

Pool Reinsurance Company Limited Tax Strategy

This tax strategy complies with Pool Re's obligations under paragraph 16(2) of Schedule 19 of the Finance Act 2016 to publish its tax strategy.

Introduction

This document sets out Pool Re's approach to conducting our tax affairs and dealing with tax risk. The document is reviewed annually by the Risk & Audit Committee and approved by the Board.

The Chief Finance & Operations Officer works with the Finance team and our external tax advisers to ensure that:

- the tax strategy is adopted and followed consistently, with clear lines of responsibility and accountability
- there is alignment of the strategy with Pool Re's overall approach to corporate governance and risk management, and
- Pool Re applies professional diligence and care in the management of all risks associated with tax matters, ensuring that governance and assurance procedures are appropriate.

Under the Criminal Finances Act 2017 (CFA), a company can be guilty of failing to prevent the facilitation of tax evasion. Pool Re's Tax Strategy reflects the Company's commitment not to facilitate corporate tax evasion.

Approach to risk management and governance arrangements in relation to UK

The Company's tax strategy aligns to the Company's wider risk framework. The Company manages tax risk in a similar way to any area of operational risk across the Company. The business is supported by its risk management function, internal audit and external tax advisers.

We operate with integrity in our compliance and reporting, ensuring an open, honest and transparent relationship with all relevant stakeholders including tax authorities, business partners, our Members, and employees. Where appropriate, the Company looks to engage with tax authorities to disclose and resolve issues, risks and uncertain tax positions.

Responsibility and accountability for the Company's tax affairs is clearly defined and decisions are taken at an appropriate level, consistent with the Company's delegation of authority. Key risks and issues related to tax are escalated to and considered by the Risk & Audit Committee and ultimately by the Board as required.

We keep our resourcing, both internal and external, under review and continuously look to improve how we govern tax in our Company.

Attitude of the Company to tax planning

The Company recognises it has a responsibility to pay the appropriate amounts of tax in each of the jurisdictions in which it operates.

The economic benefits associated with tax planning must never override compliance with applicable laws. Tax arrangements are simple, well-understood and based on generally accepted standards. Where there is uncertainty as to the application or interpretation of tax law, appropriate advice evidencing the facts, risks and conclusions is taken from third party advisers to support the decision-making process.

In reviewing a tax action or decision, the following will be considered:

- the requirements of our core values and policies such as the Company Values Statement
- the maintenance of corporate reputation
- the tax benefits and impact on the Company's reported result relative to the potential financial costs involved

- our relationship with HMRC and other tax authorities.

Level of risk in relation to UK taxation that the Company is prepared to accept

We have a low tolerance towards tax risk.

We seek to minimise the risk of dispute with HMRC by being open and transparent about our tax affairs. We manage our tax risk by sharing details of any proposed significant transaction with HMRC prior to implementation. We do not make use of tax planning which does not support genuine commercial activity.

The assessment of any proposed management action considers its commercial merits, its regulatory and legislative impact and its impact on key stakeholders, including HMRC. We will not pursue an interpretation of tax legislation which is incompatible with our objective to remain compliant with our tax obligations.

The Pool Re Finance team collaborates with the Company's business functions to provide advice and guidance necessary to ensure compliance, obtaining external advice where necessary. There are clear management responsibilities, backed up by monitoring and review processes, carried out by members of the Finance team with the necessary experience and skill set.

Approach towards dealings with HMRC

Pool Re is committed to the principles of openness and transparency in its approach to dealing with HMRC. All dealings are conducted in a collaborative, courteous and timely manner. The aim is to strive for early agreement on any disputed matters and to achieve certainty wherever possible.

This Tax Strategy is aligned with the HMRC Framework for Cooperative Compliance in the UK, "Improving Large Business Tax Compliance". In particular, Pool Re commits to:

- adopt open and collaborative professional relationships at all times with HMRC;
- engage in full, open and early dialogue with HMRC to discuss tax planning, strategy, risks and significant transactions;
- make fair, accurate and timely disclosure in correspondence and returns, and respond to queries and information requests in a timely fashion;
- seek to resolve issues with HMRC in real time and before returns are filed if possible, and where disagreements arise, work with HMRC to resolve issues by agreement (where possible);
- be open and transparent about decision-making, governance and tax planning;
- reasonably believe that transactions are structured to give a tax result which is not contrary to the economic consequences as expressed in the legislation; and
- interpret the relevant laws in a reasonable way, and ensure transactions are structured consistently with a co-operative relationship

HMRC last undertook a business risk review of Pool Re in May 2018 and confirmed Pool Re' "low risk" status.

Pool Re annually submits a Senior Accounting Officer (SAO) regime certification to HMRC confirming that the Company has appropriate tax accounting arrangements in place throughout the financial year. The SAO certification is designed to foster better engagement and transparency between the Company and HMRC and provides a regular review process for Pool Re to demonstrate that its tax arrangements are fit for purpose.