

WATES GROUP TAX STRATEGY

MAY 2019



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SCOPE

This tax strategy applies to Wates Group Limited and its subsidiaries (“the Group”). It covers taxes and duties set out in para 15(1) Schedule 19, Finance Act 2016 for all UK operations. The publication of this strategy is regarded as satisfying the requirements under para 16(2) Schedule 19, Finance Act 2016 for all UK operations and it applies from the date of publication until it is superseded.

The Group’s tax strategy, which covers both the internal governance of tax matters and the approach to tax, is approved by the Group Board.

APPROACH TO TAX

Wates is proud to champion responsible business behaviours. We manage our tax affairs with the highest standards of integrity, consistent with the Group’s wider corporate reputation and in line with its overall high standards of governance.

The Group takes a principled and low-risk approach to tax. We commit to paying our taxes in full and on time, in compliance with both the letter and the spirit of the law, and with full disclosure to the tax authorities.

The Group does not have a target effective tax rate and internal governance does not include pre-determined levels of acceptable tax risk.

RELATIONSHIP WITH HMRC

We strive to maintain and develop an open, transparent and trusting relationship with HMRC, acting promptly to establish certainty and achieve early resolution of any uncertain tax positions. The Group values its low risk status and engages with HMRC through a collaborative, professional working dialogue.

TAX RISK MANAGEMENT AND GOVERNANCE

The Group Board has ultimate responsibility for the Group's approach to tax and receives regular updates from the Chief Financial Officer on tax matters and risks.

The Group Tax Manager is responsible for:

- Embedding the Tax Strategy consistently across the business and implementing processes and controls to deliver the correct amount of tax.
- Monitoring and updating those processes and controls to support the business as it develops and in response to changes in tax legislation and best practice.
- Supporting the Group Board and the business as a whole in meeting its commercial goals and, through the Chief Financial Officer, maintaining the profile of tax on the Board agenda.

The Group has a low level of appetite for risk and seeks to keep its tax affairs simple. We recognise that in practice tax risks will arise both from ongoing business activity and differences in interpretation. External advice is taken where necessary, for example in connection with uncertain tax positions or appropriate risk controls.

The Group has an internal audit function. Group Audit Committee meetings (attended by the Chief Financial Officer) include a standing item to provide updates on any significant tax risks and developments.

A detailed tax controls and responsibilities matrix, maintained by the Group Tax Manager, sets out the tax controls in place and the role of the person responsible for them. Financial processes and controls have been appropriately documented.

ATTITUDE TO TAX PLANNING

The Group has an obligation to its shareholders to deliver value and to manage costs in a responsible manner. The Group will apply relevant tax laws in a reasonable way and in the spirit in which they were intended.

In the normal course of business the Group will engage in reasonable tax planning that is aligned with its commercial and economic priorities and will not take an aggressive stance in the interpretation of tax legislation.

The Group's Code of Conduct sets out the principles we believe should guide our actions. It requires decisions to be legal, made with integrity and to stand up to external scrutiny. All staff are required to follow the Code of Conduct, including in dealings which relate to tax.

The Group will utilise available tax allowances, incentives and reliefs where these align with our commercial activities and will apply them in the manner intended.

The Group is made up predominantly of UK businesses, trading in the UK, consequently most taxes are paid in the UK. The Group will not be structured to generate profits in favourable tax jurisdictions unless there are genuine commercial reasons for being in those tax jurisdictions.



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