

Bell & Clements Limited
Bell & Clements (London) Limited
UK Tax Strategy

1 Introduction

At Bell & Clements Limited and Bell & Clements (London) Limited, we attach great importance to responsible and sustainable company management. Corporate Governance as well as sustainable risk management and Corporate Responsibility direct our day-to-day actions and help determine our long-term strategic decisions. Furthermore, as members of the Munich Re Group, our Code of Conduct binds our management and staff to engage in ethically and legally impeccable conduct.

In terms of our attitude towards taxation, we are fair and reliable to our trading partners, our employees, our fellow members of the Munich Re Group, and all other external regulatory compliance parties (including Her Majesty's Revenue & Customs ("HMRC")). We are committed to acting in a prudent and responsible manner. We are an open, transparent and dependable taxpayer.

2 Our approach to risk management and governance arrangements in relation to taxation

As taxation is a key element of meeting our wider business objectives our Directors provide leadership in respect of our approach to taxation. In addition, as our business is also regulated in the UK by the FCA, we also ensure that tax risk management is embedded as part of our Risk Management procedures and will be taken into consideration in our implementation of the Senior Manager and Certification Regime, where applicable.

From an operational perspective, we have processes in place for identifying and addressing current and future tax risks across the full 'record to report' life cycle. This involves engagement with all key internal stakeholders (Finance and HR). Where appropriate, we ensure that appropriate arm's length pricing is in place for cross border transactions.

Our internal review system (and as appropriate, external assistance) supports our Senior Accounting Officer in certifying to HMRC that we have appropriate tax accounting arrangements. Additionally, all tax returns and other submissions to HMRC are checked and validated internally prior to submission. We try to avoid mistakes, but if and when they happen we immediately report and correct them without further delay. Where we assess that we do not have the necessary in-house capabilities to fulfil our tax compliance requirements we appoint external advisors to help manage this tax risk.

Where appropriate, we seek to utilise tax authority approved structures to facilitate our business. We obtain advice from appropriately qualified external advisors on specialist UK and non-UK tax matters such as transfer pricing, indirect tax and employment tax matters which form part of our tax return processes and UK tax obligations. This supplements the skills of our own Finance team in appropriate cases. In addition, for all UK taxes we ensure adequate training is provided to help identify new and emerging risks. For all tax processes there is clear accountability, reporting and escalation lines in place, including to Munich Re's Group Tax Division in Germany.

Munich Re has historically been categorised by HMRC as "not low-risk" due to the complex organizational structure of the different Munich Re entities within the UK, and we are committed for all areas within our control to work with Munich Re and HMRC to strive for a "low-risk" categorisation.

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3 Tax risk appetite

As with our broader business risk appetite, we have a low tolerance towards tax risk (across all taxes) and do not make use of tax planning which does not support genuine commercial activity. We seek to minimise the risk of a dispute with HMRC by being open and transparent about our tax affairs.

The tax consequences of significant transactions (including internal restructuring and changes to IT systems) are considered by the senior stakeholders (including Group Tax) as part of our deliberations on the transactions in question. Wherever relevant we would also seek the opinion of external advisors to ensure that the tax impact of any transaction are aligned to our Corporate Responsibilities.

We manage our ongoing and future tax risk by participating in regular meetings with other UK Munich Re entities and HMRC.

4 Our approach towards our dealings with HMRC

We are committed to maintaining an open, transparent and collaborative approach to our dealings with taxing authorities. We engage with HMRC through our Customer Relationship Manager to discuss our tax affairs on a timely basis. We strive to ensure, wherever feasible, consistency in approach and reporting across all taxes.

We take care to ensure that our tax affairs are reported accurately. If in the unlikely event we identify an issue in a submitted tax return, we would voluntarily disclose it to HMRC.

In summary, we are committed to ensuring we pay the right amount of tax in the UK and to working collaboratively with HMRC to ensure we are considered as a low-risk business.

Approved by the Directors of Bell & Clements Limited and Bell & Clements (London) Limited on 7 December 2017 and signed on their behalf by:



Chetan Shah
Senior Accounting Officer
Bell & Clements Limited
Bell & Clements (London) Limited