

UK tax strategy

Introduction

The purpose of this document is to communicate our approach to tax, to all stakeholders in accordance to the requirements set out in Schedule 19 of the Finance Act 2016.

This tax strategy applies to Fidante UK group and its UK affiliates; Challenger Management Services (UK) Limited, Challenger Life Investments UK Limited and Challenger Life Debt Investments (Europe) Limited, together referred to as Challenger's UK group. The ultimate parent is Challenger Limited (Challenger), a top 100 ASX listed company in Australia.

Challenger is committed to meeting the requirements of the voluntary Tax Transparency Code (TTC), issued by the Australian Government Board of Taxation. Complying with the TTC requires greater tax transparency and disclosure than that required by Schedule 19 of the Finance Act 2016. Challenger has prepared its tax transparency disclosures in its 2020 Sustainability Report and in the tax note of the 2020 Annual Report in conformance with the TTC. Challenger's UK Group tax strategy is aligned with Challenger's global tax strategy.

Challenger is committed to meeting its tax obligations and complying with prevailing taxation laws, practice and reporting requirements.

Responsible attitude towards arranging our tax affairs and tax risk appetite

Challenger is committed to high standards of corporate governance and recognises that good corporate governance adds value to its business and enhances stakeholder confidence. Risk management is embedded into the culture and day-to-day operations, with tax being one of these risks.

As an essential part of this commitment, Challenger operates within a well-defined governance structure, including a code of conduct, and embeds governance principles and practices in the business.

Challenger does not knowingly participate in the avoidance of tax or facilitate and/or promote the avoidance or evasion of tax by a third party. Challenger seeks certainty in its tax positions where possible through rulings and advice.

Challenger has no appetite for tax avoidance and seeks certainty in tax positions. Any tax position that is beyond Challenger's stated tax risk appetite is escalated to a Tax Risk committee, which is a sub-committee of the Challenger Board.

Proactive management of tax risk

Challenger's Tax Charter governs how tax is managed within the organisation and has been in place since 2007. The Tax Charter states that Challenger will manage its tax obligations in a sustainable way with regard to the commercial and social imperatives of the business and our stakeholders. Challenger complies with prevailing revenue laws and maintains professional relationships with the regulatory and tax authorities in the jurisdictions that it operates in.

A key element of Challenger's tax risk management is having appropriately qualified and experienced people in tax-related roles, with specific tax responsibilities and accountabilities included in their job descriptions.

All tax returns and other submissions to HM Revenue & Customs (HMRC) are subject to rigorous review and validation. Challenger uses independent external advisers to provide specialist support for all matters that may impact tax filing obligations.

Engagement with HMRC

Challenger endeavours to maintain an open, transparent and collaborative approach to any dealings with HMRC, which is based on the principles of transparency and justified trust.