

Sembcorp Utilities UK Tax Strategy Disclosure

The publication of this tax strategy statement is regarded as satisfying the statutory obligation under Para 19(2), Schedule 19 of the Finance Act 2016, for the Sembcorp Utilities group of companies within the UK of which the tax representative company is Sembcorp Utilities (UK) Limited. This strategy is approved, owned and overseen by the board of directors of Sembcorp Utilities (UK) Limited (Board approval received 16th December 2018). This disclosure relates to the year ending 31st December 2018.

Sembcorp Utilities UK organisational structure

This tax strategy statement applies to Sembcorp Utilities (UK) Limited and its direct subsidiary Wilton Energy Limited, Sembcorp Energy UK Limited and its direct subsidiaries and Sembcorp Holdings Limited and its direct subsidiaries all of which are incorporated within the United Kingdom. Within the Sembcorp group, the ultimate parent company of the aforementioned UK companies is Sembcorp Industries Limited, a listed company in Singapore.

Approach to risk management and governance arrangements in relation to UK tax

We are committed to complying with UK tax obligations. The Sembcorp UK entities are liable to a broad range of UK taxes including corporation tax, VAT, insurance premium tax, employer tax and national insurance, business rates, climate change levy, construction industry tax and stamp duty land tax. Compliance for us means paying the right amount of tax at the right time, completing accurate returns whilst also recognising available legislative concessions and reliefs.

Systems, processes and controls are central to ensuring compliance and as part of the internal control procedures we have in place, we conduct regular system and control checks to ensure robust and appropriate tax accounting processes and procedures. These are aligned to the Sembcorp Group's tax risk management policy as stated in the Group's Annual Report.

Attitude towards UK tax planning

When considering the structure of our commercial activities, we take account of a number of factors including consideration of the tax laws of the countries in which Sembcorp operates. We do not take an unreasonable stance on our interpretation of tax legislation and we strive to work within both the letter and intent of local laws.

Any tax planning undertaken by us will have commercial and economic substance, and we will have regard to the potential impact on our reputation and broader goals. We would not undertake any UK tax efficiencies unless the underlying commercial activities supported this or do anything to adversely impact our brand and reputation with HMRC.

Level of risk in relation to UK taxation

We will apply diligent professional care and judgement as supported by commercial and economic substance, in all our actions to tax matters. Accordingly, we ensure that where risks do arise within the course of our business activities, they are identified, evaluated and managed proactively.

For certain transactions where there is a material level of uncertainty or complexity, for risk mitigation purpose, we will seek written advice and confirmation from external tax advisors / experts, as well as supplemented by advance rulings from tax authorities as appropriate.

Approach towards our dealings with HMRC

Sembcorp Utilities (UK) Limited engages proactively with HMRC and has a strong professional, transparent and co-operative working relationship with them. If we are unclear on how tax law should be applied, we may engage with HMRC in advance of undertaking transactions to confirm the correct application of tax law. If we become aware of a tax issue that has arisen we would seek to make a disclosure to HMRC at the earliest opportunity.

In the event of a disagreement with HMRC, we would aim to resolve disputes in a timely manner through the provision of full and accurate answers to queries, open and honest dialogue and the willingness wherever possible to reach an agreement without recourse to litigation. Our aim is to be seen as a low risk tax payer from HMRC's perspective.

Craig Hardaker

Head of Finance

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