

TAX STRATEGY

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Department: Finance

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1. BACKGROUND

Mears Group PLC ('Mears' or 'the Group') is a leading provider of specialist services to the Housing sector in the UK. In partnership with our clients, who are typically Local Authorities and Housing Associations, we maintain, repair, manage and upgrade their housing stock. We also provide and service homes and specialist accommodation for key workers, the elderly and vulnerable groups. We strive to create value for all of our stakeholders and our tax strategy is aligned with this goal.

Mears' activities are entirely UK based and the Group applies a single coherent strategy across the entire business, including any limited interactions with any tax authorities outside the UK..

2. GOVERNANCE AND RISK MANAGEMENT

The Board of Directors ('the Board') sets the tax strategy for the entire group of companies headed by Mears, with overall responsibility for tax risk management and control lying with the Group Finance Director. Day-to-day responsibility for all areas of taxation sits with the Group Head of Tax.

Mears seeks to comply fully with all its tax obligations and maintains a tax risk register in order to ensure risks are identified and appropriately managed. Tax risks, like other risks faced by the Group, are assessed by reference to their impact and likelihood.

In situations where material uncertainty exists around a given tax position, the Group engages with expert advisers and, where appropriate, HMRC, in order to establish the most appropriate treatment.

3. TAX PLANNING AND RISK APPETITE

Mears does not engage in artificial tax planning arrangements. Where appropriate, the Group takes advantage of available tax reliefs. The tax position in any transaction is aligned with the commercial reality and any tax planning is consistent with the spirit as well as the letter of tax law.

Mears has a low appetite for risk and when making decisions regarding tax; reputational and commercial as well as financial risks are considered. Given the Group's activities are largely involved in servicing public sector clients, the risk of reputational damage flowing from a tax

compliance failure is higher than in other sectors. This leads the Group to take a risk averse approach if there is an element of uncertainty regarding a particular tax position.

The Group 'normalises' its headline Earnings per Share ('EPS') measure to reflect a full tax charge. In so doing, the Board has removed from its primary performance measure any potentially positive impact that could be achieved through reducing the Group's corporation tax charge.

4. RELATIONSHIP WITH HMRC

Mears engages with HMRC in a transparent and constructive manner, striving to meet all filing deadlines and responding to requests for further information within reasonable timescales.

Where appropriate, advance clearance is sought from HMRC where there is any uncertainty as to a particular tax treatment. In the case of any disputes, the Group engages in open discussion with HMRC in order to reach a timely resolution.

We value our low-risk assessment from HMRC and will continue to work to maintain this status through continual review of our controls and processes, and through close collaboration with the Group's dedicated HMRC contacts.

5. APPLICATION

This tax strategy is applicable for the 2020 financial year and was approved by the Board on 27 October 2020. It applies equally to all registered companies within the group headed by Mears Group PLC (company number 03232863). The Group regards the publication of this Tax Strategy as complying with its duties under paragraph 16(2) of Schedule 19 Finance Act 2016.