

Background

Kier's tax strategy supports the way we do business, our culture, and how we conduct our affairs. Our business is based on fairness, respect, good governance, and integrity to do the right thing. Our approach to tax is based on the same values, driving value for the Group, utilising strong tax controls and legitimate tax reliefs, whilst paying the correct amount of tax at the right time and complying with all laws, regulations, reporting and disclosure requirements. Securing and maintaining the trust of all our stakeholders, including HMRC, is central to our business and we aim to be a responsible taxpayer.

Approach to Risk Management and Governance

Tax governance is of high importance to Kier. Kier will take all appropriate steps to prevent the facilitation of tax evasion by our staff and associates pursuant to our responsibilities under the Criminal Finances Act 2017 and will conduct business in an honest, lawful and ethical way, without the use of corrupt practices or acts of bribery, taking a zero-tolerance approach to bribery and corruption of all kinds. The Head of Tax reports on a regular basis to the Group Financial Controller on the status of the Group's tax affairs.

The Group's tax strategy is approved by the Board and the Head of Tax is responsible for:

- Implementation of the policy.
- Design and operation of the tax control framework, which includes appropriate processes and controls.
- Ensuring that the tax team have the necessary skills and support to implement the Group's tax strategy.

The Group's tax governance arrangements are well established, applying diligence and care in our tax compliance, and are integral to Kier's compliance with the Senior Accounting regime. We manage tax risk under the same framework as all other risks in the business which is regularly reviewed by the Group Risk Committee. Tax risk is assessed and monitored by qualified tax professionals who implement steps to mitigate and manage those risks (with external input obtained where necessary) and, where appropriate, matters are escalated to senior management and relevant internal stakeholders.

The Group is currently based overwhelmingly in the UK, as a result, the tax risk management tends to focus on operational compliance with UK employment tax, VAT and CIS (Construction Industry Scheme) requirements, as well as Corporation Tax.

Group Tax is made up of a team of tax professionals who have established and maintain robust policies and have put in place a variety of risk management systems and procedures to identify risks as they arise. Tax controls are included within the Group's financial and operational procedures to ensure the integrity of our tax returns as well as timely and accurate tax payments. Extensive control procedures are documented and implemented across our tax compliance function which are monitored and updated for changes in tax legislation and best practice. This approach is supported by internal audit, who help us periodically monitor that tax processes and controls are operating as intended.

Our tax affairs are regularly scrutinised by our external auditors and by HMRC.



Attitude towards Tax Planning

Kier believes that it should pay the amounts of tax legally due and does not have an aggressive attitude towards tax planning. Occasionally, there may be situations where the amount due may not be clearly defined, or where alternative approaches may result in differing tax results. The Group will use its best judgement in determining the appropriate course of action, using available reliefs and incentives where possible.

Kier aims to use any tax planning opportunities and reliefs in the spirit in which they were designed to be used and will also ensure they follow the true commercial activities of the Group. Kier will not enter artificial or abusive arrangements to gain a tax advantage.

Level of Risk in relation to UK Taxation

As a large business, Kier is inevitably exposed to a level of tax risk and uncertainty. Kier recognises this and attempts to mitigate risks and uncertainty where possible by having clear tax policies, procedures and internal controls, which are reviewed and monitored. Tax risk can arise from unclear laws and regulations as well as differences in interpretation. Where there is uncertainty as to how to apply or interpret certain aspects of tax law, for example where there is uncertainty over the tax treatment of a significant activity, Kier may utilise external advisors to support the decision-making process.

Approach to dealings with HMRC

Kier operates on a basis of full openness and transparency in its approach to dealing with HMRC and any other tax authorities of the jurisdictions in which it operates. We openly share a full suite of internal process documentation with HMRC beyond what is statutorily required, in the spirit of our constructive and collaborative relationship with HMRC. We seek to take a proactive approach and take appropriate action in the event we discover errors or omissions; disclosing to HMRC, implementing remediation as quickly as is reasonably achievable and putting in place measures and controls to prevent recurrence. Kier is committed to creating positive and proactive working relationships with these authorities through regular meetings and communication and strives for all dealings to be conducted in a collaborative and courteous manner, acting promptly to establish certainty and to achieve early resolution of any tax related disputes or queries.

This tax strategy is published in accordance with the duty under paragraph 16(2) of Schedule 19 of the Finance Act 2016 to publish a group tax strategy. The Tax Strategy is reviewed periodically and has been approved by the Board of Kier Group plc and applies to the financial year ended 30 June 2024 for all Group subsidiaries and all taxes.

Simon Kesterton

June 2024

