

Global Tax Strategy



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Objective

This document addresses management of tax compliance, risk and planning matters for the London Stock Exchange Group plc and its group undertakings globally (“LSEG” or “the Group”). Its primary purpose is to set out the Group’s framework for meeting its tax obligations from an operational, governance and tax risk management perspective. While this is a Global tax strategy, HMRC requires the publication of the strategy to satisfy LSEG’s statutory obligation under Para 16(2) Schedule 19, Finance Act 2016 for the financial year ended 31 December 2023.

Scope and Compliance

This strategy standard applies to all LSEG companies and joint ventures with an interest of 50% or more of the share capital. Compliance levels are monitored and reviewed by appropriate governance bodies. The Policy covers all financial charges or levies (direct and indirect) including corporate income tax, VAT, payroll and other taxes applied by a Tax Authority.

Context:

Our core corporate values guide how the Group works, collaborates and engages with colleagues, customers and other stakeholders. Accordingly, these values are engrained in our approach to the management of our tax obligations.

Principles:

Our Code of Conduct (“Code”) sets the standard for what is expected of everyone working at, or for, LSEG. Accordingly, the Group manages its tax affairs in compliance with the Code. And the principles we follow in the management of our tax obligations flow from the Code. These principles are as followed:

- The payment of tax is an important contribution to the economies and societies we operate in and we believe in the obligation to pay our fair share of tax legally due in any country at the right time.
- We ensure the Group complies with all relevant laws and regulations, considering policy intent.
- We ensure that the Group’s systems, processes and controls enable us to fulfil our tax obligations.
- We endeavour to establish open working relationships with tax authorities.
- We act in a transparent, co-operative, accurate and timely manner when dealing with tax authorities in order to resolve issues that may arise.
- We consider the context of this Framework and balance the interests of stakeholders in making tax decisions. ▪ When necessary, we will make judgements that are properly documented, carried out by the Group’s qualified tax professionals and supported by external tax advice where appropriate.
- We instruct internal or external resource acting for or on behalf of the Group to act in accordance with this Framework so that they can discharge their obligations in a manner consistent with the Framework.
- We support initiatives to increase public trust and transparency in national and international tax regimes, which is aligned with our core values of fairness, transparency and integrity.
- We do not undertake purely artificial transactions to obtain a tax benefit.

Approach to Tax Risk Management Tax Risk

Tax risk can be defined as taking a tax return filing position that adversely affects the Group’s tax or business objectives and results in an unanticipated or unacceptable level of monetary, financial statement or reputational exposure. Key tax risks relevant to the Group include, among other things, application of tax risk assessment and judgement in advising on legitimately controlling tax costs.

The Group believes in legitimately controlling its tax costs while paying its fair share of tax legally due in any country at the right time. The Group does not undertake purely artificial transactions to obtain a tax benefit. The Group complies with all relevant tax laws and regulations.

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Tax Risk Assessment

In line with commercial objectives, the Tax Function will work with the business as an equal partner in advising on legitimately controlling tax costs. We will make tax decisions and recommend tax strategies appropriate to the jurisdictions in which the economic activity occurs. For example, the UK offers various tax incentives to meet local policy objectives. And LSEG believes it has a duty to avail itself of these opportunities.

When making decisions and recommendations on tax matters, the Group follows “the more likely than not” principle. For example, we would only claim a tax position without a provision if it is at least more likely than not that our proposed treatment would sustain an examination by a tax authority.

In regularly assessing the Group’s decision-making risk, we consider, among other things, our level of assurance that a tax position will sustain challenge, a tax position’s technical, structural and compliance complexity, and the impact on corporate reputation.

Tax Authority Relationships:

Alongside the principles mentioned above, we seek to minimize the risk of challenge, dispute or damage to the Group’s credibility by, among other things:

- Documenting strong technical tax positions and the facts.
- Clearly explaining those positions.
- Being proactive in all interactions with tax authorities.
- Implementing strong compliance procedures and controls to ensure accurate and complete tax returns.

Tax Reporting and Filing Procedures

We operate an effective tax control framework to meet our tax reporting and filing obligations through robust internal policies, processes, controls, training and compliance programs. Where compliance processes have been outsourced to a shared service centre, contract employees, consultants, and any other third party, we ensure the principles herein are adhered to.

In line with this, the Group maintains procedures to prevent the facilitation of tax evasion in accordance with Part 3 of The Criminal Finances Act 2017. The Board of LSEG approves this strategy and annually monitors compliance via the Audit Committee, and, as appropriate, on an ad hoc basis. We review this strategy as well as all our processes and controls at least annually but more frequent as required, to ensure we take account of changes in the internal and external environment.