



## AWE Tax Strategy statement

### ▪ Overview

In compliance with Schedule 19 of the Finance Act 2016 AWE Management Limited (“AWE ML”) has published its tax strategy for the year ending 31st December 2017.

This publication covers AWE Management Limited and its directly and indirectly held UK subsidiaries (“AWE”).

AWE works under contract to the Ministry of Defence through a government-owned-contractor-operated arrangement (GOCO). The Ministry of Defence (MOD) owns the AWE sites and facilities. AWE ML is contracted to operate the sites safely and securely as well as deliver a safe, effective and efficient nuclear warhead programme. The day-to-day management, operations and the maintenance of Britain’s nuclear stockpile are the responsibility of AWE ML’s wholly owned subsidiary, AWE plc. AWE plc employs the workforce, maintains the nuclear site operating licences and discharge authorisations.

### ▪ Tax Risk Management and Governance

AWE conducts all of their business with honesty and integrity.

Our policies, including policies governing our international operations and tax matters are aimed at ensuring our compliance with all applicable UK and non-UK laws. Such policies are set by the Chief Financial Officer with oversight of the Board and Audit Committee with oversight for the tax function and implementation of tax-related policies and procedures led by the Director of Finance. Day to day responsibility for tax matters are managed by the designated Senior Accounting Officer (“SAO”), in concert with the appropriately qualified finance team. There is proactive monitoring of compliance performed by the SAO.

In operating our tax management and governance processes, AWE has a low tolerance for tax risk.

We are committed to full compliance with the laws of all jurisdictions in which we operate, and we aim to pay all relevant taxes in accordance with applicable laws and regulations.

- **Tax Planning and Acceptable Tax Risk**

Given our business is heavily regulated and our customer base is principally governmental entities, we work to maintain our reputation as a compliant contractor, including with respect to tax laws. We strive to be fully aware of the tax implications of the commercial transactions, including the governmental transactions, we are considering ensuring that they are carried out in the most tax-efficient manner and in a manner, which is consistent with AWE's low tolerance for tax risk.

- **Relationship with HMRC**

AWE engages with HMRC openly and constructively, based on mutual trust and co-operative compliance. The relationship is overseen by the Senior Accounting Officer with support from the finance team and the Director of Finance.

Our open approach with HMRC assists in our aim to pay all relevant taxes in accordance with applicable laws and regulations, while ensuring that we maintain a transparent working relationship with HMRC.

Where appropriate and possible, we try to engage transparently with HMRC in real time on areas of material uncertainty so that we can minimise our tax risk and provide maximum certainty for our tax positions and filings.

December 2017