

CANOPIUS GROUP TAX STRATEGY

Introduction

Canopus is a global specialty lines (re)insurer. Our Tax Strategy reflects the way in which we approach our business, manage risk and maintain our culture in line with our Group Business Strategy. Similarly, our approach to corporate sustainability and our Economic, Social and Governance responsibilities form part of our approach to managing our tax matters, and these have been reflected, and are embedded within, our business.

The Group regards the following principles as fundamental in managing its communication and relationship with Tax Authorities:

- Transparency
- Full Disclosure
- Co-operative Approach
- Robust Technical Analysis

Managing Tax Risk

The appetite for risk across all areas of the business is set by the Group Board and is aligned to our strategic objectives.

As a regulated business, Canopus is subject to certain regulatory and statutory requirements in the various locations in which we operate. The fulfilment of these requirements allows our clients and stakeholders to have assurance that we have the necessary technical capability and capital resource to write our business in compliance with local laws. Included within these requirements is the fulfilment of specific responses in relation to business risk, including tax risk.

In addition to regulatory requirements, Canopus takes its corporate governance responsibilities seriously. These include the Group's approach to managing its tax affairs in an appropriate manner, bearing in mind our business, the locations in which we operate and our culture. We continue to develop our investment in this area.

Our Boards and committees are structured to ensure that there is appropriate oversight and governance of all requirements at the most senior levels in the business. The Group Risk Committee is a committee of the Group Board and is responsible for ensuring that risks, including tax risks are appropriately identified, assessed and managed across the group.

The Group Risk Committee is made aware of key risks which have been recorded on the Group Risk Register, and will act in proportion with the level of financial or non-financial risk as appropriate. The Committee is responsible for ensuring that the group has the necessary preventative measures against financial crime. The Tax risk register is updated quarterly and any changes to the risk profile of any issues already identified or any new emerging risks, will be noted.

The Group's Internal Audit function provides an independent review of the risk management process and is an additional way that the Group Board can seek assurance that our response to risk remains sufficiently robust.

Approach to Tax Planning

Canopus has a low tolerance for tax risk. The Group takes a considered view of tax planning both in terms of the letter and the spirit of the law, and is cognisant of reputational risk that can arise in the event of an inappropriate response to tax matters across the business. However, Canopus may consider planning to take advantage of available reliefs and allowances under local law, in order that its tax affairs can be conducted efficiently where appropriate. This ensures that we pay the right amount of tax in each of our locations.

The group has an in-house tax function which is based in London, and uses external tax advisers as necessary. This will include outsourcing the tax compliance work in our overseas offices where we do not have dedicated in-house tax resource. Advisers will also be used in certain technically specialist areas, or as part of a wider project where there would be competing deadlines with other work being undertaken by the Group's in-house Tax team. Where advisers are used, the Group Head of Tax and the local CFOs will work closely to oversee the work undertaken.

Engagement with Tax Authorities

Canopus engages in a cooperative and transparent manner with all Tax Authorities and makes best endeavours to ensure that all tax returns and payments are timely filed. This engagement with Tax Authorities extends to the disclosure of current and future tax risks, any updates to the Group Business strategy and any uncertain tax positions taken as appropriate. Through this approach we seek to maintain trust and respect with Tax Authorities across the group.

In event that any inadvertent errors are identified, the relevant Tax Authority is notified in a timely manner, and the necessary corrections to tax returns and/or internal controls are made. For overseas Tax Authorities this communication may be made on our behalf by our external tax advisers if appropriate.

This Tax Strategy was approved by the Canopus Group Limited Board on 5 December 2022 and is prepared for the year ended 31 December 2022. It is published on our website in accordance with UK legislation (para 16(2) Sch 19, Finance Act 2016).