

FM GLOBAL UK GROUP TAX STRATEGY

Introduction

The publication of this tax strategy satisfies our obligations under Schedule 19 (para. 22 and 23) to the Finance Act 2016 for the year ended 31 December 2023.

It applies to all FM Global group businesses in the UK identified in this document as “FMUK”. The main entity within this group is FM Insurance Company Limited (“FMI”). The other FM Global UK group companies/branches for which this policy applies are listed at the end of this document.

The intention of this strategy document is to provide a clear and unequivocal statement to clients, staff, HMRC and the public about our approach to tax compliance.

FMUK is an integral part of the FM Global group, a business whose core philosophy is founded on controlling and minimising risk. This ethos pervades all aspects of FMUK’s activities, including taxation.

Our attitude to the level of risk in relation to taxation

FMUK has low tolerance for tax risk and seeks to identify and eliminate any material exposures by the measures outlined in this document.

Our approach to tax risk management and governance

We believe that it is the responsibility of business to pay the right tax at the right time. To achieve this objective, it is essential to have effective tax risk management in place.

Our approach to tax risk management has five main facets.

1. Establishment of an appropriate control environment

We are committed to conducting business in a way that is based on integrity and ethical values.

The Directors ensure that appropriate structures, authority, and clear responsibilities have been created and competent staff have been employed who can operate an effective control environment.

In that structure, the Finance Department plays an important role providing financial services to the FMUK entities and overseeing tax compliance. The FMI Finance Manager works with the Board of each of the FMUK companies to ensure that the tax policy objectives outlined here are applied at an operational level.

The FMI Finance Manager is also the Senior Accounting Officer responsible to HMRC for all the FMUK companies. This role includes ensuring effective processes and controls are in place to support the delivery of correct and timely tax filings and payments. In addition, the Internal Audit department and our external independent auditors monitor compliance by performing periodic reviews including testing the operation and effectiveness of controls. Both groups of auditors report to an Audit and Risk Committee, which is a sub-committee of the Board. External advisors are engaged to provide compliance support services for the territories in which we operate and where we have tax obligations.

The FMUK governance structure operates so that the Risk Management Committee, which reports to the Audit and Risk Committee, monitors tax risks as part of its responsibilities and the Board have effective oversight of any material risks identified and action taken to resolve those risks.

2. Risk assessment

FMUK uses a “risk appetite framework” to advise management of the risks each company is exposed to and to assist in measuring and monitoring those risks. It is designed to give clear guidance on the risk appetite, tolerances and limits which can be monitored as FMUK operates their businesses. Potential, emerging, or existing risks are measured against the framework and the results and outcomes of actions are monitored to ensure they remain within acceptable limits. The risk appetite and tolerances are regularly reviewed to ensure they remain relevant and achievable.

FMUK maintains registers which include all significant risks relevant to each company. These are reviewed and monitored regularly, and risks are amended, added, or archived as applicable.

3. Control activities

Procedures are established for major business processes to ensure information is gathered and used in a consistent way, as determined by management. Adherence to these procedures forms part of the detailed review by experienced senior staff which is required for all material activities. There is a requirement for management to sign off an extensive range of actions relevant to the tax result to ensure the processes are being sufficiently controlled.

4. Information and communication

The tax function within FMI, which provides tax services to the FMUK group, uses a wide range of expert information sources including external advisors and technical information resources to keep up to date and compliant on the latest tax developments.

The FMI Finance Manager is involved, through regular briefings and review meetings, with all functional and operational areas that impact FMUK’s tax filings. The FMI Finance Manager is also responsible for liaising with other Board members about tax matters and assisting them to fulfil their oversight function.

5. Monitoring

All material processes contributing to filed tax positions require detailed review and approval by individuals other than the originator.

Monitoring of the effective working of controls is performed through a regular periodic cycle of internal and external audit reviews.

A workflow management tool is used by the tax function to monitor compliance with tax filing and payment requirements.

An externally hosted whistleblowing service is available that provides a secure and confidential means for FMUK staff and indeed all staff of FM Global to report any suspected illegal or unethical conduct, including tax related issues.

Our attitude to tax planning

All FMUK staff are required to follow the FM Global Code of Conduct which sets out acceptable ethical standards of behaviour. We consider that tax planning of an artificial and abusive kind is not ethical and would be in breach of that Code. Any breach would have serious consequences for all individuals involved.

The focus of our efforts is compliance. We do not agree with or engage in tax planning to artificially reduce our tax liabilities. Any planning undertaken is limited to consideration of simple and legitimate claims or elections provided for by UK tax legislation which are not abusive in nature. We have never participated in or had cause to report any activity requiring disclosure under HMRC's Disclosure of Tax Avoidance Schemes ("DOTAS") reporting rules. Our actions are driven by commercial and operational requirements rather than tax considerations.

[Use of professional advisors](#)

FMUK is a multi-national operation which is either established in or providing services to multiple jurisdictions. Many of these overseas territories have their own complex tax rules. To help us be responsible taxpayers we use external professional advisors to help us validate our tax filings and meet local requirements.

[Our approach to dealings with HMRC and other tax authorities](#)

We recognise that HMRC and other tax authorities have an important and legitimate role to play in monitoring our tax affairs and we seek to be open and transparent to help them perform their roles.

FMI and its subsidiary, FM Engineering International Limited, operate in many different territories. The approach to tax outlined here is applicable for all the territories in which the entities operate, not just the UK.

[Note regarding this statement](#)

The tax strategy was approved by the Boards of the following companies and published in December 2023.

[The FM UK Group comprises:](#)

FM Insurance Company Limited

FM Engineering International Limited

FM Approvals Limited

FM Europe S.A. (Dormant UK Branch)