

# UK Tax Strategy

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## Objective

The Tax Strategy sets out how UK taxation is managed for the UK members of the Arthur J Gallagher & Co group collectively known as the Gallagher UK Group.

The Gallagher Way is the foundation of the global Arthur J Gallagher Group culture and the tax strategy is based upon those shared values. In recognition of this culture the global group is a 13 time honouree of the Ethisphere Institutes “World’s Most Ethical Company”, underscoring our commitment to ethical business standards and practices.

It is important to ensure that effective tax management is maintained consistently across the Gallagher UK Group. Tax does and will have a potential impact on the Group’s results and governance must be effective. The Group pays and collects Corporation Tax, Income Tax, National Insurance, Stamp Duty, Value Added Tax and other taxes.

This strategy has been considered by the Boards of Arthur J Gallagher Holdings (UK) Limited, Gallagher Benefits Services Holdings Limited, Gallagher Bassett International Limited and Gallagher European Holdings Limited on behalf of the Gallagher UK Group and approved as meeting the requirements of the Group in managing tax and related governance and the requirements of HM Revenue and Customs.

There are three key areas which the Tax Strategy clarifies:

- Governance and risk management applying to UK taxation
- Tax planning policy and acceptable level of risk in relation to UK tax
- Relationships with tax authorities

## Governance and risk management applying to UK taxation

The Gallagher UK Group has appropriate governance in place as follows:

- The Boards of Arthur J Gallagher Holdings (UK) Limited, Gallagher Benefits Services Holdings Limited, Gallagher Bassett International Limited and Gallagher European Holdings Limited have ultimate responsibility for taxation – both management and compliance
- The Boards’ members with direct responsibility for taxation are the Chief Financial Officers and Finance Directors
- The Chief Financial Officers and Finance Directors have delegated operational responsibility to the Global Vice President Tax, based in the US head office, Head of Tax – EMEA and Head of Tax –UK.

- The Heads of Tax – UK and EMEA report directly to the Global Vice President Tax and discuss weekly all ongoing tax projects, risks and updates
- The Global Vice President Tax and Gallagher UK Brokerage's Chief Financial Officer meet monthly to discuss the Gallagher UK Brokerage Group's tax position
- The Heads of Tax – UK and EMEA have monthly meetings with Gallagher UK Brokerage's Chief Financial Officer to discuss the Gallagher UK Brokerage Group's tax position and risks. Where required any risk will be elevated to the Board for consideration and sign-off
- Annually, prior to approval by the Boards, the Global Vice President Tax and Heads of Tax – UK and EMEA present the Tax Strategy to the Audit Committee of Arthur J Gallagher Holdings (UK) Limited
- Gallagher UK Group has a tax department which employs appropriately qualified individuals in adequate numbers to achieve the key elements of risk management below.

For risk management, the key elements are:

- Gallagher UK Group tax department are responsible for compliance with UK legislative reporting requirements and have the required knowledge and training
- Appropriate controls and processes have been developed for UK taxes and are managed by the UK tax risk register which is reviewed and updated each quarter by the UK tax team
- These controls and processes are owned by the UK tax department with active input from Global group tax. To ensure these remain appropriate, changes to operations and guiding legislation are monitored to ensure necessary updates are identified and implemented and controls are periodically reviewed and revised to ensure consistency and adequate coverage
- The tax procedures are reviewed and tested periodically by Internal and External Audit to ensure the correct controls and policies are in place and being carried out to manage the Group's Tax Risk
- Ongoing training is identified and carried out, both in the tax team and wider business, to ensure that relevant individuals have the knowledge and ability to manage tax risks
- Additional advice or guidance is sought externally, where appropriate, to supplement the controls above.

## **Tax planning policy and acceptable level of risk in relation to UK tax**

The Group's commercial and business transactions define our approach to tax planning that may be undertaken. Ensuring effective communication takes place at the planning stage of any proposed transaction means that tax risks inherent in transactions are effectively communicated and managed.

The Group will only engage in tax planning where, after analysis, it is deemed appropriate to pursue after compliance with the governance protocol set out above.

The Global Vice President Tax and Heads of Tax – UK and EMEA will understand the tax risks inherent in current and future commercial transactions. In considering these transactions, the following parameters are used in the assessment of tax planning. Gallagher UK Group will use these

parameters to determine whether tax risks arising on adoption of any particular tax planning is acceptable or not.

- Commercial and economic purpose – transactions must have a commercial purpose
- Reputational impact – the planning should have no or limited impact if details were in the public domain. The Group has a low appetite for risk and does not undertake tax planning without measures in place to appropriately manage relative risk
- Ability to utilise tax reliefs and incentives available in line with both the letter and spirit of the legislation enacted
- Where there are complex transactions being proposed or there are areas of technical uncertainty, appropriate external advice will be sought, including rulings from the relevant authority where viable, to support the position taken
- Where a new or enhanced risk is identified for a transaction or structure already implemented, consideration of whether financial statement reserves are required will be considered and discussed with the Chief Financial Officers and Finance Directors.
- Authority to implement – all tax planning ideas are authorised by the Chief Financial Officers and Finance Directors. Where the planning is not “routine”, and may be subject to challenge by tax authorities, approval to undertake the planning will be from the Audit Committee.

## Relationships with tax authorities

Gallagher UK Group maintains a transparent and professional relationship with the tax authorities that the Group has contact with.

The key elements of this relationship are:

- Ensuring that all required tax returns and reports are submitted on time and any liabilities arising are settled
- Frequent dialogue with tax authorities to share appropriate information on commercial transactions, ongoing governance and tax planning
- Seeking to resolve issues in a timely manner
- Where differences do arise, working collaboratively to resolve by agreement where possible
- Ensuring that, in the event of any inadvertent errors arising, full disclosure will be made to HMRC.

Arthur J Gallagher Holdings (UK) Limited, Gallagher Benefits Services Holdings Limited, Gallagher Bassett International Limited and Gallagher European Holdings Limited regard the publication of the information set out above as complying with the duty under Part 2 of Schedule 19, Finance Act 2016 (duty to publish a tax strategy) in the financial year to 31 December 2023.