahindra group's [Code of Conduct](#), which is focused on preserving our strong value system and ensuring our commitment to operate in the highest ethical manner. This extends beyond the relationships we have with our customers, and applies equally to our relationships with all of our stakeholders, including regulatory bodies and HMRC.

Like group's Code of Conduct, this Tax Strategy is intended to guide management in making the right tax decisions in their day-to-day operations.

Our UK Tax Principles

1) Tax compliance and reporting

We are committed to meeting all our UK legal and regulatory requirements in paying the correct amount of tax and meeting our tax compliance obligations. Compliance with all laws and regulations, including those relating to tax are firmly embedded in the business and we have an established internal control system and procedures to help achieve this.

This includes seeking to apply diligent professional care and judgement in our UK tax compliance activities, and provide sufficient evidence to support all judgements made. In order to ensure that all compliance and reporting obligations are met, Kotak UK has an in-house finance team, which has been outsourced to its parent company – Kotak Mahindra Bank Ltd. in India; and is also supported by its external advisors.

2) Governance and risk management

The UK board of directors provides oversight in ensuring that tax is considered within the wider context of the business and in how tax risk is managed across Kotak UK. Compliance and risk matters, including those concerning

taxation, are included on the agenda at UK board meetings. Matters of significance, including those relating to tax, will be referred to the Corporate Headquarters in India where further assistance may be sought.

The UK Chief Executive Officer has responsibility over Kotak UK's approach to UK tax on a day-to-day basis and is responsible for the identification, prioritisation and monitoring of tax risk across the UK business, as well as the escalation of tax risk to the board of directors. There is additional support in the UK from the Risk Management Committee and the Senior Vice President, Compliance for Kotak UK, who also sits on the UK board of directors.

The UK Chief Executive Officer is also responsible for ensuring that policies and procedures that support the approach are in place. Kotak UK's greatest tax risk areas are identified by considering areas or transactions with which there exists inherent tax complexity or uncertainty. Internal focus is directed to these higher risk areas, with external advisors also engaged by the group when required. External advisors will be used to support Kotak UK where additional resource or expertise is required to mitigate these tax risks.

Kotak UK has a low threshold for risk in respect of UK taxation, and this aligns with the wider group's approach to managing its affairs in an ethical and transparent manner. Kotak UK is not prepared to accept a level of risk that would expose it to reputational harm or which could adversely impact its relationship with HMRC.

3) Our approach to tax planning

Our aim is to ensure that any tax planning undertaken is firmly aligned with our business and commercial strategy. This means that we will not only adhere to the letter of the law, but will also consider the spirit of the law.

Like any other business expense however, we seek to create value for our shareholders. As such, we may respond to tax incentives and exemptions where appropriate and in a way that is consistent with the UK tax authorities ('HMRC') and government policy.

In line with our Code of Conduct, we will seek clarification, where necessary, and take and follow appropriate professional advice and opinion to ensure that we apply these incentives and exemptions legitimately. In certain circumstances where risk or uncertainty is still present, we will seek advance clearances from HMRC to resolve this.

4) Relationships with UK Tax Authorities

As outlined in group's [Business Responsibility Report](#), we are committed to conduct our business operations and activities in a transparent and accountable manner. This extends to our relationship with HMRC, with whom we have worked and will continue to work collaboratively. Another key principle of our approach to Business Responsibility is stakeholder engagement. We believe this is critical to our long-term success and maintaining open lines of communication with our stakeholders is of utmost importance.

Wherever possible, we will endeavour to keep HMRC informed about any commercial developments and events in our business that may have a tax impact and will work with HMRC to achieve early agreement on matters of complexity or uncertainty.

Approval of this UK Tax Strategy document -

This Tax Strategy has been developed by the UK Chief Executive Officer and approved by the board of directors.