



Validus Group's UK Tax Strategy

Scope

Validus Holdings, Ltd ("Validus Group" or "the Group") is a leading global provider of insurance, reinsurance and investment management services.

The UK companies of the Validus Group are primarily part of the Talbot group of companies which operates within the Lloyd's Insurance market through Syndicate 1183. In addition it includes Validus Holdings (UK) Plc ("VHUK") which acts as a holding and finance company for certain other Group companies.

This strategy covers all the Validus Group's UK companies and these are collectively referred to as "the UK companies" or "we". This Tax Strategy is published in accordance with Schedule 19 of the 2016 Finance Act.

Aim

We are committed to full compliance with all statutory tax obligations and disclosure to tax authorities. We manage our taxes around paying the right amount of tax in accordance with, and in the spirit of, the law. In certain aspects of tax law there can be ambiguity or subjectivity about the application of rules that can lead to different interpretations between taxpayers and tax authorities which may ultimately result in tax disputes. We aim to prevent unnecessary tax disputes but recognise that in certain cases they may be unavoidable. We manage our tax affairs in a manner consistent with our core values and wider corporate risk framework.

Governance in respect of UK tax

The Boards of Directors of the UK companies have overall responsibility for their tax affairs. The Boards rely on the Chief Financial Officers (CFO) of the UK companies to report to them on all tax matters; the day to day management of taxes remains the responsibility of the relevant CFO with support from other finance team members. In addition, the global Tax department of Validus Holdings Ltd provides oversight of the Validus Group's worldwide tax affairs.

The Group's tax function is comprised of an experienced team of tax experts which includes an International Tax Director based in Switzerland who reports to the Global Head of Tax based in the US who, in turn, reports to the Group General Counsel located in Bermuda. This function primarily plays an oversight role on tax matters with a view to protecting the interest of the Group, as well as an advisory role in dealing with complex, group-wide or cross-border tax projects. They work closely with the relevant CFO and other finance team members for each country/company who are responsible for the day to day tax operations.

Risk management

The Group has an established framework for managing risk which applies to the UK companies and is structured to deliver oversight and governance in line with our wider business strategy. The framework includes a comprehensive set of internal controls which enable us to manage and mitigate risk in line with risk appetites. These controls are tested periodically to ensure that they are operating effectively and where deficiencies are identified, those deficiencies are monitored and remediation is implemented in a timely manner. Tax risk is managed as part of the overall framework for managing risk and in the same manner as other risks identified on the risk register.

The risk framework is overseen by the Validus Holdings Ltd Risk Committee. This committee works in partnership with risk owners to ensure that risks are identified, assessed and monitored.

Attitude towards tax planning and level of risk

Our attitude towards tax planning is to comply fully with statutory requirements, in spirit as well as in law. We are not prescriptive in terms of the level of acceptable tax risk and each matter is therefore assessed on its specific fact pattern including regulatory, legal and operational aspects. The results of this review drive the level of acceptable tax risk. The group strives to be fully compliant and aims to have a low level of tax risk. The primary driver of material transactions is the business, such that each transaction has a commercial founding, and we make use of relevant tax reliefs, deductions and exemptions where available. The focus is on our reputation and to work within both the law and its spirit. We do not undertake tax planning that does not have a commercial and economic basis.

We manage tax risk to ensure compliance with legal requirements in the tax jurisdictions in which we operate and to ensure that the appropriate amount of tax is paid in a timely manner.

Relationship with HMRC

We have an open and constructive relationship with HMRC, which we achieve by:

- acting openly and professionally with HMRC; and
- responding to any queries from HMRC on a timely basis.

If a material transaction arises with a potential uncertain tax position, we seek guidance from third party advisors and, where necessary and appropriate, seek clearance from HMRC. Any inadvertent errors in submissions to HMRC are fully disclosed as soon as possible after they are identified.