

## KIER GROUP TAX STRATEGY

### Background

The term 'the Group', as used in this tax strategy, means Kier Group plc (the 'Company') and its subsidiaries at the date hereof.

The Group's tax strategy is designed to support the Group's strategic objectives and to ensure compliance with applicable laws, regulations and reporting and disclosure requirements in the jurisdictions in which it operates, through implementing robust tax controls, claiming tax reliefs, where appropriate, and making timely and accurate tax payments.

The Group's tax strategy is approved by the Company's board of directors or its Risk Management and Audit Committee annually.

### Approach to Tax Risk Management and Governance

The Group takes a number of steps which are designed manage to its tax affairs appropriately.

Tax governance is of high importance to the Group. For example, the Group takes steps which are designed to prevent the facilitation of tax evasion by its employees and other associated persons, pursuant to its obligations under the Criminal Finances Act 2017. The Group requires its employees to conduct business in an honest, lawful and ethical way, without the use of corrupt practices or acts of bribery, and has a zero-tolerance approach to bribery and corruption of all kinds.

The Group's Head of Tax is responsible for:

- **The implementation of this policy**
- **The design and operation of the Group's systems of tax risk management and control**
- **Ensuring that the Group Tax Department has the necessary skills and provides the support required to implement the Group's tax strategy.**

The Head of Tax reports to the Chief Financial Officer in relation to the management of the Group's tax affairs. The Group's Divisional and Business Finance Directors and Finance Business Partners have responsibility for the tax affairs of their own divisions and businesses, with advice and support from the Group Tax Department.

The Group's tax governance arrangements are well established and are integral to the Group's compliance with the Senior Accounting Officer regime. Tax specialists within the Group assess tax risks and how these are to be managed. The significant majority of the Group's operations are based in the UK; as a result, the Group focuses, in particular, on compliance with UK employment tax, VAT and CIS (Construction Industry Scheme) requirements and corporation tax.

The Group Tax Department has implemented tax policies and systems of tax risk management and control, including a tax risk register and compliance testing and risk monitoring systems. The Group's financial and operational procedures include controls designed to ensure the integrity of its tax returns, as well as timely and accurate tax payments. These controls are monitored and updated for changes in tax legislation and best practice. The Group's internal audit team assesses elements of the Group's systems of tax risk management and control.

### Attitude towards Tax Planning

The Group endeavours to make timely and accurate tax payments. The Group does not consider itself to have an aggressive attitude towards tax planning. From time to time, the amount of tax due may not be clearly defined or alternative approaches may result in differing tax positions; if this is the case, the Group will use its best judgement in determining the appropriate amount to pay or approach to take, using available reliefs and incentives where appropriate.

The Group aims to use tax planning opportunities and reliefs in the manner in which it understands they were designed to be used in connection with the Group's commercial activities. The Group will not enter into artificial or abusive arrangements to gain a tax advantage.

## Level of Risk in relation to UK Taxation

As a large business, the level of tax risk and uncertainty to which the Group is exposed may, from time to time, be material. The Group recognises this and endeavours to mitigate risks and uncertainty where possible by having clear tax policies, procedures and internal controls, which are kept under review. Tax risk can arise from unclear laws and regulations as well as differences in their interpretation. If there is uncertainty as to how to apply or interpret certain aspects of tax law, the Group may engage external advisers to support its decision-making.

## Approach to dealings with HMRC

The Group adopts an open and transparent approach in its engagement with HMRC and any other tax authorities in the jurisdictions in which it operates. The Group is committed to creating positive and proactive working relationships with these authorities through regular meetings and communication.

This tax strategy, which relates to the Group's financial year ending 30 June 2020, is published in accordance with paragraph 16(2) of Schedule 19 of the Finance Act 2016.

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