

Simplyhealth Group Tax Strategy

February 2023

Version 2.0

Simplyhealth Group

Tax strategy

The following strategy relates to the financial year ended 31 December 2022 as required by paragraph 16(2) schedule 19 of the UK Finance Act 2016.

Simplyhealth has a strong, embedded culture of social responsibility and awareness that underpins the focus on the achievement of this Purpose. In order to support the UK State to fund services for healthcare and wellbeing for all communities, through the NHS, education system, welfare provision and other services, we believe we must pay the appropriate tax based on the financial outcomes of our business success.

Doing the right thing and acting with integrity and compassion is core to our culture which is why a minimum of 10% of our profits are donated to support communities. All other profits are reinvested in the business for the long term benefit of our customers.

Our business activities generate a variety of taxes, including corporate income taxes, employment taxes and social security contributions. In addition to meeting our own obligations to pay the correct amount of tax on time, we also collect and remit, on behalf of HM Revenue & Customs ('HMRC') indirect taxes, including Insurance Premium Tax and VAT.

All areas of our business share a common purpose, values and beliefs. Our in-house team of qualified tax professionals work closely with the leadership team and business managers to embed an understanding of the tax implications of what we do, helping to ensure that the Simplyhealth Group as a whole understands and applies the relevant legislation consistently and appropriately and that it uses the Group-wide framework to inform commercial decision-making. Deciding these matters can involve interpretation of rules and forming judgements, while also taking due consideration to the Simplyhealth Group's reputation, brand, corporate and social responsibilities, as well as the applicable legal and fiduciary duties of directors and employees of the Group, so we seek to be open and transparent about our approach, our decision-making processes and the outcomes achieved.

Tax risk management

Simplyhealth's Board sets the tax risk appetite for the Simplyhealth Group. Our risk management strategy sets out the process for the assessment, monitoring, reporting and escalation of risks and is overseen by the Risk & Capital Committee. Simplyhealth's leadership team and business leaders are accountable for ensuring that all commercial decisions are made in line with Simplyhealth's risk appetite. We currently adopt a low risk approach and ensure that we are compliant with all applicable laws and practices.

The business will engage with the tax team when making commercial or structural decisions. Our Group tax team determines, in each case, whether the technical tax implications of a decision are understood internally, or whether specialist external advice is needed. External advice may be sought in areas relating to new markets and services, or where there is uncertainty as to the application or interpretation of tax law. A specialist review of all significant tax calculations and tax-affecting accounting positions is undertaken annually by external consultants prior to filing the returns. Any concerns or significant tax risks and developments are escalated through the Senior Accounting Officer reporting and monitoring process.

Our tax team monitors and informs the business of regulatory and legislative change that affect the Simplyhealth Group, engaging with expert advisers as required to ensure we are aware of developments in compliance requirements and government guidelines, enabling us to maintain the correct application of legislation and appropriate use of government tax incentives and reliefs.

Relationship with HMRC

We have been awarded Low Risk status by HMRC since 2010 and we wish to retain this status. In support of this, we aim to interpret the UK tax laws in a way consistent with a relationship of co-operative compliance with HMRC. Further, we aim to maintain our overall relationship with HMRC in an open and transparent manner, ensuring appropriate disclosure is made on a real-time basis.

Tax strategy governance

Simplyhealth Group's tax strategy is owned by the Chief Financial Officer and approved by the Audit Committee. The Chief Financial Officer is also the Group's Senior Accounting Officer ('SAO') and our tax strategy is delivered by the tax team to ensure Group-wide compliance and an appropriate control framework that enables the Chief Financial Officer to submit an unqualified SAO certificate to HMRC.