

## **Severfield plc Group tax strategy**

**Year ending 30 March 2024**

This document sets out the tax strategy for Severfield plc and its subsidiaries ('the Group') in accordance with the requirements of Schedule 19 of the Finance Act 2016<sup>1</sup>. Whilst the Group is currently not legally required to publish a tax strategy, the Group has elected to do so as part of best practice and in accordance with its policy of transparent tax reporting. The Group recognises the importance of corporate social responsibility and understands the importance of paying taxes in the jurisdictions in which it operates.

The Group's tax strategy, which covers both the internal governance of tax matters and the approach to tax affairs, is approved by the Board. The tax strategy is consistent with the Group's overall strategy and is focused on ensuring that taxes and tax risks are appropriately managed to ensure the Group is compliant with all its tax obligations. In doing so, the Group seeks to maintain an open and constructive relationship with HMRC and other relevant tax authorities in all the countries in which it operates.

### **Group tax policy**

The Group is committed to conduct its tax affairs in line with the following objectives, to:

- Maintain the highest standards of business conduct and corporate governance practices and ensure that employees are committed to upholding the Group's standards.
- Ensure compliance with laws, rules and regulations in the respective jurisdictions in which we operate, to ensure that tax is paid when and where it falls due.
- Apply professional diligence and care in our tax governance, compliance and the management of related risks and associated tax matters.
- Ensure the tax policy is consistent with the Group's overall strategy and its approach to risk management.
- Use incentives and reliefs to minimise the tax costs of conducting the Group's activities, but not to use them for purposes which are knowingly contradictory to the intent of legislation.
- Maintain a constructive, professional, open and honest working relationship with tax authorities.

### **Governance and risk management**

The Chief Financial Officer ('CFO') has overall Board responsibility for tax governance, risk management and strategy, with oversight provided by the wider Board and Audit Committee. The CFO is supported by the Group Financial Controller, the Group Tax Manager, as well as external tax professionals, with the necessary experience, to advise and educate the business on more complex tax matters.

The tax strategy is implemented across the Group through the Group Financial Controller, Group Tax Manager and the finance directors within each of our divisions. The Group considers that there are appropriate controls in place to meet the Group's tax strategy. These controls are subject to monitoring and assessment through internal procedures and the Group's outsourced internal audit function, supported by periodic external reviews as required.

Tax risks are managed and controlled in a proactive manner. A comprehensive risk management and internal control process is in place, including an Executive Risk Committee. An ongoing process has been established for identifying, evaluating and managing the significant tax risks faced by the Group. Where these tax risks are considered material (based on the Group risk scoring matrix), they are

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<sup>1</sup> Publication of this document is in accordance with Paragraph 16(2) of Schedule 19, Finance Act 2016.

reported to the Executive Risk Committee (chaired by the Chief Executive Officer) through the Group risk register and overall risk management process. Material risks are then reported on a quarterly basis to the Executive Committee. In this way, the Executive Committee and Executive Risk Committee provides governance and oversight of the Group's tax risks, which is ultimately overseen by the Board.

The Group has well-established tax accounting arrangements, which are subject to periodic internal audit review, to allow tax liabilities to be calculated accurately in all material respects. The Group has taken reasonable steps to ensure that these tax arrangements are maintained, including the use of half-yearly letters of assurance provided from the Group's managing directors, confirming adherence to the Group's policies, including tax policies. These arrangements enable the Group to adhere to the SAO (Senior Accounting Officer) requirements, which requires large companies to establish, maintain and monitor the adequacy of the Group's accounting arrangements.

### **Tax planning**

The Group does not tolerate tax evasion or the facilitation of tax evasion by any of its employees, customers or suppliers. The Group recognises its responsibility under the Economic Crime and Corporate Transparency Act 2023 and takes appropriate steps to review and manage the risk of failing to prevent the facilitation of tax evasion, including the use of externally facilitated workshops and training courses.

The majority of the Group's tax arrangements are routine and are mainly UK-based. Tax risk management largely focuses on operational compliance with UK corporation tax, employment tax, VAT and the Construction Industry Scheme ('CIS').

The Group does not seek to participate in aggressive tax planning arrangements. Whilst the commercial needs of the Group are paramount, the Group engages only in efficient tax planning to the extent it supports its strategic objectives, it reflects the underlying commercial and economic activities and it is not in contradiction of tax outcomes that are intended in tax laws. The Group has established certain entities in jurisdictions suitable to hold its overseas investments, cognisant of their business activities and the prevailing regulatory environment.

### **Tax risk appetite**

The Group manages its tax affairs in a proactive manner that seeks to protect shareholder value by using tax incentives or tax efficiencies where appropriate to do so. However, the Group will only structure its affairs based on sound commercial principles and in full compliance with applicable tax laws.

### **Relationship with tax authorities**

The Group seeks to conduct its tax affairs and liaise with HMRC, and other relevant tax authorities, in a spirit of co-operative compliance. This professional and constructive relationship with tax authorities, is founded on transparency and collaboration to ensure compliance with tax rules and regulations in each of the jurisdictions in which it operates. The Group provides regular updates on business developments and raises any potential issues proactively with tax authorities to ensure that the Group can resolve such issues in a constructive and timely manner.

**Formally adopted by the Board of Severfield plc on 28 February for the financial period ending 30 March 2024.**