

## Harel Insurance & Finance – Tax Strategy

### 1. Introduction/Background

#### 1.1. Financial Year

The following document refers to the financial year ending December 31, 2023.

#### 1.2. Objective/Approval

This document, referring to Harel Insurance Investments and Financial Services Ltd. ("**Harel**") and its subsidiaries ("**Group**" or "**Harel Group**"), sets out Harel Group's policy and approach to conducting its tax affairs and dealing with tax risk. The document will be periodically reviewed by the Harel Group Tax team and management.

The Group Tax team with our businesses to ensure that:

- a) The strategy is adopted and followed consistently across the Group;
- b) There is alignment of the strategy with Harel Group's overall approach to corporate governance and risk management; and
- c) Harel Group pays the right amount of tax required of it under the laws and regulations of the countries in which it operates.

#### 1.3. Audience

Within Harel Group, the tax strategy is primarily of relevance to the Group Tax Department. It is also relevant to all finance, legal, and operational personnel and any other functions at Harel whose decisions have tax consequences. The Harel Group Board of Directors convenes periodically and surveys the various aspects of the Group's business and administration, including taxation, also issuing periodic reports displaying developments on the various aspects surveyed. Procedures are in place to ensure that the Board of Directors maintains full information to carry out its oversight duties and decide on any required further involvement where necessary.

The strategy is publicly available online and is compliant with the UK tax strategy publication requirement set out in Part 2 of Schedule 19 FA 2016.

#### 1.4. Scope

Harel Group is committed to conduct its tax affairs consistent with the following objectives, to:

- 1.4.1. Comply with all relevant laws, rules, regulations, and reporting and disclosure requirements, wherever we operate;
- 1.4.2. Ensure the tax strategy is at all times consistent with the Group's overall strategy, its approach to risk, and the Group Core Values;
- 1.4.3. Apply governance and professional diligence and care in the management of all risks associated with tax matters;
- 1.4.4. Foster constructive, professional and transparent relationships with tax authorities; and
- 1.4.5. Harel Group will use incentives and reliefs to minimise the tax costs of conducting its business activities, but will not use them for purposes which are knowingly contradictory to the intent of the legislation.

## 1.5. Tax Strategy Implementation and Review

This publication outlines the principles setting out how Harel Group people are expected to operate with respect to tax matters in support of the above Group Tax Policy (non-compliance constituting a disciplinary matter). The specific principles appear in the following:

### 1.5.1. Compliance with Laws, Rules and Regulations

Harel Group is committed to observing all applicable laws, rules, regulations, and reporting and disclosure requirements. There are clear management responsibilities, backed up by regular monitoring and review, carried out by members of Group Tax with the necessary experience and skill set.

### 1.5.2. Consistency with Group Strategy

Tax decisions will be made at all times in a manner which is consistent with and complements the Group's overall strategy. Key business decisions should be made cognizant of the tax consequences and with the aim of optimizing the after-tax returns for the Group's shareholders.

### 1.5.3. Governance, Assurance and Tax Risk Management

Responsibility and accountability for the Group's tax affairs is clearly defined and decisions will be taken at an appropriate level. Diligent professional care and judgement will be employed to assess tax risks in order to arrive at well-reasoned conclusions on how the risks should be managed. Where there is uncertainty as to the application or interpretation of tax law, appropriate written advice evidencing the facts, risks and conclusions may be taken from third party advisers to support the decision-making process.

Group Tax will employ various risk management processes and systems to provide assurance that the requirements of the Group Tax Policy are being met. This will include compliance and risk monitoring systems and internal audit reviews of tax compliance activity across the Group.

### 1.5.4. Relationships with Tax Authorities

Harel Group is committed to the principles of openness and transparency in its approach to dealing with tax authorities wherever we operate around the world. All dealings with the tax authorities and other relevant bodies will be conducted in a collaborative, courteous and timely manner. The aim would be to strive for early agreement on disputed matters, and to achieve certainty wherever possible.

### 1.5.5. Incentives and Reliefs.

Harel Group believes that it should pay the amounts of tax legally due in any territory. There will, however, be circumstances where this amount may not be clearly defined, or where alternative approaches may result in differing tax outcomes. The Group will use its best judgement in determining the appropriate course of action, using available reliefs and incentives where possible.

## 2. UK (HMRC) Context

### 2.1. Overview

Harel (UK) Limited, a wholly-owned subsidiary of Harel in the United Kingdom, is an approved and registered Lloyd's London Broker. During 2023, Harel (UK) Limited operated in the non-life insurance sector, with a business offering of underwriting insurance, e.g., bank deposits and shares in savings, and loan associations. Harel (UK) Limited is a limited liability company incorporated in England. The company's principal function is that of an insurance broker.

### 2.2. Tax Strategy

On 9 December 2015, HMRC in the UK published a draft Framework for Cooperative Compliance in the UK, following a consultation process titled "Improving Large Business Tax Compliance". In particular, this addresses the relationship between large businesses and HMRC in the UK, and promotes best

practice in a business' governance over its UK tax affairs. Harel Tax Group Department operates with respect to tax matters in support of the above Group Tax Policy and Strategy.

### **3. Tax Management and Organization**

#### **3.1. Tax Group Department**

Harel's Group Tax Department is part of the central finance function that reports to the Group Chief Financial Officer. The Director of Tax leads a small team of experienced and highly engaged tax professionals with appropriate professional qualifications and experience commensurate with the responsibilities required for their roles. All Group Tax Department members proactively seek to operate in line with the Tax Strategy.

#### **3.2. Finance and Relevant Personnel**

All finance personnel employed by Harel are responsible for complying with the principles and strategy set out in this document and with wider tax governance requirements. We are committed to providing training in an ongoing basis to non-tax personnel in key areas such as HR, finance, and business affairs to ensure that they are able to inform the tax team of relevant developments, and to make decisions with tax consequences in the best interests of Harel and line with this strategy.

#### **3.3. Advisors**

Tax advice may be sought from external advisors in respect of material transactions, and when the Group Tax Department does not have the expertise required in a particular area. The Director of Tax is responsible for the appointment of external advisors. Where Harel outsources tax work to external tax advisors (including elements of compliance), the Director of Tax should approve and ensure that the principles in this document are adhered to.