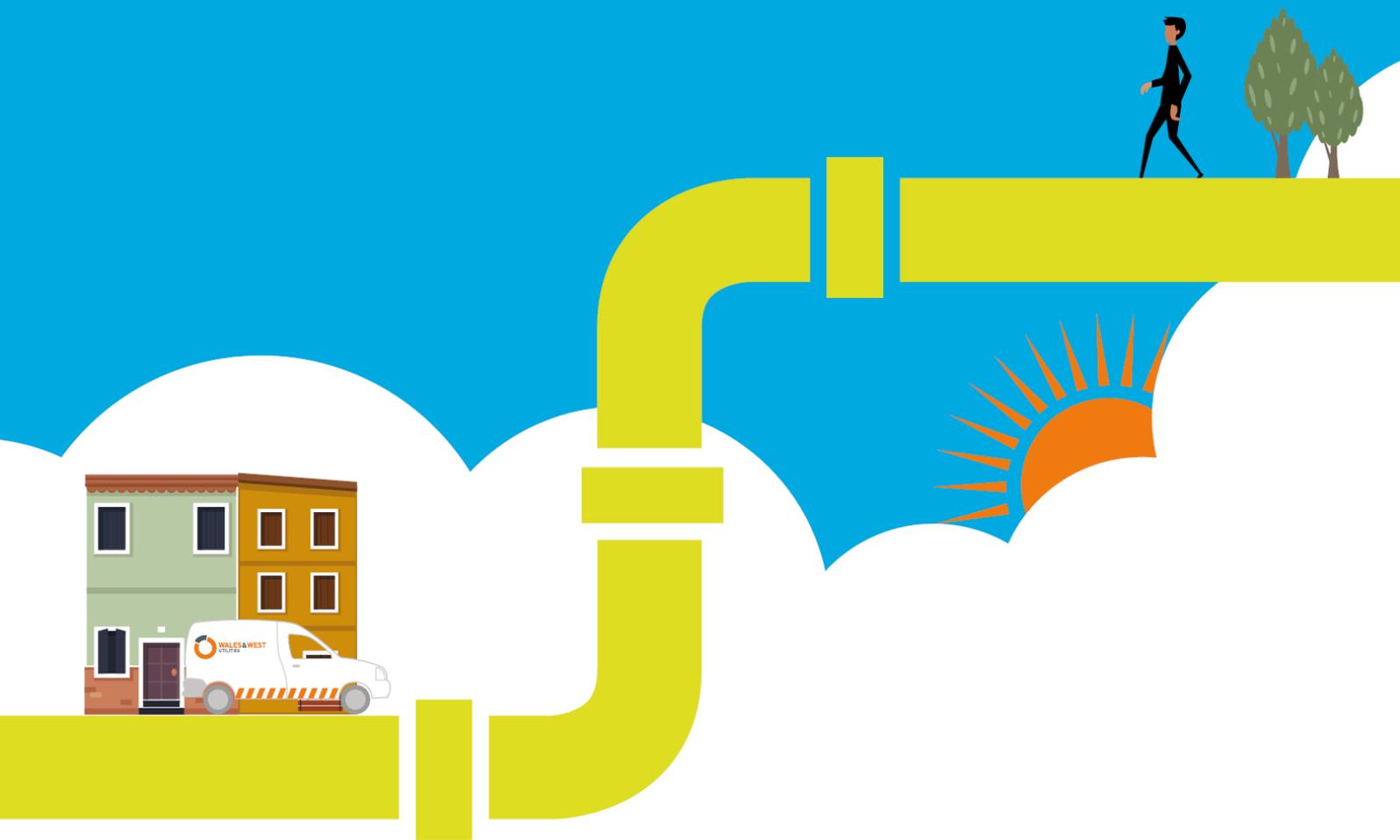


Our Tax Strategy





1.0 Our Tax Strategy



1.1. Wales & West Utilities

Wales & West Utilities (“WWU”)¹ is a group of companies incorporated and tax resident in the UK. The sole trading company, Wales & West Utilities Limited, is a regulated gas distribution business owning and operating the principal gas distribution network in Wales and the South West of England. WWU operates under a Gas Transporter’s License issued by the Gas and Electricity Markets Authority and is responsible for the safety, development, maintenance and daily operation of its gas distribution network.

1.2. The Strategy

WWU’s Tax Strategy² is to:

- comply with all relevant legislation, regulations and disclosure requirements at all times;
- submit accurate tax returns and pay the right amount of tax³ at the right time; and
- maintain a transparent, constructive and professional relationship with HMRC.

1.3. Governance and approach to tax risk

Tax risks are managed as a component of WWU’s risk framework supporting corporate strategy.

Responsibility for tax risk management and compliance rests with the Board of WWU. Day to day management of WWU’s tax affairs is delegated to skilled and qualified staff. Specialist tax advice is sought from external professional advisors where appropriate.

1.4. Attitude towards tax planning

The tax affairs of WWU must be arranged or managed with the objective of supporting its business or commercial activities. When entering into commercial transactions, WWU may seek to obtain the benefit of tax incentives, reliefs and exemptions implemented by UK Government under the applicable tax legislation.

1.5. Approach to dealing with HMRC

WWU will make HMRC aware of any relevant significant transactions or business developments in advance and fully disclose any errors or omissions as soon as is practically possible. WWU is proactive and professional in dealings with HMRC and will seek to obtain certainty of the tax treatment for current, future or past transactions where the legislation is complex, uncertain or open to interpretation, and attempt to resolve any disputed matters through open discussion and negotiation.

¹ This document sets out the tax strategy in respect of West Gas Networks Limited and Western Gas Networks Limited and Wales and West Gas Networks (Holdings) Limited and its subsidiaries as a UK sub-group (together “WWU”) for the financial year ended 31 March 2018.

² The tax strategy is published in accordance with the requirements of Schedule 19 of the Finance Act 2016 and applies from the date of publication until it is superseded.

³ References to tax are taken to include the items within “UK Taxation” as defined by paragraph 15(1) of the Schedule

