

STIFEL

STIFEL FINANCIAL CORP. UK TAX STRATEGY

Background

Stifel Financial Corp. (“SFC,” “we,” and “our”) is a diversified financial services holding company that conducts its banking, securities, and financial services business through several wholly owned subsidiaries.

This Tax Strategy applies to SFC’s operations in the UK (“UK Group”) and is published in accordance with Schedule 19 of the Finance Act 2016.

Governance Framework

The UK Group is managed by its Board of Directors, which meets at least four times per year. The Board is comprised of UK and U.S. members, with the U.S. members also functioning in key positions at SFC. This relationship provides for better coordination with SFC’s U.S. business activities. The Board has ultimate responsibility for the UK Group’s tax affairs.

The Board delegates the responsibility for tax matters to the European Operating Committee (the EOC), which meets monthly and is chaired by the President of the UK Group. The EOC comprises the Firm’s Directors, local heads of department, together with the Chief Financial Officer (“CFO”), the Head of Compliance, and Risk Manager.

The EOC, in turn, delegates the day-to-day management of tax matters to the CFO and thus to the Finance team. Levels of delegation depend on the specific tax type.

Persons responsible for tax matters are overseen by the CFO and are equipped with appropriate knowledge, skills, and capabilities to manage the UK Group’s affair and, where required, are assisted by external advisers. The UK Group makes use of certain of SFC’s support functions for aspects of its operations, including tax compliance and reporting. The CFO will liaise with SFC’s tax management, based in the U.S., on matters that have an effect on the tax position of SFC.

Suitable qualified and reputable external tax advisers are used to provide technical insights and advice on tax matters where required, examples of which would include:

- Awareness and compliance with new tax laws or changes to existing laws and practices;
- Where complex transactions are entered into (although the UK Group does not typically enter into complex transactions); and
- Where the potential tax impact of a transaction is material.

Management of Tax Risk

Tax risk arises as a result of being a multinational company and the interpretation of the tax law across the various jurisdictions. We manage our operational and reputational risk by promoting a culture of good ethics and compliance – these represent core values of the SFC group.

In operating our tax risk management, SFC and its UK Group have a low appetite towards tax risk. We are committed to full compliance with our tax obligations in relation to all types of tax, whether

corporate, VAT, payroll taxes, capital taxes, or any other taxes, ensuring that we pay the right amount of tax at the right time and ensuring, where appropriate, we file timely and accurate tax returns.

The UK Group seeks to ensure that their tax arrangements remain consistent with a low risk assessment, both in financial and reputational terms.

Potential risks relating to the introduction of new products and/or business lines are managed by way of our New Product Services Committee, which is managed by the UK Group and is overseen by the Enterprise Risk Management department of SFC. The Board, which has ultimate responsibility for UK tax matters, is notified of new products and/or business lines, and members of the Board are involved in the new products approval process.

Attitude to Tax Planning

The UK Group will consider tax planning when there is economic substance and a valid business purpose. The UK Group does not seek to structure transactions in ways to give tax results inconsistent with its underlying economic consequences.

The UK Group aims to ensure that its tax position in any planning activity is consistent with the spirit as well as the letter of tax law and will take external advice to confirm this if necessary. Transfer pricing studies are completed annually to ensure intra-group transactions are completed at arm's length pricing and reflect business and commercial realities.

Acceptable Tax Risk

The UK Group has a conservative appetite for tax risk. The level of acceptable risk is assessed on an individual case basis, based on the relevant specific facts and circumstances, and within our governance framework and conservative tax risk appetite.

The UK Group will only take a tax position where the position is expected to be more-likely-than-not allowable under applicable UK tax law. The UK Group will not abuse tax incentives, reliefs, and policies in a manner not intended by authorities.

Relationship With HMRC

The UK Group engages with HMRC openly and constructively, based on mutual trust and cooperative compliance.

We are committed to complying with the appropriate tax risk processes and ensure that oversight during the tax compliance process.

Where appropriate and possible, we endeavour to engage with HMRC on a real-time basis in any areas of material uncertainty, so as to minimize our tax risk and to provide greater certainty for both parties in advance of formal filings.

Professional tax advisors are employed to act as our agents and liaise regularly with HMRC on our behalf, to keep an open working relationship.