

## Tax Strategy for Scottish Friendly

Day to day oversight of the operation of the tax risk is delegated by the Board to the Chief Financial Officer. Scottish Friendly operates in accordance with the Friendly Society Act 1992.

### Approach to Tax

At Scottish Friendly, we operate for the benefit of our policyholders and comply with all aspects of relevant tax legislation. We endeavour to pay the correct amount of tax to HMRC (or other relevant authority) within their set deadlines. We operate under the framework set out below:

#### Our attitude to tax planning:

- We will manage and control tax within a commercial context, such that all transactions and arrangements are based on a primary underlying business purpose and commercial rationale beyond the tax benefits.
- We will plan and manage our tax affairs to ensure that we make appropriate claims for reliefs and deductions provided by the law, where it is cost effective to do so.
- We will not enter into transactions or arrangements where one of the main purposes is the avoidance of tax.
- We will seek external tax advice where the application of tax law to our business is uncertain or where specialist knowledge is required or for assistance in the completion of annual tax returns.
- We are committed to conducting our activities free from the facilitation of tax evasion. We adopt a zero-tolerance approach to all forms of tax evasion that could be perpetrated by Scottish Friendly colleagues, suppliers and others with whom we do business or who act on our behalf.

#### Our tax risks:

- We recognise that tax is an important feature of our business, affecting our main products and services as well as being levied on certain profits made from running our business. Our approach to tax is therefore compatible with our overall strategy.
- The parameters by which we assess and manage acceptable levels of tax risk are the same as that which are used across the company for assessing and managing risk within our Risk Management Framework.
- We will actively engage with legislators, tax authorities, representative bodies and other relevant third parties to inform and promote a sustainable tax environment that is in the best interests of our stakeholders.

### **How we manage our tax risks:**

- Tax related risks are managed as part of our Risk Management Framework (RMF). The RMF is the basis upon which we manage risk across the business. The Risk Committee of the Board has oversight of the application and operation of our management of tax risks on behalf of the Board through the application of the RMF reporting processes. The risk is assessed on a quarterly basis.
- The risk of breaching rules relating to tax is managed as part of the Legal Risk Policy.
- The Audit Committee reviews the public disclosure of tax information included in the Annual Report and Accounts as part of its approval process for these accounts.

### **Our dealings with HMRC and other relevant tax authorities:**

- Wherever we operate, we will act in an open, honest and transparent manner with HMRC and other relevant tax authorities.
- We will not enter into any transaction or arrangement that is contrary to the General Anti-Abuse Rules.
- We will build and maintain professional and constructive relationships with HMRC and other relevant tax authorities.

**Alan Rankine**  
**Chief Financial Officer**  
**20 March 2023**