

HOCHTIEF Group UK

In compliance with section 161 and section 19 (2) of schedule 19 Finance Act 2016, HOCHTIEF Group UK is publishing its tax strategy for the year ending 31st December 2020 as it relates to UK taxation. We confirm that HOCHTIEF Group UK consists of the following companies:

- HOCHTIEF PPP Solutions (UK) Ltd
- HOCHTIEF (UK) Construction Ltd

This tax strategy applies to the above group companies and has been approved by the respective Boards of those companies.

Our business has a strong focus on corporate responsibility and we see responsible administration and payment of taxation as a key objective of the group.

Overall tax strategy

The overall objective of the group is one of full compliance across all taxes and its approach to taxation is governed by the following key principles:

- Meet all legal requirements as it relates to taxation and make all appropriate tax returns and tax payments.
- Seek to utilise tax reliefs and incentives where available in a manner consistent with tax legislation, the government's policy objectives and the commercial and governance objectives of the group.
- Consider the tax impact and risk in major or complex business decisions.
- Operate in an environment where we consider tax in the context of our reputation and brand.
- Comply with appropriate tax risk processes and ensure Board oversight into the group's tax compliance.

Risk management and governance arrangements

The group's objective is for its tax affairs to be transparent and compliant with tax legislation and recognise that managing tax compliance is increasingly complex. Our internal structure is set up to ensure:

- The Board of directors understand the importance of tax compliance and how it is achieved.
- The Board, together with the finance function, set the overall policy and governance for tax. Internal policies and procedures are reviewed periodically to ensure they are current.
- There is a consistent dialogue between the Board and those individuals tasked with the operation of our finance function regarding the way our business manages its tax risk.
- The business portrays a positive view towards tax compliance and the importance of meeting our obligations.

We keep under review how we meet our tax obligations by seeking external advice, investing in tax training for our staff and how we manage our relationship with tax authorities. The UK group also has support from the German entities holding company tax department.

Tax planning

We undertake tax planning as part of our overall business strategy where it utilises existing tax reliefs or incentives and is aligned to the commercial and governance objectives of the group. Professional advice is sought on a transactional basis with the depth of such advice being driven by our assessment of the risk presented by each transaction.

We do not undertake aggressive tax planning, or enter into artificial transactions, the sole purpose of which would be obtaining a tax advantage. We have a responsibility to minimise our tax risk and our exposure to negative publicity through non-compliance.

Attitude towards tax risk

The Board see compliance with tax legislation as key to managing our tax risk. We understand the importance of tax in the wider context of business decisions and have processes in place to ensure tax is considered as part of our decision making process.

We have relationships with professional advisors that allow us to seek expert advice on specialist areas of tax or where the application of the tax legislation is uncertain. Our approach is to ensure that we are compliant and understand our responsibilities with regard to tax.

The Board considers strong internal processes and a good relationship with our professional advisors as the best way to manage tax risk and also the reputational risk that may be associated with non-compliance.

Relationship with HMRC

Our communication with HMRC is focused around accurate and timely tax compliance and we aim to have an open and constructive relationship with HMRC. Any positions taken in tax returns that are uncertain are appropriately disclosed. If inadvertent errors occur in any tax submission, full disclosure is made to HMRC as soon as is reasonably practical and any outstanding tax settled promptly.

We employ the services of professional tax advisors to act as our agents and in a number of cases they liaise with HMRC on our behalf, especially to manage and resolve any disputes with HMRC efficiently and in a professional manner. This is considered by the Board as a way to ensure that our relationship with HMRC is managed appropriately, thus reducing the group's tax risk.

Brexit

The directors continue to actively monitor the situation with respect to the UK's imminent departure from the European Union, and will react to any changes in tax legislation that will result from the transition to ensure tax compliance.