

### **3M UK Tax Strategy**

In compliance with Section 161 and Section 19(2) of Schedule 19 to the Finance Act 2016, 3M United Kingdom Plc is pleased to publish this Tax Strategy for the year ended 31 December 2018.

References to 'UK Taxation' are to the taxes and duties set out in paragraph 15(1) of the Schedule, which include Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax, and Stamp Duty Land Tax. References to 'tax', 'taxes' or 'taxation' are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which 3M UK has legal responsibilities.

References to 3M are to 3M Company. References to 3M UK are to 3M United Kingdom Plc and its UK affiliates.

This UK Tax Strategy has been approved by the Board of 3M United Kingdom Plc.

### **About 3M**

3M is a global science company that never stops inventing. Using 46 technology platforms, our integrated team of scientists and researchers works with customers to create breakthroughs. Our inventions have improved daily life for hundreds of millions of people all over the world. With \$32 billion USD in sales, our roughly 91,500 employees connect with customers all around the world. Scientists, researchers, marketers and others work across countries and across subjects to solve challenges big and small.

3M UK is one of the largest 3M subsidiaries outside the United States, with 17 locations, including nine manufacturing sites, providing jobs for more than 2,700 people. Products manufactured in the UK include coated abrasives, personal safety equipment, adhesive tapes, industrial microbiology products and drug delivery systems.

At 3M, we believe that what the company stands for is just as important as what we sell. We are proud to have built a century-old tradition of operating with uncompromising ethics and integrity. From the way we run our business or operate our supply chain, to how we expect our employees to act and the value we place on our shareholders, we've earned a reputation for doing business the right way, everywhere we do business. 3M has been listed as a World's Most Ethical Companies® honoree for the fifth year in a row by Ethisphere®, a global leader in defining and advancing the standards of ethical practices in business.

### **3M UK's Approach to Taxation**

3M UK is committed to complying with all applicable tax laws, rules, regulations, and reporting and disclosure requirements through implementing standardised, simplified, cost-effective and automated compliance processes. This means paying the right amount of tax in the right place at the right time and involves disclosing all relevant facts and circumstances to the tax authorities and claiming reliefs, incentives and exemptions in line with, and in the spirit of, the applicable tax legislation.

In addition, 3M's UK Tax Strategy is consistent with the principles set forth in 3M's Code of Conduct:

- BE GOOD: Obey the law and 3M's Code of Conduct
- BE HONEST: Act with uncompromising honesty and integrity
- BE FAIR: Play by the rules, whether working with government, customers, or suppliers
- BE LOYAL: Protect 3M's interests, assets and information
- BE ACCURATE: Keep complete and accurate business records
- BE RESPECTFUL: Respect one another and our social and physical environment around the world

[https://www.3m.com/3M/en\\_US/company-us/about-3m/compliance-business-conduct/code/](https://www.3m.com/3M/en_US/company-us/about-3m/compliance-business-conduct/code/)

## **Approach of the UK group to risk management and governance arrangements in relation to UK taxation**

At the highest level, responsibility for taxes resides with 3M's Global Tax Department based in 3M's headquarters in the United States. The Vice President, Tax & Real Estate reports to 3M's Senior Vice President and CFO, and sits on 3M's Finance Committee. The Tax Executive Committee, under the leadership and direction of the Vice President, Tax & Real Estate, has oversight over the material tax matters of 3M's worldwide business and supply chain.

In the UK, 3M UK ensures the appropriateness of its accounting and tax records on an ongoing basis to enable us to meet our compliance obligations. We document and confirm this to Her Majesty's Revenue and Customs (HMRC) annually in accordance with the Senior Accounting Officer (SAO) regime.

Day-to-day management of 3M UK's taxes are delegated to the UK Tax Manager. Processes relating to various taxes are allocated to the relevant process owners responsible for executing tax compliance controls. Appropriate training is carried out for staff who manage or process matters that have tax implications.

### **Attitude of the group to tax planning (so far as affecting UK taxation)**

3M UK engages in tax planning that is aligned with its commercial business activities or supply chain needs, in compliance with UK tax rules and regulations.

We do not engage in artificial tax arrangements that lack economic substance, the sole purpose of which would be to obtain a tax advantage. We may, however, evaluate potential economic options resulting from business transactions with consideration of tax efficiency.

Transactions between 3M companies are conducted on an arms-length basis in accordance with appropriate transfer pricing rules. This ensures the group's profits are taxed where economic activities are performed.

Where there are any areas of uncertainty, 3M UK engages its external professional advisors to provide specialist advice as and when needed.

### **Level of risk in relation to UK taxation that the group is prepared to accept**

Our approach to tax risk follows similar principles that apply to our management of legal, compliance, and other business risks. Our internal framework operates to support compliance with tax laws and regulations in the UK and to ensure we identify, assess and mitigate tax risks.

### **Approach toward dealings with HMRC**

We strive to have an open, honest and collaborative working relationship with HMRC.

3M UK ensures that HMRC is kept aware of significant transactions and changes in the business and seeks to discuss any tax issues arising at an early stage.

When submitting tax computations and returns to HMRC, 3M UK discloses all relevant facts and identifies any transactions or issues where it considers that there is potential for the tax treatment to be uncertain.

We recognise that there could be areas of differing legal interpretations between us and HMRC, and where this occurs we will engage in proactive discussion to bring matters to as rapid a conclusion as possible.

Any inadvertent errors in submission of tax returns and tax computations to HMRC are fully disclosed as soon as reasonably practicable after they have been identified.