

Tax Strategy for Scottish Friendly

Day to day oversight of the operation of the tax risk is delegated to the Finance Director.

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 may 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.

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 the profits made from running our business, and that our approach to tax should be 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 Risk is a specific risk within our Risk Management Framework (RMF). The RMF framework 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 on behalf of the Board through the application of the RMF reporting processes. The risk is assessed on a quarterly basis.
- 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.

Martin Pringle
Finance Director and Company Secretary
21 April 2017