

# 2019 Tax strategy and risk management

As required under Finance Act 2016, Schedule 19, Paragraph 16 (2), the Company publishes below its tax strategy for the financial year 2019.

Interserve understands and seeks to observe its corporate and social responsibilities as a large employer in the UK fiscal arena whilst seeking to ensure that it is fiscally efficient and able to deliver a sustainable tax rate.

The Group's tax strategy is determined by the Board of Directors and can be summarised in the following statement:

The Group will seek to manage the tax it pays by:

- i) abiding by legal and regulatory principles,
- ii) considering acceptability to stakeholders, and
- iii) avoiding any acts inconsistent with the Group's reputation.

The Group seeks to create value for its shareholders and efficient management of the tax base of the Group is an integral part of that value creation, subject to the principles outlined above.

## **Governance**

The Group seeks constantly to evolve its systems, processes and procedures as they relate to taxation to ensure that confidence is maintained in the Group's ability to process and deal with its taxation affairs. A tax-specialised resource, in the form of an integrated team of experienced tax professionals, is maintained at the Group Head Office through which taxation decisions and considerations are routed prior to being considered further and, when appropriate, put forward for sanction at Board level.

The team is led by the Head of Tax and Treasury who reports directly to the Group Finance Director and deals with tax compliance, tax accounting and reporting, indirect taxes, employment taxes, tax audits and transfer pricing. All tax disclosures and errors are reported to this team, which also forms the principal point of contact between the Group and the UK tax authorities.

The Group has a robust system of documented controls which are regularly tested to ensure they remain fit for their intended purpose and which ensure that the Group is able to meet its taxation obligations and meet the requirements of the Senior Accounting Officer ("SAO") reporting obligations. A comprehensive review is undertaken each year of adherence to SAO requirements before considering whether it is necessary to draw attention to errors which may have affected the Group's ability to account for the correct amount of tax.

Responsibility for the execution of the Group's tax strategy rests with the Group Finance Director and the Head of Tax and Treasury.

## **Risk management**

Tax compliance and reporting risk is managed by ensuring that there are appropriately qualified and experienced professionals in the Group Tax function, putting processes and procedures in place that mitigate risk and using external advisors, where appropriate.

The Group actively monitors changes to UK tax legislation in order to ensure continued compliance with current tax law and raises awareness at the appropriate level within the Group, including the Board, where relevant.

### **Planning**

Efficient management of the tax base of the Group does not encompass the pursuit of risky or aggressive tax structures but does not preclude structuring the Group's affairs efficiently for tax purposes in accordance with relevant tax legislation or to utilise appropriate tax reliefs and incentives, where available. However, the Group's appetite to initiate uncertain and aggressive tax structures can be considered as low in accordance with the overall strategy as summarised above.

### **Relationship with the UK tax authorities - HM Revenue & Customs ("HMRC")**

Interserve seeks to maintain an open, transparent and collaborative relationship with HMRC in the UK regarding its plans and discussion of potential tax issues which may arise in the business. Being a 'large' business for these purposes, the Group has a dedicated Customer Compliance Manager ("CCM") within HMRC and comes under HMRC's Business Risk Review protocols. It is the Group's aim to fall within a "low" risk category, as assessed by the CCM under those protocols, wherever possible.

The Group also seeks to initiate with its CCM discussion around, and consideration of, the systems and controls which it has in place to control and manage its tax position.