

The Dragados Concessions Limited & subsidiaries Tax Strategy

Introduction

This document sets out the tax strategy for Dragados Concessions Limited and its subsidiaries, and their approach to conducting their UK tax affairs and dealing with tax risk for the year ended 31 December 2021. The list of entities which this strategy applies to can be found at Appendix 1 - together referred to herein as ‘the Group’.

This document has been approved by the Board of Road Management Services (A13) Holdings Limited and the sole director of Dragados Concessions Limited, on 14 December 2021.

This strategy is published in accordance with the UK tax strategy publication requirement set out in Part 2 of Schedule 19 Finance Act 2016. This strategy is considered to apply to all UK taxes applicable to the Group.

The Group’s ultimate parent entity is ACS Actividades de Construccion y Servicios S.A (“ACS”), incorporated in Spain. The ACS Group is a worldwide group engaged in infrastructure, energy, industrial services and construction activities; the group is committed to the social and economic progress of the countries in which it operates.

In addition, Kellogg Brown & Root Limited hold 25% of the shareholding in Road Management Services (A13) Holdings Limited with Dragados Concessions Limited holding the remaining 75%. A director at Kellogg Brown & Root Limited sits on the Board of directors of Road Management Services (A13) Holdings Limited and plays an active role in decision making.

The principal activity of the Group relates to a design, build, finance and operate (“DBFO”) contract with the Transport for London (“TFL”) in respect of the A13 between Butcher Row and Wennington.

Approach to Tax Risk Management

The Group’s approach to tax risk management is cascaded down from ACS Group level, such that the Group has adopted the [ACS Group Tax Policy](#) (approved by the ACS Board) which is based on due compliance with all applicable tax regulations.

The Group outsources the day-to-day management of finance and UK taxation matters to a third-party qualified professional who has over 20 years’ experience, who works closely with the Group’s management team and Group’s directors on all taxation matters, and who ultimately report into the ACS Group. The Group’s corporation tax returns are outsourced to competent tax advisors.

The Group seeks to ensure that their tax affairs are transparent and compliant with tax legislation. They do, however, recognise that tax compliance is increasingly complex and constantly evolving. Therefore, eliminating tax risks (being the incorrect application of tax rules or calculations within tax returns) entirely is impossible, but to monitor tax risk the Group seeks guidance from externally appointed professional advisers to advise on any changes to tax legislation which may be relevant to the Group as it strives to remain fully compliant with UK tax legislation at any given time.

Overall, the Group seeks to ensure the necessary resources for effective tax compliance, ensuring that all persons involved in tax matters have the necessary technical qualifications in accordance with their responsibility.

Attitude to Tax Planning

The Group’s attitude to tax planning is influenced from ACS Group level and the Group has established procedures in accordance with the ACS Group Tax Policy. The ACS Group Tax Policy provides guidelines on how the companies should conduct their tax affairs and ensures that a consistent and diligent approach to taxation is applied in all territories.

The Group manages its tax affairs in a proactive manner that seeks to utilise tax incentives and reliefs or opportunities for obtaining tax efficiencies where appropriate and where they support genuine commercial activity. The Group's tax management, endorsed by ACS, is based on a reasonable interpretation of the tax regulations, taking into account both their literal terms and their spirit and purpose. The Group does not enter into artificial arrangements or put in place structures that lack commercial purpose in order to secure a tax advantage and which reduce the transparency of the Group.

In relation to any specific issue or transaction, the management teams and directors are ultimately responsible for identifying tax risks which need to be addressed and for determining what actions should be taken to manage those risks, having regard to the materiality of the amounts and obligations in question. The Group will seek external advice and guidance where there is significant uncertainty, complexity or the amounts are material.

Level of Tax Risk for UK Taxation

The ACS Group is heavily involved in ensuring the RMS Group is compliant with UK legislation.

The Group's activity relates primarily to a contract with a local government body, Transport for London ("TFL"). The Group considers its reputation to be of paramount importance to their operations and the group seek to ensure, via a considered approach to tax risk and through consultation with professional advisors, not to cause any damage to its reputation.

The Group Tax Policy recognises that business decisions may have tax implications, but such decisions must be adopted with full knowledge of any tax implications. Advice is sought from reputable professional advisors to ensure compliance with applicable rules and regulations. In particular, tax advice is obtained on complex or material transactions where there is an inherent level of uncertainty or an increased level of tax risk. Any transaction which may, due to amounts involved, the nature of the transaction or where there may be different interpretations of applicable legislation and therefore may give rise to HMRC challenge must be submitted to the Board and any decisions are made collectively by the Board and senior management. However, advice is sought from professional advisors on all tax related matters where there is uncertainty or complexity.

Approach to Working with Tax Authorities

When dealing with HMRC, the Group seeks to maintain an open, courteous and professional relationship and to comply fully with regulatory and statutory obligations and to uphold its reputation as a responsible corporate citizen. As endorsed by ACS, the Group seeks to ensure it maintains a cooperative relationship with HMRC based on mutual confidence and transparency.

When submitting tax computations to HMRC, the Group discloses all relevant facts, transactions or issues. Any inadvertent errors in submissions made to HMRC are fully disclosed as soon as reasonably practicable after they are identified, the aim being to strive for early agreement on disputed matters and to achieve certainty wherever possible. The Group's management are informed of any tax disputes.

Appendix 1 - List of entities

Dragados Concessions Limited
Road Management Services (A13) Holdings Limited
Road Management Services (A13) Plc
Road Management Services (A13) Operations Limited