

Tokio Millennium Re¹ United Kingdom Tax Strategy

Her Majesty's Revenue & Customs ("HMRC") pursuant to the Finance Act 2016 now requires that certain businesses in the United Kingdom ("UK") publish their tax strategy (the "Tax Strategy") as it relates to or affects UK taxation.

This Tax Strategy, as detailed below, describes the organisational approach taken by Tokio Millennium Re (UK) Limited and the UK branch of Tokio Millennium Re AG (hereinafter, collectively referred to as "TMR UK") to manage UK tax risks, to comply with UK tax obligations, and to evaluate endeavours for tax planning having UK tax implications. This Tax Strategy applies to all UK taxes applicable to TMR UK.

As a reinsurance company with business units subject to local regulation,² TMR UK operates its business responsibly, complying with all local laws and regulations that govern its operations. In doing so, TMR UK seeks to conduct its business in a manner which is fair, honest and transparent in its dealings with all customers, stakeholders, and affiliates. TMR UK's Tax Strategy is consistent with this overall approach.

Approach to UK Tax Risk Management

TMR UK has a strong risk reporting and risk governance system in place to ensure effective management of risks including financial risk, operational risk, and regulatory risk. Management of tax risk is undertaken on a basis consistent with the management of other risks.

The Chief Risk Officer of Tokio Millennium Re AG oversees the quantification and management of organisational risk borne by Tokio Millennium Re AG. Meanwhile, the Chief Risk Officer of Tokio Millennium Re (UK) Limited is responsible for managing overall risk of Tokio Millennium Re (UK) Limited. The Chief Risk Officers and their respective Enterprise Risk Management ("ERM") functions are responsible for establishing and managing the risk management vision and strategy for each respective entity. This is supported by the Finance functions (the Chief Financial Officer of each respective entity provides oversight with respect to financial reporting risk) and the Compliance functions (whose purpose is the identification, reporting and

¹ This Tax Strategy encompasses the strategies embraced by each of Tokio Millennium Re (UK) Limited and the UK branch of Tokio Millennium Re AG.

² TMR UK is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority.

mitigation of compliance risk). Additionally, independent oversight of these functions is performed by the Internal Audit functions within TMR UK.

The Chief Financial Officers of each of Tokio Millennium Re (UK) Limited and Tokio Millennium Re AG are accountable for ensuring that TMR UK has in place necessary tax accounting and reporting frameworks. Tax is a sub-function within TMR UK's Finance functions with day-to-day matters undertaken by dedicated accounting and tax professionals.

The Tax sub-function liaises with key internal stakeholders, including members of Legal and Human Resources across the organisation to identify, assess and control tax risks that arise as a result of TMR UK's size, complexity and the nature of its business transactions. TMR UK is in the practice of seeking external advice concerning matters of a specialised nature, such as transfer pricing, and otherwise concerning issues determined to have a material value to the business.

Controls and procedures are in place to mitigate the risk of inaccurate or late tax returns and tax payments (which are reviewed and tested according to internal procedures) and TMR UK committed to compliance with UK tax law and practice. Changes to existing UK tax legislation and enactment of new UK tax laws are monitored with adaptations made to internal procedures when required.

Approach to UK Tax Planning

TMR UK tends to employ a conservative approach to UK tax planning. Tax planning initiatives involving tax incentives or other opportunities are evaluated in accordance with reasonable interpretations of law and consistent with the policies intended by the governmental bodies which prescribed them. Statutory law, regulations, and other administrative guidance are considered in order to ensure that organisational action is consistent with the application of current law. Where ambiguities exist in the application of tax law, TMR UK may consult with external advisors or with HMRC with the purpose of adopting a reasonable interpretation of law, always within the bounds of UK tax law.

Level of Risk in Relation to UK Taxation that is Acceptable

In line with TMR UK's wider policy in relation to financial risk management, the level of acceptable UK tax risk is at the cautious end of the spectrum, allowing TMR UK to focus its risk appetite on underwriting.

This approach means that UK tax positions are not taken where it is determined that a successful HMRC challenge to such positions on examination would be more-likely-than-not.

Approach toward Dealing with HMRC

TMR UK views open, constructive and transparent discussions with HMRC as a key and valuable part of managing tax compliance and its appurtenant framework. TMR UK embraces an open and forthright approach to engagement and communication with HMRC. TMR UK actively monitors new guidance issued by HMRC which would be relevant to TMR UK`s business.

TMR UK considers that publication of this Tax Strategy complies with the requirements set out in paragraph 16(2) of the Finance Act 2016.

Publication of This Document

The first version of this document was published in November 2017.

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