

## Munich Re – UK Tax Strategy<sup>1</sup>

16<sup>th</sup> of June 2017

### Introduction

At Munich Re, we attach great importance to responsible and sustainable company management. Corporate Governance as well as sustainable risk management direct our day-to-day actions and help determine long-term strategic decisions. In addition, Corporate Responsibility is an essential component of our Group and our strategy is built on “Company success through responsibility”. Furthermore, Munich Re’s Code of Conduct binds our management and staff to engage in ethically and legally impeccable conduct.

In terms of our attitude towards taxation, Munich Re is a fair and reliable partner to its clients, its employees, its shareholders and all other external regulatory compliance parties (inc HM Revenue & Customs (“HMRC”). We are committed to acting in a prudent and responsible manner. We are an open, transparent and dependable taxpayer.

### **Our approach to risk management and governance arrangements in relation to taxation**

As taxation is a key element of meeting our wider business objectives the Directors of our various UK business operations provide leadership in respect of our approach to taxation. In addition, as our business is also regulated in the UK (FCA) we also ensure that tax risk management is embedded as part of our wider Enterprise Risk Management procedures as well as the new Senior Insurance Manager Regime requirements, 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, HR and Tax). Where appropriate, senior level committees provide regular oversight. Due to the international corporate structure we ensure that we remain connected on a global basis and that appropriate arm’s length pricing is in place for cross border transactions

Our internal review system (and as appropriate, external assistance) supports the various Senior Accounting Officers 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. 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 cash 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 with Group Tax in Germany.

We have 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 are committed for all areas within our control to strive for a “low-risk” marking.

---

<sup>1</sup> This strategy applies for the year ended 31 December 2017. It has been prepared in accordance with the requirements of Finance Act 2016 and applies to Great Lakes Insurance SE, UK Branch, as part of the Munich Re.

Great Lakes Insurance SE is a German insurance company with its headquarters at Königinstrasse 107, 80802 Munich.  
Great Lakes Insurance SE, UK Branch office: Plantation Place, 30 Fenchurch Street, London, EC3M 3AJ.

Great Lakes Insurance SE, UK Branch, is authorised by Bundesanstalt für Finanzdienstleistungsaufsicht and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Details about the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request.

Board of Management: Dr. Achim Stegner (Chairman), Dr. Stefan Pasternak, Dr. Tobias Klauß, Stéphane Deutscher  
Chairman of the Supervisory Board: Claus-Ulrich Kroll  
Registered Office and Commercial Court: Munich (Germany)  
No. in the Commercial Register: HRB 230378

## 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 transaction (inc internal restructuring and changes to IT systems) are considered by the senior stakeholders (inc Group Tax) as part of its 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 meeting regularly with HMRC to discuss significant current and recent transactions and to share details of any proposed significant transaction with them prior to implementation. In cases of significant uncertainty, we would seek advance clearance from HMRC.

## Our approach towards our dealings with HMRC

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

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 seek to voluntarily disclose it to HMRC.

In summary, Munich Re is committed to ensuring it pays the right amount of tax in the UK and to working collaboratively with HMRC to ensure it is considered as a low-risk business.



Dr. Achim Stegner  
CEO



Dr. Stefan Pasternak  
CFO

Great Lakes Insurance SE is a German insurance company with its headquarters at Königinstrasse 107, 80802 Munich.  
Great Lakes Insurance SE, UK Branch office: Plantation Place, 30 Fenchurch Street, London, EC3M 3AJ.

Great Lakes Insurance SE, UK Branch, is authorised by Bundesanstalt für Finanzdienstleistungsaufsicht and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Details about the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request.

Board of Management: Dr. Achim Stegner (Chairman), Dr. Stefan Pasternak, Dr. Tobias Klauß, Stéphane Deutscher  
Chairman of the Supervisory Board: Claus-Ulrich Kroll  
Registered Office and Commercial Court: Munich (Germany)  
No. in the Commercial Register: HRB 230378