

Zopa Group Limited

Tax strategy in relation to financial year ending 31 December 2024

Introduction

Zopa Group Limited ('**Zopa Group**' or '**Zopa**') provides retail banking and consumer finance services to customers based in the United Kingdom. Zopa Group operates through its main operating subsidiary, Zopa Bank Limited ('**Zopa Bank**').

The business model relies on providing affordable fairly priced credit in the form of unsecured personal loans, point-of-sale credit, car finance and credit cards. These are funded primarily by retail savings that give competitive returns.

Vision and mission

At Zopa, our vision is to build Britain's best bank, fighting complexity and unfairness. A bank that delivers for its customers and its shareholders.

We're on a mission to make a brighter financial future a reality for customers by offering them a better all-round banking experience, no matter who they are or where they're at in life. We make decisions by truly understanding the complicated reality of people's finances today, and never underestimate the transformational impact our products can have on their lives. We have worked hard to create a sustainable and profitable business model which has allowed us to consistently attract ongoing capital to fuel our continued growth.

Scope

This strategy applies to Zopa Group Limited and to the group of companies headed by Zopa Group Limited in accordance with paragraph 6(1) and 6(2) of Schedule 19 to the Finance Act 2016. At the date of publication of this document, Zopa Group Limited has two wholly owned subsidiaries, namely: Zopa Bank Limited and Zopa Embedded Finance Limited.

Tax strategy

This tax strategy was published on 01/07/2024 and Zopa Group regards this publication as complying with its duty under paragraph 16(2) Schedule 19 FA 2016 in its financial year ended 31/12/2024.

This strategy applies from the date of publication until it is superseded. References to 'UK Taxation' are to the taxes and duties set out in paragraph 15(1) of the Schedule which include Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax, and Stamp Duty Land Tax. References to 'tax', 'taxes' or 'taxation' are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which Zopa Group has legal responsibilities.

Aims of our tax strategy

Our tax strategy is designed to demonstrate how Zopa Group is committed to full compliance with all statutory obligations and full disclosure to relevant tax authorities. While we take advantage of available tax reliefs and

incentives where we can and it's appropriate to do so, we approach tax structuring and planning by focusing on the spirit of the law as well as the precise letter of the law. It therefore encompasses:

- Governance
- Risk management
- Attitudes towards tax planning and level of risk
- Relationship with HMRC

Governance

The Board of Directors of Zopa Group ('Group Board') is ultimately responsible for the management of the Group's tax affairs, including the review and monitoring of material tax issues and judgements. The Group Board is supported by:

- the Group Audit Committee ('GAC');
- the Zopa Bank's Board of Directors ('Bank Board');
- the Zopa Bank's Board Risk Committee ('BRC'); and
- the Zopa Bank's Board Audit Committee ('BAC').

Executive management is delegated to the Zopa Bank's and the Group's Chief Financial Officer ('CFO'), with day-to-day operational tax activity managed by the Finance team, headed by the Group Finance Director who reports to the CFO. Tax advisory services are provided to the Group by reputable external advisors.

Risk Management

Zopa Group operates a system of tax risk assessment and controls as a component of the overall risk management framework (RMF). The RMF defines types of risk and describes how Zopa sets its appetite for those risks. It also describes how those risks are identified, assessed, mitigated, monitored, and responded to effectively.

The Group seeks to reduce the level of tax risk arising from its operations as far as is reasonably practicable by ensuring that reasonable care is applied in relation to all processes which could materially affect its compliance with its tax obligations.

The Finance team apply professional diligence and care in the management of all risks associated with tax matters, and ensure governance and compliance procedures are appropriate, and that processes and systems are in place that ensure that all tax risks and issues are identified and properly mitigated. Appropriate training is carried out for staff inside and outside the Finance team who manage, or process matters which have tax implications.

All tax compliance arrangements are subject to internal reviews, as well as external review by the external tax advisors, along with further advice from the external tax advisors in respect of any changes to law, guidance or tax authority enquiries.

Zopa Bank adopted the UK Government's Code of Practice on Taxation for Banks (the 'Code') in 2019. As a signatory to the Code, Zopa Bank has adopted the principles contained therein. Appropriate processes and controls have been put in place to ensure compliance with the Code.

Attitudes towards tax planning and level of risk

Zopa Group manages risks to ensure compliance with legal requirements in a manner which ensures payment of the right amount of tax.

When entering into commercial transactions, Zopa Group seeks to take advantage of available tax incentives, reliefs and exemptions in line with, and in the spirit of, tax legislation. Zopa Group does not undertake tax planning unrelated to such commercial transactions.

Zopa Group has a low-risk appetite in relation to taxation and seeks to comply fully with its regulatory and other obligations. In relation to any specific issue or transaction, the Group Board is ultimately responsible for identifying the risks, including tax risks, which need to be addressed and for determining what actions should be taken to manage those risks, having regard to the materiality of the amounts and obligations in question.

Relationship with HMRC

Zopa Group seeks to have a transparent and constructive relationship with HMRC through open communication in respect of developments in Zopa Group's business, current, future and retrospective tax risks, and interpretation of the law in relation to all relevant taxes.

Zopa Group ensures that HMRC is kept aware of significant transactions and changes in the business and seeks to discuss any tax issues arising at an early stage. When submitting tax computations and returns to HMRC, Zopa Group discloses all relevant facts and identifies any transactions or issues where it considers that there is potential for the tax treatment to be uncertain.

Any inadvertent errors in submissions made to HMRC are fully disclosed as soon as reasonably practicable after they are identified.

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