

Mitsui Sumitomo Insurance Company (Europe) Ltd - Tax Strategy

Introduction

Mitsui Sumitomo Insurance Company (Europe) Ltd (MSIEU) is part of MS&AD Insurance Group Holdings Inc. and has material operations in the UK and continental Europe. The company operates in the non-Lloyd's market.

MSIEU's tax policy is

- To satisfy all tax compliance obligations within the relevant statutory timeframe and in compliance with the relevant tax law, disclosure requirements and regulations;
- To complete accurate tax reporting on at least a quarterly basis to allow a detailed understanding of MSIEU's effective tax rate as well as the tax balances in the balance sheet;
- To develop and maintain good working relationships with all tax authorities in jurisdictions where MSIEU has a legal presence and with other external stakeholders including regulatory authorities; and
- To contribute to shareholder returns on a sustainable basis by organising its tax affairs efficiently within the letter, and spirit, of the laws of the territories in which it operates.

MSIEU seeks to safeguard shareholder interests as well as maintain its reputation and brand with its external stakeholders including investors, governments and customers.

Ultimate responsibility for MSIEU's tax strategy and compliance rests with the Board of MSIEU, however day-to-day management is delegated to the Chief Finance Officer and the outsourced tax provider¹.

Management of tax risks

MSIEU faces similar tax risks to other multinational companies operating in the insurance market including cross border tax risks.

- MSIEU operates a system of tax risk assessment and has appropriate controls in place to ensure tax risks are identified and mitigated in a timely fashion. The outsourced tax team assess quarterly whether the controls are functioning effectively and whether the designs are fit for purpose.
- The outsourced tax team has corporate tax compliance and advisory, VAT and employment tax specialists in the UK to ensure all applicable tax risks are identified and appropriate action is taken by the outsourced tax team. The team are appropriately trained and there is focus on continuous development of tax knowledge.
- In non-UK jurisdictions, the outsourced tax provider¹ will engage external advisors to prepare and submit all tax returns. No tax returns or payments will be filed without prior approval from the outsourced tax team.
- The outsourced tax team works with MSIEU to educate staff about the importance of involving the outsourced tax team before undertaking commercial transactions, to ensure any tax risks are identified and appropriately dealt with.
- The Board has oversight on tax matters and is briefed on key tax developments and tax impacts of commercial transactions when deemed appropriate by the Chief Finance Officer.
- MSIEU is committed to preventing persons associated with it from engaging in criminal facilitation of tax evasion and where possible, has procedures in place to identify and mitigate risks of facilitating tax evasion.

¹ MS Amlin Corporate Services Limited

Attitude to tax planning

MSIEU's policy is to pay the right amount of tax as required by local tax laws in each jurisdiction.

- MSIEU aims to undertake all tax planning within the context that the commercial needs of the MS&AD Group are paramount. However, where alternative routes exist to achieve the same commercial result, the most tax efficient route which is in line with and in the spirit of tax legislation should be recommended.
- Managing tax efficiency involves choices as to the jurisdictions in which to locate capital and/or business activity and the legal structure of that activity. Such choices take account of all business and regulatory consequences of operating in such a manner.
- Where the outsourced tax team deems there is insufficient technical expertise within the group (for e.g. entry into a foreign market), external tax advice is sought.

Relationship with tax authorities

- MSIEU seeks to have a constructive and transparent relationship with all tax authorities through communication in respect of developments in MSIEU's business, current, future and retrospective tax risks, and in interpretation of the law in relation to all relevant taxes.
- Where possible, tax authorities are regularly updated on significant business developments or matters that could involve a number of interpretations of tax legislation.
- Where relevant, MSIEU discloses all uncertain tax positions and rationale for adopting treatments in the tax computations submitted to relevant tax authorities.

This is an internal tax policy that is circulated and confirmed as read by relevant areas of the business. This policy is available on the intranet and is regularly refreshed.

The company regards this strategy as complying with paragraph 16(2) of the Finance Act 2016.

This policy is confirmed by MS& AD Insurance Group Holdings Inc.