
FCE Bank plc

TAX STRATEGY 2021



| FORD CREDIT

Tax Strategy 2021

FCE's tax strategy is to manage its tax affairs to comply with all tax obligations and pay the right amount of tax at the right time, in accordance with the tax laws of the jurisdictions or regions in which it operates.

Risk Management and Governance Arrangements

Tax policy and accountability resides with FCE's Board of Directors. Lead responsibility in the Board is taken by the Executive Director of Finance. FCE has an in house tax department, which reports to the Executive Director of Finance. The Board is supported by the Executive Committee, the Audit Committee and the Regulatory Compliance Committee in relation to tax matters. FCE Head of Tax attends the Audit Committee and Regulatory Compliance Committee.

The Executive Director of Finance also assumes the role and responsibilities under Finance Act 2009, Schedule 46 of the "Senior Accounting Officer". FCE operates a process throughout the year to monitor and control all accounting processes that may have an impact on UK taxes in order to ensure the statutory obligations can be made.

FCE has comprehensive certification and due diligence processes operated quarterly in connection with external financial reporting that include the identification, evaluation, monitoring and reporting of tax issues and risks.

Via these governance processes, FCE is able to control the transactions entered into and ensure that the resulting tax obligations are complied with.

2017 Criminal Finance Act

FCE is taking action to ensure suitable policies and procedures are in place to prevent or minimize the risk of its employees, agents, suppliers or other third parties associated with FCE facilitating tax evasion as reflected in the 2017 Criminal Finances Act. FCE has undertaken, and will periodically refresh, a risk-based assessment of its business activities to identify such risks and ensure procedures are adequate. FCE will communicate the policy and ensure adequate training is provided.

The Attitude of the Company to Tax Planning so far as it Impacts UK Taxation

FCE will plan to organise its affairs and arrange transactions within the law. FCE will implement transactions in a manner that utilises available tax reliefs and will make elections or other choices as appropriate to minimise tax costs. FCE will not engage in tax planning other than that which supports genuine commercial activity.

FCE, along with the majority of UK banks, has agreed to comply with the HMRC Banking Code of Conduct. In-line with the Code, FCE will not engage in tax planning that may be construed as within the letter of UK law but contrary to the intentions of Parliament. In the event that there is doubt as to whether the tax results of a significant transaction might be or have been contrary to the intentions of Parliament, FCE will as well as discussing internally, consider discussing the matter with HMRC in order to seek their view.

Use of Advisors

FCE's tax policy is to engage external tax advice where required to ensure that tax affairs are administered in accordance with the laws of each country in which FCE operates.

The Level of Tax Risk the Group is Prepared to Accept

Given the scale of FCE's business, the complexity and the number of jurisdictions, it is inevitable that tax risks will arise. Typically, many of these risks will arise from differences in interpretation of complex tax laws, principles or guidance.

FCE will not take positions on tax matters, or accept tax risks that may create reputational risk or are otherwise inconsistent with wider risk appetite or tax strategies.

The Approach of the Company in Relation to Dealings with HMRC

FCE's approach to dealing with HMRC is to maintain an open, professional and transparent relationship in relation to tax planning, compliance, strategy, risks and significant transactions. FCE commits to make full and accurate

disclosures in tax returns and in correspondence with HMRC. The company shall co-operate with HMRC at all times and deal with issues in a timely and collaborative manner.

FCE shall comply with its legal obligations and interpret legislation in a reasonable way that is aligned with the intentions of Parliament. Where genuine differences of opinion occur on the application of tax law, FCE will first seek to resolve these with HMRC through open dialogue and with reference to the relevant legislation and case law.

FCE regards the publication of this tax strategy as complying with the duty under para 16(2), Schedule 19 of Finance Act 2016.