

Tax Administration Policy

This document sets out the tax objectives and policy of the Northern & Shell group.

VERSION: 1.1

DOCUMENT CONTROL

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SECTION 1: INTRODUCTION

1.1. Context

This document sets out the strategic tax objectives for Northern & Shell Plc and its subsidiaries (“the Group”).

1.2. Ownership and approval

The owner of the tax administration policy is the Group Finance Director/Commercial Director.

Approval of the tax administration policy is the responsibility of the Board of Directors of Northern & Shell Plc.

1.3. Audience

The tax administration policy is primarily of relevance to the Finance & Tax Department, the Board of Directors (“BoD”) and to senior management within Finance, the Business Units (“BU”) and Support Functions (“SF”).

The tax administration policy is available to all Northern & Shell group employees.

1.4. Scope

The tax policy and strategic objectives are intended to apply across all of the Group’s subsidiaries, regardless of their geographic location.

The policy applies to:

1. All corporate income taxes, indirect taxes and employment taxes payable and reportable to fiscal authorities by the group globally;
2. Tax financial reporting; and
3. Tax forecasting.

SECTION 2: TAX STRATEGY

2.1 Strategy principles

The Group's activities are principally based in the United Kingdom.

The overriding vision for the business is to build on its success as one of the United Kingdom's largest privately owned groups and to further diversify and grow its activities, including its lottery and property interests. The aim of the tax strategy is to support this vision.

The group tax strategy is as follows:

“Tax is a significant cost and risk for the business. We will seek to proactively manage this cost and risk through robust and effective tax compliance and management. This must fully comply with the laws and acceptable practices of each jurisdiction in which we operate and be subject to an acceptable level of risk and scrutiny, with particular regard to the Group's reputation and corporate and social responsibility.”

2.2 Our strategic tax objectives and their delivery

The Group's strategic objectives include:

1. Structuring based on commercial principles. Within the acceptable parameters set by our Board we will only seek to structure our affairs based on sound commercial principles. We will also require our subsidiaries to structure their affairs on a similar basis. Where transactions are being contemplated by our subsidiaries which could be considered to have significant tax benefits we will require oversight and right of veto prior to their implementation.
2. Provide robust and timely tax information and commercial advice on tax risks to support forecasting, planning and strategic decision making.
3. Put in place resources, governance, processes and controls to comply efficiently with all relevant tax laws, disclosure requirements, regulations and accounting standards.
4. File returns on time and pay or withhold the right amount of tax whilst claiming all appropriate allowances.
5. Take appropriate care to ensure a positive reputation and relationship with fiscal authorities and other external stakeholders.

The Group's delivery statements include:

1. **Working together:** Seek to become an integral part of the Group's operations, becoming embedded within the functioning of the BU's and other SF's, whilst providing a consistent and cohesive approach to all tax matters across the Group.
2. **Adding value:** Providing commercial and appropriate tax advice and planning.
3. **Management of tax risk:** Develop a tax risk management framework to identify and track risks in order to ensure that no unexpected tax issues arise that could have a material financial or reputational cost to the business.
4. **Tax authority interactions:** Develop and maintain appropriate professional relationships with tax authorities by complying with fiscal reporting requirements (payments, disclosures, accurate and timely filing of computations) and responding to enquiries in a complete, transparent, co-operative and courteous manner. Make representations and seek to influence those matters of tax law and policy that affect the Group's business.
5. **Tax compliance and reporting:** Maintain and develop strong processes and controls with regard to tax compliance and external reporting.
6. **People:** Attract, retain and develop high calibre staff capable of delivering the Tax Strategy such that our Finance & Tax Department is highly regarded by our peer group, advisors and other stakeholders.
7. **Use of advisors:** Establish and maintain relationships with reputable, experienced tax advisors who are used as appropriate to provide specialist expertise in supporting the delivery of the Tax Strategy.

SECTION 3: GOVERNANCE, STRUCTURE AND ORGANISATION

3.1 Governance

The BoD acknowledges that it has responsibility for fully complying with the tax laws in the territories within which the Group operates. Approval of the Tax Administration Policy is therefore ultimately owned by the BoD but delegated to the Group Finance Director and Commercial Director of Northern & Shell Plc.

The BoD (including the Group Finance Director/Commercial Director) is responsible for establishing the Group's overall governance framework. Tax falls within the overall governance framework.

To ensure that the Tax Administrative Policy is delivered:

1. A Group Finance Director and Commercial Director are appointed who report directly to the BoD to ensure that appropriate status is placed on the role which tax has within the business.
2. The Group Finance Director and Commercial Director are responsible for management and oversight of all tax matters related to the Group, its BU's and SF's.

3.2 Structure and organisation

The structure and organisation for the overall provision of tax services for the Group is as set out below:

1. Finance & Tax Department

The Finance & Tax Department are responsible for:

1. Advising the BoD and senior management on tax issues.
2. Monitoring and advising the BoD on compliance with the Tax Administration Policy.
3. Implementation of the Tax Administration Policy.

2. Shadow tax function

The shadow tax function comprises individuals within Finance and other parts of the business who have a role in supporting and managing the tax affairs of the Group.

3. External advisors

The engagement of external advisors is under the overall management of the Commercial Director and Group Finance Director. External advisors are used to provide tax advice as appropriate to support the delivery of the Tax Administration Policy and meet the Group's strategic objectives.