

## Introduction

This Tax Policy is a top-level document setting out the DAS UK Group's ("DAS's") approach to managing tax risk and compliance. The document is a requirement of the Finance Bill 2016 and it aims to provide clarity on DAS's risk appetite and its aims and approach to managing tax risk for both internal and external users; it is publically available on [www.das.co.uk](http://www.das.co.uk).

## Scope

DAS primarily operates within the UK, but also has activities in the Republic of Ireland and Norway. All taxes levied by central and local governments applicable to DAS in any jurisdiction are considered to be included within the scope of this Tax Policy, including:

**Figure 1: Scope of tax policy**

Main tax risk areas	Lower impact areas
Corporation tax ("CT")	Business rates
Insurance premium tax ("IPT")	Climate change levy ("CCL")
PAYE, NIC, benefits and terminations ("PAYE")	Global staff mobility
Value added Tax ("VAT")	Income tax deduction at source on certain interest payments

**Note:** The table above uses the UK names for taxes, but should be understood to include local equivalents where these are different.

## Tax Risk Appetite

DAS is a member of the ERGO AG and Munich RE groups. DAS places high importance on protecting its own brand reputation and acknowledges the importance of its role in protecting the reputation of the wider groups to which it belongs. DAS has discussed risk appetite on key corporate risk areas at the executive level. Although DAS has a fiduciary duty to its shareholders to minimise tax through effective tax planning, the executive agreed that this is outweighed by the commercial need to protect the brand reputation and that a risk-averse approach to tax is appropriate.

## Tax Strategy

The principal aim of DAS's Tax Strategy is to protect the brand reputation of DAS and the broader group. DAS seeks to achieve this aims by building its approach to tax on the following **'3 Pillars'**:

**1. Full compliance with all tax laws & adherence to the 'spirit' of tax regulations**

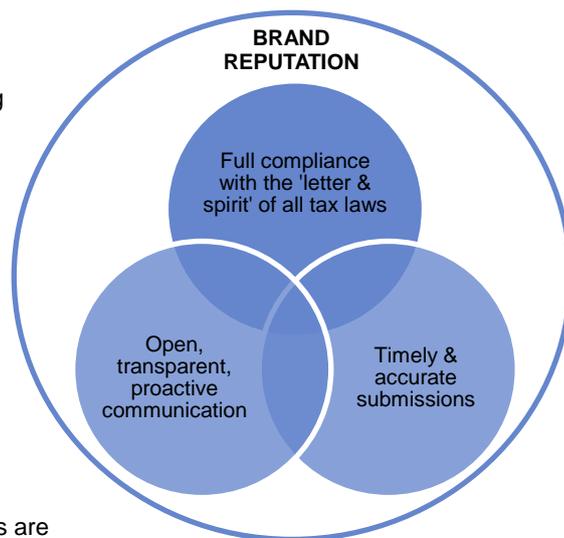
DAS seeks to be fully compliant with all tax laws in the jurisdictions in which it operates. DAS always endeavours to apply the 'spirit' of the law in its interpretation of tax issues. DAS avoids any form of aggressive or non-commercial tax planning.

**2. Open, transparent, proactive communication with Tax Authorities**

DAS seeks to foster excellent relationships and a great reputation as a dependable taxpayer with all applicable Tax Authorities.

**3. Timely & accurate submission of all tax returns**

DAS embeds robustly-controlled processes so that all of our tax returns are correct and on time.



**Figure 2: '3 Pillars' of DAS's Tax Strategy**

## Tax Governance, Risk Management and Control

Executive responsibility for taxation rests with the Chief Financial Officer ("CFO") who presents quarterly tax risk updates, when appropriate, to the Executive Management Committee and Audit Committee. He also represents DAS as the Senior Accounting Officer for HMRC certification purposes.

DAS has a dedicated Tax Function within the Financial and Regulatory Reporting Team whose remit it is to ensure DAS achieves the aim of protecting the group brand reputation by adhering to the **'3 Pillars'** Tax Strategy set out above. It is the Tax function's responsibility to ensure that the DAS UK Group is fully compliant with the 'letter and the spirit' of all applicable tax laws.

The Tax Function is reliant on the vigilance of business units across the organisation to ensure that robust controls are maintained in the operation of embedded processes designed to ensure that DAS meets its tax aims. These business units retain responsibility for ensuring that the data they input reflects the Tax Function's tax compliance guidance and raising issues with the Tax Function on any areas of uncertainty. For example, PAYE and Business Rates are administrated and controlled by the Human Resources (HR) and Facilities Teams respectively, with the Tax Function offering support where required.

Other Finance Teams have a key role in ensuring that the accounting systems are appropriately designed to support compliance reporting.

DAS's Corporate Risk Team supports the Tax Function in ensuring that tax risk is assessed and communicated to senior management on a consistent basis with other corporate risk issues. Tax risk management and control operates on three lines of defence to ensure it is effective. The key areas of control in each line of defence are outlined below:

**Figure 3: Three Lines of Defence**

First Line of defence	Second Line of Defence	Third Line of defence
Operational processes, systems and controls throughout DAS	Tax Function challenge during compliance cycles	Audit Committee challenge
Effective contract creation and control throughout DAS	Financial and Group reporting challenge	External advisor review on key risk areas
Tax Function to ensure compliance & provide support to internal departments	Executive challenge	Internal Audit Team review

Figure 4 provides a high-level summary of the ownership of key tax responsibilities across DAS:

**Figure 4: Summary of key tax responsibilities throughout the organisation**

<b>Audit Committee &amp; Executive Management Committee</b>	<ul style="list-style-type: none"> <li>• Agreement of the Tax Strategy</li> <li>• Quarterly review of main tax risks</li> </ul>
<b>Chief Financial Officer</b>	<ul style="list-style-type: none"> <li>• Annual Senior Accounting Officer declaration on the appropriateness of accounting arrangements</li> <li>• Oversight of tax strategy delivery, including HMRC Return submissions and the tax risk register</li> </ul>
<b>Tax Function</b>	<ul style="list-style-type: none"> <li>• Ensure that DAS UK Group is fully compliant with the 'letter &amp; spirit' of all applicable tax laws.</li> <li>• Open, transparent, proactive relationship management with all tax authorities</li> <li>• CT, IPT, VAT compliance submissions and associated data quality and tax treatment reviews</li> <li>• Specialist support internally on current and future tax risks (all taxes) and tax strategy</li> </ul>
<b>HR Team</b>	<ul style="list-style-type: none"> <li>• PAYE compliance submissions and associated data quality reviews</li> <li>• Employment status log of contractors and consultants</li> <li>• Global mobility short term business visitor and secondees log</li> </ul>
<b>Facilities Team</b>	<ul style="list-style-type: none"> <li>• Business tax revaluation review</li> <li>• Liaising with Tax Function on tax effect of property improvement plans, usage changes and sales</li> </ul>
<b>Finance Teams</b>	<ul style="list-style-type: none"> <li>• Appropriate accounting system design to support submissions and data quality reviews</li> <li>• Effective data migration control from feeder systems</li> <li>• Operation and control of arms-length UK-UK and cross border intragroup transfer pricing agreements, with the support of other teams or the wider group where appropriate</li> </ul>
<b>All teams across the business units</b>	<ul style="list-style-type: none"> <li>• Appropriate input of transaction data, in line with DAS tax guidance documentation</li> <li>• Liaising with Tax Function on areas of tax uncertainty</li> <li>• Liaising with HR Team on contractors, consultants and overseas visitors</li> </ul>

DAS may seek advice and support from external advisors where tax risks are complex or have a potentially high impact or where there is uncertainty on the appropriate tax treatment.

## Transfer Pricing Policy

DAS seeks to apply an arm's-length basis on all intragroup transactions recognised in the financial statements, in order that each entity/branch recognises a profit level that fairly represents the underlying activities. DAS is wholly-owned by ERGO AG and ultimately Munich RE and co-ordinates with the parent Tax Functions to ensure appropriate management of cross-border tax risk.

## DAS Code of Conduct

All staff, Senior Management, Executive and Board members of DAS follow the DAS UK Group Code of Conduct. The Code of Conduct's core principles place high importance on acting in a responsible, courteous and professional manner to act as ambassadors for the company, promoting a positive corporate reputation. The Code of Conduct is a key HR policy; it is discussed with all new employees on commencement of employment and stored on DAS's intranet for ongoing reference. It is reinforced by periodic mandatory training.