

# Tax Strategy

## Introduction

Our Audit Committee approved tax strategy sets out our approach to tax. We seek to ensure that it is aligned with our core values and our overall strategy.

We are committed to ensuring we pay the amount of tax which is due, we comply with all tax rules and regulations and we safeguard our reputation as a responsible tax payer. However, we recognise that we have an obligation to protect Members interests by controlling and managing our tax liabilities.

Our tax strategy is aligned with HMRC's Code of Practice on Taxation for Banks ("the Code") which sets out the principles and behaviours expected of banking groups with regard to tax and we have adopted this code unconditionally.

## Our approach

Our approach can broadly be summarised as follows:

- To ensure we pay the tax that is required and that we comply fully with the requirements of UK tax legislation;
- To ensure we provide accurate information and file relevant returns, claims and elections on a timely basis within statutory time limits;
- To ensure that processes and controls are documented in order to support the taxes we pay, and the preparation and submission of related tax returns; and
- To engage constructively with government consultations in respect of tax matters.

## Internal governance

The tax policy in Principality Building Society is owned by the Board of directors. The policy, and compliance with it, is reviewed annually by the Audit Committee.

Day to day management and implementation of the policy is delegated to the Financial Controller, who is supported by an experienced in-house finance team, that are responsible for managing Principality Building Society's tax affairs.

## Risk management

Operational risk is managed by the implementation of controls including segregation of duties, ensuring staff are appropriately trained and experienced and the use of external advisors to ensure that knowledge remains up to date.

## Risk appetite

Our appetite for tax risk is low, and can be summarised as follows:

- To ensure we conduct our commercial activities in a tax efficient manner, including tax planning that ensures we do not incur unnecessary tax costs, but in a manner that is in line with our values, and that supports only genuine commercial activity;
- To ensure sufficient and knowledgeable resources are available to undertake our tax compliance obligations.

## Relationship with HMRC and other tax authorities

We aim to maintain a good working relationships with HMRC and other tax authorities. We engage in an open, transparent and co-operative manner, engaging professional advisors when required to aid interpretation and application of the continually transforming tax landscape.

We consider the tax impacts for the business and seek to manage and minimise any risks that may arise as a consequence of legislative changes.