

This document, along with our underlying operational procedures in relation to Utilita's tax affairs, which has been approved by the Board of Directors of Utilita Group Limited on 20 March 2019, sets out Utilita Group's\* approach to conducting its tax affairs and dealing with tax risks as required under paragraph 16(2) of Schedule 19 Finance Act 2016 for the financial year ending 31 March 2019.

The Tax Strategy is subject to ongoing reviews by the Finance Director and the Board. This Tax Strategy relates to Utilita Group Limited and its subsidiaries.

During the financial year ending 31 March 2019, the Group undertook a repurchase of own shares that resulted in the Group no longer being part of the Secure Meters Group. Whilst this resulted in a fundamental change in the ownership of the Group, there was no change to the governance of the Group which continues to ultimately be controlled by the Board of Directors."

To the extent required, certain processes and controls which support the tax strategy of the Group have been reviewed to ensure that this change in ownership has no effect on the Group's ability to manage its tax risk and to apply this tax strategy

## Aim

Utilita is committed to:

- complying with all applicable laws and regulations relating to its tax activities in the UK;
- maintaining an open and honest relationship with the UK Tax authorities; and
- ensuring the tax strategy is, at all times, consistent with its core values. The specific core values that are relevant to Utilita's tax affairs are:
  - Trust;
  - Fairness; and
  - Respect.

Utilita's core value of **Trust** means we do what we say we will do. This strategy is an example of setting out what we do.

## Risk Management and governance

Utilita's aim is to be a compliant tax payer who takes a low risk approach to tax. This means keeping our tax affairs as simple as possible to ensure that we pay the correct amount of tax.

Day to day tax activities are undertaken by specifically trained personnel, and a system of review is in place before all tax filings are made. Wherever possible, there are processes and controls in place to minimise the risk of errors. Where needed, external professional advisors are retained to assist with both day to day compliance matters and for advice on the tax treatment of specific issues to ensure compliance with applicable laws, rules, regulations and reporting and disclosure requirements consistent with Utilita's low risk approach to tax.

All tax matters are overseen by the Finance Director, who is also the Senior Accounting Officer for tax, and ultimately by the Board of Directors who provide governance over Utilita's tax affairs.

The processes and controls which support the tax strategy are regularly reviewed as part of Utilita's approach to the Senior Accounting Officer legislation.

\* The Utilita Group comprises Utilita Group Limited and its subsidiaries, Utilita Energy Limited, Utilita Field Services Limited, Utilita Gas Limited, Utilita Services Limited, Utilita Telecom Limited, Utilita Telesales Limited, Winchester Gas Distribution Ltd, Bswitched Limited, and Planetpoints Limited.

## Risk the group is prepared to accept

Utilita take a low risk approach to tax and we structure our affairs based on sound commercial rationale, our core values and relevant tax legislation. Aggressive tax planning is not considered and external advice is sought where appropriate. Consideration will be taken of the legal and fiduciary duties of directors and employees, the requirements of any related internal policies or procedures, and the maintenance of Utilita's reputation.

## Tax Planning

Utilita's core value of **Fairness** means that we will aim to pay the correct amount of tax and aggressive tax planning is not undertaken. When making any decision, commercial rationale will always be the basis of our actions rather than specific tax reduction and we will not act in a way that knowingly contradicts the intent of legislation.

Utilita will use Government approved incentives and reliefs to minimise the tax costs of conducting our business activities, but will not use them for purposes which are knowingly contradictory to the intent of the legislation.

Where appropriate, external tax support in relation to tax planning or structuring advice is obtained from professional advisors to support the Group's decision making process ensuring business decisions are undertaken in the full knowledge of current and likely interpretations of tax legislation and to mitigate potential areas of tax risk with any particular commercial transaction. All external advice is reviewed by the Finance Director to ensure that the principles in this tax strategy document are adhered to.

## Dealings with HMRC

Utilita's core value of **Respect** means we aim to operate in all our dealings with HMRC with respect based on honesty and integrity.

Utilita is committed to the principles of openness and transparency in our approach to dealing with HMRC, and in particular will:

- make fair, accurate and timely disclosure in correspondence and returns, and respond to queries and information requests in a timely fashion;
- where uncertainties arise in relation to tax, will seek clearances from HMRC;
- seek to resolve issues with HMRC in a timely manner, and where disagreements arise work with HMRC to resolve issues by agreement where possible; and
- be open and transparent about decision-making, governance and tax planning on a real time basis.

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