

BSI GROUP - TAX STRATEGY

BSI's public purpose is summarised as "inspiring trust for a resilient world". This guides our approach to the conduct of BSI's tax affairs in the UK and globally. We seek to inspire the trust of tax administrations that we will contribute our fair share of taxes commensurate with the value we create and the resources we consume. The tax that BSI pays is an important part of our wider economic and social impact which contributes to the development of the countries in which we operate.

Governance

The Group's tax strategy has been approved and adopted by the BSI Board. Responsibility for implementation of the tax strategy, the supporting governance framework and management of tax risk is delegated by the Board to the Chief Financial Officer ("CFO").

The supporting tax governance framework, which aligns to the wider risk and control framework of the business is structured having regard to the OECD report "Co-operative Tax Compliance: Building Better Tax Control Frameworks" which may be regarded as a best practice standard in this context.

Independent monitoring and reporting of tax risks and controls is supported by the Internal Audit and Risk function, and key risks and issues related to tax are escalated to and reviewed by the Audit and Risk Committee of the Board on an annual basis.

Management of tax risk

Integrity and good conduct are central to our culture and approach to risk management.

BSI is a multi-national UK headquartered organisation, with operations in [31] countries, and is exposed to the following principal tax risks:

- **Tax compliance and reporting** 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 fail and do not support tax compliance and reporting requirements.
- **Transactional** risks arising from transactions being carried out or actions being taken without appropriate consideration of the potential tax consequences or advice taken not being implemented correctly.
- **Reputational** risks arising from the impact that the crystallisation of tax risks may have on our relationships with our stakeholders, clients, tax authorities and the general public.

Tax risk is managed as is other financial and operational risk across the Group. Both finance and business colleagues participate in identifying, managing and monitoring tax risks within the business.

Relationship with Tax Administrations

We engage collaboratively and transparently with HMRC and other tax administrations in filing returns, resolving queries and dealing with uncertain tax positions. The nature and complexity of domestic and international tax laws are such that there are occasions when a taxpayer may, quite legitimately, maintain a different interpretation of law to that asserted by a tax administration and a dispute may arise. In such circumstances we will defend an honestly and reasonably held tax position to the extent it makes economic sense to do so.

Attitude to tax risk

BSI's public purpose requires that it sets an example and our tolerance of tax risk is low. This does not, however, prevent BSI pursuing tax planning initiatives that further its commercial aims in support of its public purpose within appropriate limits.

Attitude to tax planning

Where it is appropriate to do so, we structure our tax affairs efficiently. Tax planning will only be considered in the context of the commercial needs of BSI and in compliance with applicable laws. We will not engage in arrangements that are contrived or artificial where the sole or main purpose is the avoidance of tax.

We ensure that financial statements and tax returns include sufficient detail to enable tax administrations to form an accurate view of the affairs of the company(ies) filing the financial statements and returns affected by any planning initiatives. We also ensure that there is an adequate internal supporting audit trail and sign-off in accordance with BSI governance requirements.

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 being 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.

BSI has published its tax strategy in compliance with paragraph 16(2) of Schedule 19 of the Finance Act 2016

Dated: 15 June 2023