

Tax Strategy

May 2021



Pension Insurance Corporation Group Limited ('the Group')

Tax Strategy

The Group's purpose is to pay the pensions of our policyholders, and our tax strategy and how we manage our tax affairs on a day to day basis goes hand in hand with this purpose.

All the companies within the Group are UK incorporated and conduct their business in the UK and Guernsey. The Group's tax strategy is to ensure compliance with all applicable tax laws, rules, regulations, disclosure requirements and to pay the correct amount of tax at the correct time.

This tax strategy is in compliance with the requirements under paragraph 16(2) of Schedule 19 of the Finance Act 2016 to publish the Group's tax strategy for the 2021 financial year.

Governance and Tax Risk Management

The implementation of this strategy is overseen by the Board of Directors of all companies within the Group and the Pension Insurance Corporation plc ('PIC') Audit Committee.

Overall responsibility for tax governance, general tax matters and the management of tax risks sits principally with the CFO and the Head of Tax within the Finance function. The Operations team are responsible for policyholder tax matters, and Human Resources for employment related tax matters with input from the tax function if required.

The Group is committed to ensuring the right governance and tax risk management structure is in place in respect of its tax affairs.

The Group's tax processes are regularly reviewed and amended if required by the tax function, at a minimum of annually, as part of the Senior Accounting Officer reporting to HMRC.

In addition to monitoring compliance with relevant tax legislation and requirements, the tax function works in collaboration with the wider business, to review whether transactions and activities undertaken by the Group result in tax risks which are outside the Board's risk appetite.

The Group has a low appetite towards tax risk and manages this through not only the Group's tax risk policy and tax risk and control framework, but also the Group's wider overall risk and control framework, and its risk appetite towards its solvency position and reputation.

Tax risks are subject to oversight by the Group's risk function and internal audit. They are also overseen by the Board Risk Committee and Board Audit Committee, on behalf of the Board. The Group has no appetite to facilitate tax evasion.

Where required, the Group engages third party professional tax advisers to assist with queries or to provide tax compliance services, in order to ensure the Group comply with all their tax responsibilities. External advice may also be sought in relation to tax planning or areas of complexity or uncertainty to support the Group in complying with its tax strategy.

The tax function is responsible for ensuring that the tax position of the Group is appropriately reflected in the published financial information of the Group.

Tax Planning

Any transaction which the group undertakes will have a clearly defined business purpose, reflect commercial activity, and tax will not be a driver of the transaction. Consideration will be given as to the effective management of the Group's tax position, considering possible tax incentives, which the Group will utilise but only if these align with the Group's wider business purpose.

HMRC Relationship

The Group engages with HMRC in an open, timely manner, and aims to be transparent in its tax disclosures. The Group seeks to build and maintain a constructive relationship with HMRC at all times, and engages with them at the earliest opportunity. This includes informing them of changes in the business, or new areas of investment and agreeing where possible the tax treatment upfront for areas of uncertainty.

The Group makes any necessary corrections for errors or misstatements in tax filings, and fully discloses this to HMRC as soon as possible.

This tax strategy was approved by the Pension Insurance Corporation plc Audit Committee in May 2021.