

RSA Group Tax Strategy

Introduction

This tax strategy applies to the worldwide group of companies headed by RSA Insurance Group plc (together referred to as 'RSA' or 'the Group'). RSA Insurance Group plc regards the publication of this tax strategy as complying with its duty under paragraph 16(2) of Schedule 19 to the Finance Act 2016 to publish the group tax strategy.

Overarching statement

RSA seeks to act with integrity and have a positive impact on society. In this context, RSA's overall tax strategy is to manage its tax affairs in a responsible and proactive manner that is consistent with our Corporate Responsibility Strategy and in line with Group Risk Strategy and Appetite.

Governance

Ultimate responsibility for tax strategy, policies and the management of tax risk rests with the Group Board ('the Board'). The Group Audit Committee ('GAC') has delegated authority from the Board for oversight of the integrity of the Company's financial statements and reporting process. In this context, Tax strategy and risk is part of the GAC's overall considerations and the committee receives updates on significant tax risks and developments. This tax strategy was first approved by the GAC in October 2017 and subsequently re-approved during the annual review in October 2018 with no material amendments.

The Board Risk Committee ('BRC') is authorised by the Board to oversee the risk management arrangements of the Group. The BRC ensures that the material risks facing the Group have been identified and that appropriate arrangements are in place to manage and mitigate those risks effectively. Tax risks are included within this process to the extent they are material to the Group.

The Group CFO has executive responsibility for all tax matters. The day-to-day responsibility for the operation of the Tax function rests with the Group Tax Director, who reports directly to the Group CFO. The Group Tax Director is supported by the Group and regional tax teams in core territories. The tax teams are staffed by tax professionals with appropriate qualifications, training and expertise.

Tax risk management

The Group's approach to tax risk management is to set a tax strategy that provides a framework for an aligned global approach. Tax risks are identified, monitored and managed through a range of processes and controls. The diagram below summarises our overall approach to tax risk management.



Attitude towards tax planning and level of risk

Tax is considered as part of every major commercial transaction undertaken by the Group. When entering into commercial transactions, RSA manages its tax affairs efficiently in compliance with the law. Tax planning and utilisation of tax incentives or other reliefs are only carried out where:

- there is a business and commercial objective
- they do not carry a significant reputational or stakeholder relationship risk;
- they are not contrary to the policy objectives of the relevant government; and
- they are within Group Risk Appetite and consistent with our Corporate Responsibility Strategy.

Tax filings are based on a sustainable interpretation of the law. RSA obtains third party advice where the tax position is uncertain and the amount of tax is significant.

RSA operates a system of tax risk management and controls to reduce tax risk as far as practicable and to ensure that any residual tax risk is within Group appetite. Group Risk Appetite is set by the Board Risk Committee and tax risk is considered within that framework.

Low tax rate jurisdictions

RSA does not use entities in tax havens to divert taxable profits away from the UK or other territories.

We operate in the following jurisdictions which have a headline corporate tax rate of 10% or lower: Guernsey, the Isle of Man, Bahrain and the United Arab Emirates. In all of these jurisdictions, we operate trading companies/branches which are staffed locally and serve the local market.

The Group has various overseas holding companies which exist for historical reasons and are not used to avoid tax.

Relationship with tax authorities

RSA seeks to have an open and honest relationship with the tax authorities in the key jurisdictions in which it operates. The nature of the relationship can vary between jurisdictions depending on the tax authority approach to engagement with tax payers.

In the UK, we engage with HMRC on a real time basis, holding regular meetings to cover developments in RSA's business, tax risks and interpretation of the law. We share details of significant transactions and changes in the business and seek to discuss any tax issues arising at an early stage.

HMRC have assessed RSA's UK business to be Low Risk as a result of their Business Risk Review. HMRC's Business Risk Review approach has been in place for over 10 years and is currently under review with changes expected in the near future.

When submitting UK tax computations and returns to HMRC, RSA discloses all relevant facts and identifies any transactions or issues where we consider there is potential for the tax treatment to be uncertain.

Total Tax Contribution

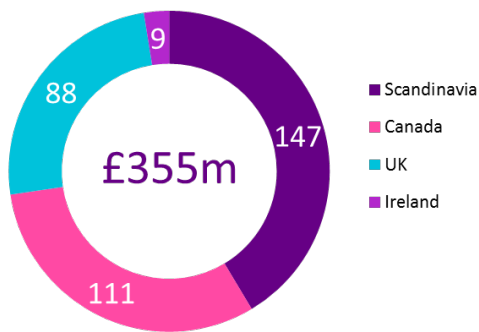
RSA is committed to complying with all statutory tax filing and payment obligations globally. The payment of taxes arising from our activities is an important part of the Group's contribution to the societies in which we operate.

The charts below set out taxes borne and collected by the Group's core regions for 2018 by region and type of tax.

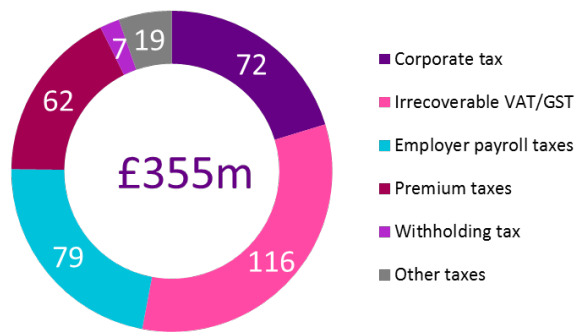
Taxes borne by a company are those that represent a cost to the company and are reflected in its financial results, for example corporation tax and employers' National Insurance contributions.

Taxes collected are those which are generated by a company's operations and are not a cost to the company, for example premium taxes and income tax deducted under PAYE. The company generates the commercial activity that gives rise to the taxes and then collects and administers them on behalf of the tax authority.

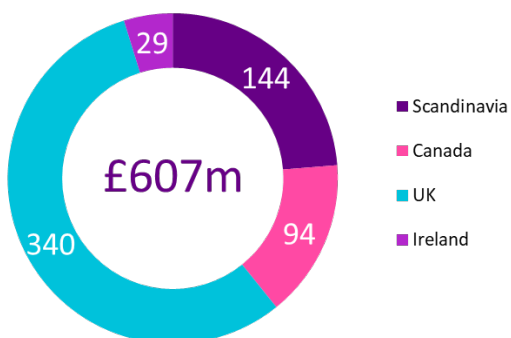
Total taxes borne by region (£m)



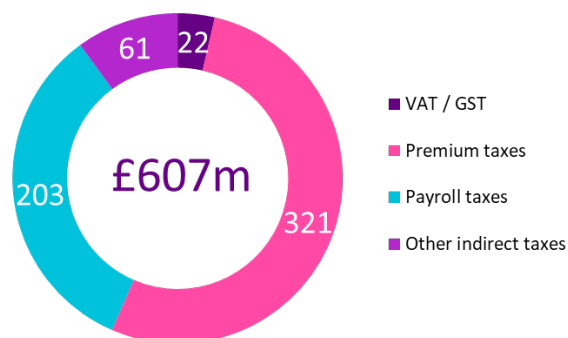
Total taxes borne by tax (£m)



Total taxes collected by region (£m)



Total taxes collected by tax (£m)



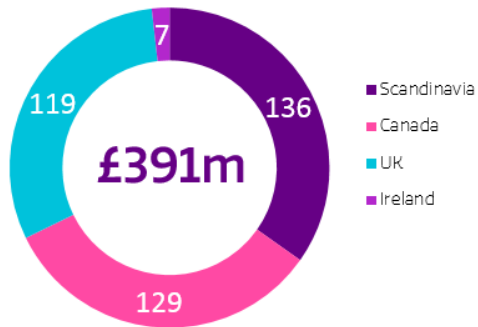
Notes:

The charts above include taxes borne and collected by the Group's core regions of Scandinavia, Canada, Ireland and the UK. They do not include taxes borne and collected by the Middle East, EU branches or other overseas territories.

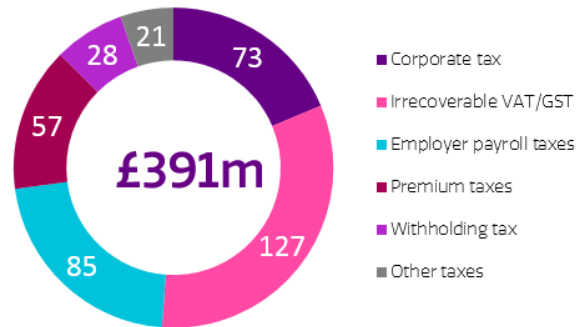
In 2018 the VAT collected by the UK is the net VAT paid to HMRC which is made up of output VAT on supplies from RSA (VAT payable to HMRC) less VAT recovered on supplies to RSA (VAT recovered from HMRC). In previous years the VAT collected by the UK included output VAT only.

For comparison, the charts below set out taxes borne and collected by the Group's core regions for 2017 by region and type of tax.

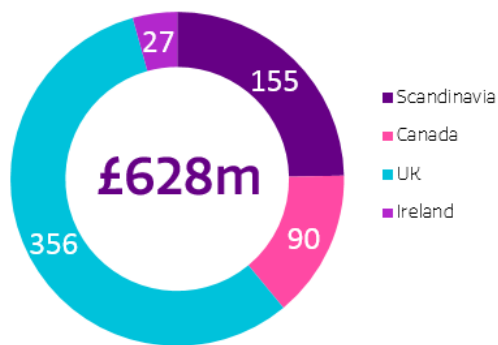
Total taxes borne by region (£m)



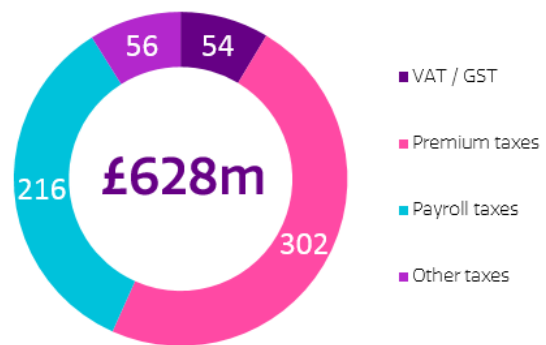
Total taxes borne by tax (£m)



Total taxes collected by region (£m)



Total taxes collected by tax (£m)



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