IQUW GROUP

Tax Strategy

December 2022

Tax Strategy

IQUW Holdings Bermuda Limited is a Bermudian domiciled company that heads an international Group (‘the Group or IQUW’) including a Bermudian reinsurance business, a Bermudian agency business and Syndicates at Lloyd’s. IQUW underwrites at Lloyd's through two syndicates, syndicates 218 and 1856, underwriting an array of commercial risks and deploying data and analytics to complement underwriting.

Led by a team of expert underwriters, we underwrite a diverse, multi-line product portfolio including Cargo, Cyber, Delegated Authority Property, D&F Property, D&O, Energy, Financial Institutions, Marine and Energy Liability, Political Violence, Terrorism and War, Property Treaty, Specialty Reinsurance and UK motor.

IQUW’s tax strategy is

- To satisfy all tax compliance obligations within the relevant statutory timeframe and in compliance with the applicable tax law, disclosure requirements and regulations;
- To complete accurate tax reporting on at least a quarterly basis to allow a detailed understanding of IQWU’s effective tax position as well as the tax balances in the balance sheet;
- To develop and maintain good working relationships with tax authorities in jurisdictions where IQUW has a presence and with other external stakeholders including regulatory authorities and Lloyd’s;
- To not enter into any artificial transactions where the sole purpose is to reduce tax liabilities or to defeat the purpose of tax legislation.
- To ensure that tax is considered as part of commercial transactions to support our business objectives.
- To aim to be compliant with tax laws at all times.

IQUW seeks to safeguard shareholder interests and maintain its integrity, reputation and brand with its external stakeholders including investors, governments and customers at all times.

Ultimate responsibility for IQUW’s tax strategy and compliance rests with the Board of IQUW Holdings Bermuda Limited, with day-to-day management is delegated to the Group Chief Financial Officer.

Management of tax risks

IQUW is exposed to a variety of tax risks, and management of these tax risks is central to ensuring that we pay and collect the correct amount of tax as well as meet all required reporting and disclosure requirements to the relevant tax authorities.

Tax risk is managed under the Group's risk management strategy which puts structure around the risks to which the Group is exposed and defines the framework to manage those risks in meeting the strategic objectives.

The risk management framework facilitates the effective identification and management of key risks of which tax risk has been identified as a specific risk.

A key consideration for an effective risk management framework is risk appetite, defined as the level of risk we are willing to take in pursuit of the Group's objectives.

Risk appetite is managed through the:

- Board-approved risk appetite statements;
- the capital adequacy and other objectives contained in the business plan;
- regular systems and controls reviews;
- policies relating to the key risk areas; and
- ongoing monitoring of risk metrics and measures against the risk appetite statements and tolerances.
- commissioning an external tax advisor to review specific risk areas when the technical position is uncertain or where further guidance is needed.

The management of tax risk is supported by the maintenance of a detailed risk register which presents a view of all the possible types of risks that the Group may face. Tax risk forms a subset of our overall risk register with tax risks being allocated to one of the following key areas:

- **Transactional tax risk** – this concerns the risks and tax exposures associated with specific transactions undertaken by the Group. This could include; acquisitions/disposals of businesses or parts of a business, business restructuring projects and capital transactions such as share capital reductions and debt reorganisations
- **Operational tax risk** – this concerns the underlying risks of applying tax laws, regulations and decisions to the routine everyday business operations of the Group.
- **Compliance tax risk** – this concerns the risk associated with meeting an organisation's tax compliance obligations. Compliance risk relates primarily to the processes that support the preparation, completion and review of the Group's tax returns and the risks within these processes.
- **Financial accounting risk** – this concerns the risk associated with the reporting of the tax disclosures in the Group's Financial Statements.

Attitude to tax planning

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

IQUW aims to undertake all tax planning within the context that the commercial competitiveness of the Group is paramount. Tax efficiency of operating is important in the (re)insurance market.

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.

Relationship with tax authorities

IQUW seeks to have a constructive and transparent relationship with all tax authorities through communication in respect of developments in IQUW's business, current, future and retrospective tax risks, and interpretation of the law concerning all relevant taxes.

Where possible, tax authorities are regularly updated on significant business developments or matters that could involve several interpretations of tax legislation.

Where relevant, IQUW discloses all uncertain tax positions and rationale for adopting treatments in the tax computations submitted to relevant tax authorities.

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