

# UK Tax Strategy

This document details the UK tax strategy of Skanska UK and has been published to comply with the duty under paragraph 16(2) of Schedule 19 of the UK Finance Act 2016 in respect of our financial year ended 31 December 2018 and subsequent years, subject to annual review. The UK tax strategy applies to all UK taxation and is owned by Skanska UK, and has been approved by the Board of Skanska UK.

## ***Our Tax Vision***

At Skanska UK, our work is underpinned by our values that express who we are, how we behave and what we believe in. Living by our values helps us to make the best decisions, be successful and stand out for all the right reasons. Skanska UK's overall vision for tax is to manage our tax affairs in accordance with the UK legislation and in line with our standards and behaviours set out in the global Skanska Code of Conduct. This ensures we build a great company based on strong and shared values.

## ***Our Strategic Tax Objectives***

***Embed proactive and structured risk and opportunity management at all levels of the organisation. Consistency is key and should be enabled by risk and opportunity management procedures, which are applied to tax to ensure we remain compliant.***

Skanska UK recognises the importance of good corporate governance and risk management processes in order to achieve sustainable value creation. We constantly develop our suite of procedures and tools to assess and manage risk and opportunity during the project lifecycle which includes paying attention to tax risk management procedures.

Skanska UK operates in line with the global Skanska group risk management framework, which comprises risk management policies, guidelines, procedures, processes, limits, as well as systems of internal controls, which are put in place to identify, measure and control various risks, including taxation risk. In the 2020 Profit with Purpose Business Plan, risk management is an important part of the Operational Excellence focus area. All Business Units established their own risk teams and Tender Boards in 2016 in order to improve the quality and objectivity at the project operational level, whilst also managing financial and tax risk at the bid stage of a project. Taxation risk, in particular, is managed in the UK in line with the global Skanska group risk management framework and is considered comprehensively through the assessment of the operations. The defined corporate governance structure ensures that tax information and risk is reported and escalated appropriately to the CFO of Skanska UK.

Skanska UK Board of Directors has overall responsibility for ensuring that Skanska UK has effective and adequate risk management and internal control. Tax risk management activities include the ongoing identification and assessment of UK taxation risks taking into account the size and complexity of Skanska UK's business, and the development and monitoring of an internal control system to ensure UK taxation risk is managed in line with the tax risk appetite. Tax risks and mitigating controls are documented in risk and control matrices, maintained by management having been prepared through a formal process undertaken in consultation with external tax advisers.

Skanska UK's tax risk appetite is aligned with the global Skanska Code of Conduct. We use global group-wide procedures for identifying and managing tax risks and opportunities which includes engaging qualified external tax advisers and HMRC when required. We understand that failure to mitigate tax risks poses reputational damage to the Skanska UK and globally and hinders us from achieving our goals for the future as underpinned in the Business Plan and therefore any identified tax risks are appropriately escalated to the relevant management level.

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***Commit to positive, constructive and long-term relationships with our stakeholders, respecting and considering the communities in which we develop and build by paying all taxes due.***

Skanska UK's primary aim is to create increased value for all stakeholders, which includes increasing shareholder value and making an even greater contribution to developing communities in our home markets. To this end we are fully compliant with the tax laws in the jurisdictions in which we operate and pay all taxes due. Only commercial business transactions are undertaken, and any tax planning is considered in the context of the global Skanska Code of Conduct. Skanska UK does not enter into any artificial transactions with the intention of saving tax, or structure commercial transactions in a way which may cause reputational damage or negatively impact its stakeholders. Government sponsored tax incentives and reliefs will be utilised only where Skanska UK is eligible.

When dealing in the marketplace, Skanska UK is committed to being straightforward, fair and behaving in accordance with the global Skanska values at all times. All employees, suppliers, agents or consultants that work with Skanska UK are required to conform to the global Skanska Code of Conduct or Supplier Code of Conduct which require high ethical standards and compliance with applicable laws and regulations. We work with external parties to ensure that they understand our ethical standards before entering into any relationships with them and we do not compromise our values for any stakeholder. Our business and reputation are strong and we continue to build our culture.

Skanska UK is focused on obtaining certainty of compliance with tax legislation through engagement, where required, with qualified external tax advisers and HMRC. Skanska UK seeks the advice of qualified external tax advisers in situations where the application of tax legislation is unclear or where a skills or resource gap is identified in our in-house tax team, to ensure statutory and legislative tax obligations are met. Appointment of qualified external tax advisers must be recommended by the Tax Manager, or equivalent, of Skanska UK and approved by Senior Management. Any advice received is reviewed and approved by the Tax Manager, or equivalent, of Skanska UK and Skanska UK's Senior Management/Board for its compliance with this tax strategy.

***Do business with a high degree of integrity and transparency, maintaining an open and honest relationship with all of our stakeholders including tax authorities.***

Skanska UK believes that our work makes a clear contribution to society and the environment around us which underpins our desire to act ethically at all times. In this regard we will work to ensure our communication with HMRC is accurate and reliable to maintain a high level of trust. We will respond to enquiries in a professional and timely manner, provide relevant and reliable information when communicating with HMRC to ensure we are following the global Skanska Code of Conduct and accurately reflecting who we are and how we affect our stakeholders. In the event of uncertainty over the interpretation of tax law, we will engage in a constructive dialogue with HMRC and external tax advisors to attain clarity and minimise the possibility of any dispute arising.