

## **BSI GROUP - UK TAX STRATEGY DOCUMENT**

Integrity and good conduct are central to our culture and approach to risk management. We aim to comply with both the spirit and letter of the law in tax matters. This tax strategy applies to all BSI UK Group companies and to our dealings with third parties. All BSI business activity both internally between related parties and with external customers is conducted on an independent, commercial, market arm's length basis.

The Group's UK tax strategy, which covers both the internal governance of tax matters and the approach to tax, is approved by the Board.

### **Governance**

- Responsibility for the tax strategy, the supporting governance framework and management of tax risk ultimately sits with the Group Finance Director (GFD). Day-to-day responsibility for each of these areas sits with the Group Head of Tax, who reports to the GFD, and a team of dedicated finance professionals.
- The Group's tax strategy is reviewed by the Board Audit Committee annually. It is supported by a tax governance framework, which aligns to the wider risk and control framework of the business.
- Independent monitoring and reporting of tax risks and controls is supported by Group Internal Audit and Risk, and key risks and issues related to tax, are escalated to and considered by the Group Audit Committee on at least an annual basis.

### **Management of tax risk**

- As a multi-national UK headquartered organisation, with operations in 31 countries, the BSI Group is exposed to a variety of tax risks. These can be grouped under the following headings:
  1. **Tax compliance and reporting risks**, which cover risks associated with compliance failures such as submission of late or inaccurate returns, the failure to submit claims and elections on time or where finance or operational systems and processes are not sufficiently robust to support tax compliance and reporting requirements.
  2. **Transactional risks**, which arise where transactions are carried out or actions are taken without appropriate consideration of the potential tax consequences or where advice taken is not correctly implemented.
  3. **Reputational risk** looks beyond financial risks to the wider impact that tax risk may have on our relationships with our stakeholders, clients, tax authorities and the general public.
- We look to manage tax risk in a similar way to any areas of operational risk across the Group. Group Tax along with Business Leaders will generally take the lead role in identifying, managing and monitoring tax risks within the business. Line management is then supplemented by oversight functions, including Group Risk and Group Internal Audit.

- Group Tax is made up of a team of finance professionals based in London. In addition to their ownership and oversight role, they provide advice to the UK Group businesses on tax-related issues, undertake or assist with tax filings, manage relationships with HMRC and assist with various forms of tax and financial reporting. Internal controls and escalation procedures are put in place with the aim of identifying, quantifying and managing key risks.
- Where appropriate, we look to engage with HMRC to disclose and resolve issues, risks and uncertain tax positions. The subjective nature of many tax rules does however mean that it is often impossible to mitigate all known inherent tax risks. Indeed, in certain situations, an element of tax risk may need to be maintained, where we believe our approach is consistent with the principles set out in our tax strategy and where the range of potential outcomes is in accordance with the Group's low tax risk appetite and maintenance of its HMRC low risk status. As a result, at any given time, the Group may be exposed to financial and reputational risks arising from their tax affairs.

### **Tax compliance and relationship with tax authorities**

- We seek to comply with our tax filing, tax reporting and tax payment obligations in the UK with respect to corporation tax, VAT, income and employees' taxes and any other tax relevant to the business, with the assistance of external advisors.
- We look to maintain open and transparent relationships with HMRC. This may take the form of discussing key developments in our business and the potential impacts of those developments. Equally, it may involve disclosing and seeking to resolve a known issue prior to the filing of the relevant tax return.
- From time to time, our views (or those of our advisors) on the appropriate tax treatment in any given case may differ from those of HMRC. Where such circumstances arise, we will work constructively and proactively with HMRC with a view to achieving an early resolution of any matters arising.

### **Tax planning**

- BSI recognises that it has a responsibility to pay an appropriate amount of tax on its UK operations. Accordingly, we may utilise tax incentives or opportunities for obtaining tax efficiencies in line with the Group's low tax risk appetite alongside maintenance of the HMRC low risk status, where these:
  - Are not considered to carry significant reputational risk or significant risk of damaging our relationship with HMRC,
  - Are aligned with the intended policy objectives of the UK government which introduced the incentives, and;
  - Are aligned with our business or operational objectives.
- External advice may be sought in relation to tax planning or areas of complexity or uncertainty to support the Group in complying with its tax strategy.

## **Transparency**

- We support initiatives to improve international transparency on taxation matters, including recognition and application of the OECD BEPs Actions particularly in respect of arm's length transfer pricing arrangements.
- We commit to be open and transparent about decision-making, governance and tax planning.
- We do not tolerate UK tax evasion, nor do we tolerate the facilitation of UK tax evasion by any person(s) acting on the Group's behalf.

The BSI Group regards the publication of this UK tax strategy as complying with the duty under paragraph 16(2) of Schedule 19 of the Finance Act 2016 to publish its UK tax strategy in the current financial year.