

*A copy of the Advent Group tax strategy is shown below. Advent regards the publication of this tax strategy as satisfying the statutory obligation under paragraph 19(2) Schedule 19 Finance Act 2016 to publish a tax strategy in relation to the financial year ended 31 December 2018. This strategy was approved by the Board of Directors of Advent Capital (Holdings) LTD on 13 November 2018 and is effective from the date of publication until it is superseded.*

## **Fairfax – UK tax strategy**

### Scope

This UK tax strategy applies to UK resident corporations in the consolidated group of Fairfax Financial Holdings Limited (“Fairfax Financial”) as well as to any UK branches of non-UK corporations in the Fairfax Financial consolidated group (together, “Fairfax UK businesses”). References to “Fairfax” shall be read as references to the Fairfax Financial consolidated group.

Fairfax regards this document as complying with the requirements of Schedule 19 to the Finance Act 2016 (UK) to publish a UK tax strategy.

### Overview

Fairfax, including the Fairfax UK businesses, operates primarily in the insurance industry and is therefore subject to stringent regulatory rules and requirements in many jurisdictions around the world. In addition to complying with regulatory requirements, Fairfax Financial has formal Guiding Principles which have been in effect for over 25 years, and Fairfax is subject to a Business Code of Conduct and Ethics. Fairfax’s UK tax strategy stems from one of the Guiding Principles, which is that “honesty and integrity are essential in all our relationships and will never be compromised.”

The tax affairs of Fairfax’s UK businesses are managed in a way which takes into account their corporate reputation as well as the best interests of Fairfax UK businesses and various stakeholders, including shareholders and employees. Set out below is Fairfax’s UK tax strategy as it relates to UK tax risk management and governance, UK tax planning, and relationships with UK tax authorities.

### UK tax risk management and governance

Fairfax’s UK tax strategy is the overall responsibility of Fairfax Financial’s Chief Financial Officer (CFO), who reports on material tax matters to Fairfax Financial’s Board of Directors at regularly scheduled Board meetings. The UK tax strategy applies consistently to all Fairfax UK businesses. Day to day management of tax affairs and tax risks of Fairfax UK businesses, and primary responsibility for delivering the UK tax strategy, sit with the CFO of each Fairfax UK business. The CFOs rely on the expertise of one or more of an internal tax team of a Fairfax UK business, the global Fairfax tax team and external advisors.

An important component of Fairfax's UK tax strategy is risk management. Enterprise risk management architecture that is a requirement of Solvency II insurance regulations is fully embedded in the Fairfax UK businesses. In addition, where applicable, Fairfax UK businesses maintain internal control frameworks which comply both with Sarbanes-Oxley requirements and with the UK's Senior Accounting Officer legislation which requires businesses to establish and maintain appropriate tax accounting arrangements. The control frameworks include measures intended to identify, assess and manage tax risks and to ensure compliance with tax reporting obligations. Compliance with these control frameworks is reviewed at regular intervals by management of the Fairfax UK businesses and/or by their internal audit teams.

#### UK tax planning and tax risk appetite

Fairfax UK businesses are committed to fully complying at all times with their tax payment and reporting obligations, including country-by-country reporting requirements.

The CFO of each Fairfax UK business seeks to ensure that the tax implications of all material commercial transactions are considered by one or more of an internal Fairfax UK tax team, the Fairfax global tax team and external advisors. Fairfax UK businesses seek to be efficient in their tax affairs and may consider planning to make use of available tax reliefs, allowances and other benefits, but only in accordance with applicable laws and regulations. Fairfax UK businesses do not engage in artificial or abusive tax avoidance transactions.

Fairfax UK businesses seek to avoid uncertainty and unexpected results in their tax positions. In any instances where tax laws are unclear or their application is uncertain, Fairfax UK businesses will, with support from external advisors when appropriate, fully analyse and understand any tax risks. Fairfax UK businesses are not prescriptive in terms of the level of acceptable tax risk in respect of any particular matter as each matter is assessed based on its specific facts and circumstances.

#### Relationship with UK tax authorities

Fairfax UK businesses are committed to maintaining a transparent and cooperative relationship with HMRC (the UK tax authority). When appropriate, representatives of Fairfax UK businesses meet with the HMRC Customer Relationship Manager in order to maintain real time engagement regarding business developments and risks. Fairfax UK businesses are committed to ensuring that they are responsive to requests for information by HMRC and that the information they provide is accurate and complete. Where appropriate, Fairfax UK businesses will seek advance tax rulings from HMRC prior to undertaking certain transactions.