

Beatrice Offshore Windfarm Limited UK Tax Strategy

This document outlines the responsibilities and conduct expected of Beatrice Offshore Windfarm Limited (“Company”) staff and associates when dealing with all tax matters for the Company. It has been formulated to support and help achieve the objectives of the Company Tax Policy, and the Company regard its publication as complying with the Company’s duty under paragraph 16(2) of Schedule 19 of Finance Act 2016 for the year ended 31 March 2021.

These principles are approved by the Company Board and enforce the Company’s commitment to be regarded as a responsible tax payer.

Company Tax Policy

The Company’s primary objective from a tax perspective is to be compliant with all tax legislation requirements. This includes making timely and accurate returns which reflect the Company’s fiscal obligation to Government whilst, at the same time, recognising all legislative concessions and reliefs.

The Company strives to minimise its total tax liability within the framework of legislative reliefs but does not take an aggressive stance in its interpretation of tax legislation. Its policy is to operate within both the letter and spirit of the law at all times, therefore the Company does not use artificial tax avoidance schemes or tax havens to reduce the Company’s tax liabilities.

Central to its Tax Policy is the maintenance and development of a strong working relationship with HMRC based on trust and cooperation. As a consequence, the Company strives to be regarded as a low risk and responsible taxpayer.

Tax risk management and governance

The Company’s Senior Accounting Officer (SAO), has ultimate responsibility for tax within the Company and for ensuring compliance with the Company’s Tax Policy. The Company is 100% owned by Beatrice Offshore Windfarm Holdco Limited (“Holdco”) which is a joint venture between SSE, SDIC, TRIG and Equitix. The shares in Holdco are held by the joint venture parties; SSE Beatrice Offshore Windfarm Limited (40%), Beatrice Wind Limited (25%), Offshore Wind Investments Group 4 Limited (17.5%) and Firenze Bidco One Ltd (17.5%).

Under a Management Services Agreement between the Company and SSE, SSE provides the Beatrice Offshore Windfarm Limited finance team who have responsibility for all aspects of the Company’s financial activities, including tax affairs. Under this responsibility, the finance team have appointed an external tax adviser to the Company and Holdco. The expertise of the tax advisers is utilised to enable the finance team to manage tax matters for the Company and to fulfil the Company’s tax compliance requirements. In addition to the services provided by the external tax adviser, SSE provides to the Company under the MSA limited scope services carried out by the SSE tax department. This includes assistance on areas such as the submission of the Company’s monthly VAT return.

The Company's SAO and the Company finance team discuss any uncertain or complex tax issues with the external advisers to manage the tax risk. Any uncertain or complex tax issues are discussed with the Operating Committee which is made up of representatives from each of the shareholders in the joint venture.

Diligent professional care and judgement is applied when considering tax risks in line with the Company's overall approach to risk management. Treatment of any tax risks identified are well documented and supported by strong technical advice provided by the external advisers where appropriate.

The SAO and the Company finance team are kept up to date on any legislative changes which may impact the Company's tax affairs through updates from the external tax adviser.

Consistency and attitude to tax planning

The Company has an obligation to operate efficiently, and to maximise shareholder returns, through managing its total tax liability. Those considerations are, however, balanced out with the Company's duty to wider society to be a responsible corporate citizen. All tax decisions taken by the Company consider relevant laws, regulations and the commercial substance of any transaction.

The Company finance team collaborate with the wider Company business, to be kept fully informed and provide appropriate input into all significant business transactions. In advance of any significant transactions, the Company finance team consider any potential tax consequences and discuss with the business, as appropriate, to enable informed decisions. A tax efficient approach to the transaction will be recommended, whilst having regard to all relevant laws, regulations and the commercial substance of the transaction, and ensuring that it is consistent with the Company's Tax Policy. All tax planning undertaken by the Company must have a sound and genuine commercial rationale, and all business planning must take tax considerations into account. All tax planning must fully comply with the Company's Tax Policy.

Compliance

The Company's primary objective in relation to tax is that the Company operates in accordance with all relevant laws, rules and regulations at all times. Central to that is being open, honest and transparent in all correspondence with tax authorities and other regulatory bodies, ensuring full disclosure is provided.

Internal compliance procedures are followed to produce accurate and complete tax returns which are submitted on time, and to ensure that the Company meets its Senior Accounting Officer obligations.

The SAO is informed of all necessary financial information to meet the SAO obligations including review of the log of tax compliance review activity.

The filing position taken on any significant items would be supported by adequate documentation, together with reasoned conclusions based on the legislation in force at the time of filing. Advice is sought from the Company's external tax advisers, where tax issues are uncertain or complex.

Concessions and reliefs

Tax incentives will be utilised where appropriate to legitimately minimise the Company's tax liability in accordance with all applicable laws, rules and regulations.

Where there is any element of judgement in applying available incentives, professional judgement is applied, but an aggressive interpretation of the legislation is not adopted. This is in line with the Company's Tax Policy, that the Company complies with both the letter and spirit of the law.

Tax authority and regulator relations

The maintenance and development of a strong working relationship with HMRC should be based on trust and cooperation. The Company approaches that by proactively engaging with HMRC, to explain key business transactions, to minimise tax risk and provide understanding of the approach taken. The Company encourages open and collaborative relations with HMRC, and the provision of full information in a timely manner.