Tax Strategy

This Tax Strategy has been prepared and published in accordance with paragraph 16(2) Schedule 19 Part 2 of Finance Act 2016, on behalf of BGL (Holdings) Limited and all UK tax resident entities in the BGL (Holdings) group. This Tax Strategy is reviewed annually and was last updated in March 2024. The strategy applies from the date of publication until it is superseded.

Introduction

BGL (Holdings) Limited's ('the Group') Tax Strategy supports the wider business strategy and objectives of the Group. The Group aims to pursue a Tax Strategy that is principled, transparent and sustainable in the long term.

1. Tax Governance

Ultimate responsibility for overseeing the Tax Strategy and governance of the Group rests with the Board of Directors of the parent company, BGL (Holdings) Limited. The Board of Directors of Compare The Market Limited ('CtM') is responsible for tax risk management and governance for CtM, the major operating subsidiary within the Group, and has adopted the Group's Tax Strategy. The CtM Board or relevant CtM Board Committee regularly consider tax matters as part of their meetings.

Responsibility for governance for all matters relating to tax is delegated to the CFO (and Senior Accounting Officer 'SAO'). The CFO is responsible for ensuring that appropriate tax policies, processes and systems are in place and that these are reviewed for operational effectiveness.

External tax advisors are used where there is a requirement for specialist advice, guidance and support, for example material transactions, such as acquisitions and disposals. However, responsibility for tax and decisions around tax remain with the SAO and the in-house tax team.

The in-house tax team responsible for the day-to-day management of the Group's tax affairs is adequately staffed, has clearly defined roles, and has the appropriate qualifications and experience to carry out their roles effectively.

2. Tax Planning

The business activities of the Group and the insurance and digital markets it operates in can be complex from a tax perspective and involve significant transaction volumes and values. The Group considers the tax consequences of its transactions as a factor in its planning processes, but will not undertake transactions that are artificially driven for taxation reasons i.e. to reduce or avoid tax charges which do not have a firm commercial rationale or business purpose.

The Group's Taxation Strategy supports the Group's overall strategy for growth and, therefore, our aim is that existing and proposed transactions do not create unintended tax costs to the Company and are carried out in the most tax efficient manner possible. We will plan to use beneficial claims, elections, reliefs, or seek to use exemptions available within relevant tax legislation where these are appropriate and provided their use does not exceed what is reasonably understood to be the spirit or intention of currently applicable law.

Where possible and practical, the Group will liaise with HMRC to determine and agree the tax position of key items, particularly wherever there is material uncertainty of the prevailing rules to apply and/or where the transaction is material.

All exchanges of goods, property and services between companies within the Group are conducted on an arm's length basis. Transfer pricing between Group companies is based on fair market terms and the commercial nature of the transactions.

3. Tax Risk Management and Tax Risk Appetite

The Group aims to ensure compliance with all applicable tax laws and relevant regulations in the countries in which we operate, and make full and timely disclosures in tax returns, reports and documents submitted to taxing authorities.

It is recognised that tax risk management is complex and tax legislation, case law and its interpretation are constantly evolving. Factors affecting the Group's tax risk position can either arise internally (e.g. as a result of a new product or restructuring) or as a result of external factors (e.g. change in legislation or regulatory requirement). Our ability to control these risks can vary as a result, and the Group accepts that eliminating all tax risks is impossible. However, effective risk management is paramount for the Group and underpins its business strategy and operations.

The Group aims to actively manage identified tax risk through a 'three lines of defence' approach in order to mitigate against unexpected adverse financial, brand or reputational impact. The first line of defence is executive management who are responsible for owning and managing risks on a day-to-day basis, the second line of defence comprises a number of support functions and committees providing oversight and challenge to the first line of defence, and the third line of defence is provided by Internal Audit which provides independent assurance on the adequacy and effectiveness of risk management and internal risk and control frameworks. Risk management and audit assurance are overseen by the CtM Audit Committee and CtM Board Risk Committee.

Tax risks and emerging tax risks are assessed on a case-by-case basis, allowing the Group to arrive at well-reasoned conclusions on how each individual risk should be managed. As well as financial factors, due consideration is given to the Group's reputation, brand, corporate and social responsibilities when considering tax initiatives and tax risks, as well as the applicable legal and fiduciary duties of directors and employees. Whilst we do not have prescriptive levels of tax risk, we seek external professional advice where the application of tax law to a material transaction or a given situation is reasonably unclear or uncertain, or where specialist knowledge is required.

The effective operation of controls to mitigate tax risk and any control failures are regularly monitored in line with internal risk and financial control management frameworks, with material risk being escalated to the CtM Audit Committee and CtM Board Risk Committee. These processes are also monitored as part of SAO obligations.

4. Approach to dealings with the tax authorities (HMRC and others)

The Group aims to maintain an open, and co-operative relationship with the tax authorities regarding its tax affairs. Our policy is to work in a collaborative way with the tax authorities and build an effective relationship with them. This includes open, regular dialogue of significant tax issues and business developments.

HMRC's risk assessment of the Group reflects its size and complexity and the amount of UK tax it pays to HMRC or collects on its behalf.

The Group will act as follows in its dealings with HMRC:

- Aim to ensure all interactions with HMRC are conducted in an open, collaborative and professional manner, to be transparent in its tax governance structure and to have a pro-active and regular dialogue with HMRC.
- Aim to be fully compliant with its statutory tax filing, payment and reporting obligations.
- Reasonably believe that transactions are structured to give a tax result which is not inconsistent with the economic reality, nor contrary to the intentions of current tax legislation.
- Interpret the relevant laws in a reasonable way, and ensure transactions are structured consistently.
- Deal with in a timely, effective and appropriate manner, any enquiries or questions received from HMRC.

- In the event of any inadvertent error(s) arising, full disclosure will be made to HMRC as required by law**.**
- In certain circumstances, material or significant business transactions or changes will be communicated to HMRC. For example, with the intention of disclosing and seeking clearance on such matters in order to gain agreement on the tax implications.
- Disclose any relevant planning it undertakes to HMRC in line with the legal disclosure requirements and criteria set out by HMRC.