



Lifeways Group - Tax Strategy 2021

Introduction

Lifeways (the "Group") is one of the UK's leading providers of support services for people with diverse and often complex needs in community settings. Our vision is to help people live ordinary, independent, and happy lives through extraordinary support.

Established in 1995, the Group employs over 10,000 people through its portfolio of nine dedicated and specialist support services, which includes Autism Care, Brighton & Sussex Care, Care Solutions, Future Home Care, Integra, Keys Hill Park, Lifeways, Living Ambitions and SIL and currently support more than 4,000 people across the UK.

The tax strategy outlined below applies to all Lifeways businesses across all locations where we operate.

Tax objective and approach

The objective of managing the Group's tax position is to support the Group's commercial strategy whilst ensuring compliance with tax laws and filing obligations as well as maintaining a constructive relationship with HM Revenue & Customs ("HMRC"). This includes:

1. Paying the correct amount of tax in a timely manner;
2. Forecasting tax cash payments accurately;
3. Ensuring relevant claims and elections are validly made to maximise value to our shareholders whilst fully complying with tax legislation;
4. Implementing and maintaining controls and procedures relating to all taxes to enable the correct tax to be paid and appropriate records to be kept and available for inspection by HMRC and other regulator; and
5. Establishing and maintaining appropriate tax accounting arrangements, thereby enabling the Group's Senior Accounting Officer ('SAO') to fulfil their obligations under Schedule 46 Finance Act 2009.
6. Communicating with HMRC and other relevant regulators in an open, transparent and timely manner.

Attitude to tax planning and level of risk

As per the Group's tax objectives, relevant claims and elections are intended to be made to maximise value delivered to our shareholders, however these will always be determined in line with prevailing tax legislation, regulations and appropriate case law. Tax efficiency is important given the funding pressures in the Social Care Sector. It is therefore necessary that the group responsibly uses the available tax incentives and exemptions put forward by government. All transactions will have commercial purpose and strictly adhere to the parameters of tax legislation. Artificial tax planning arrangements will not be considered.

Our approach to tax risk is based on principles of reasonable care and materiality. Tax risks are assessed on a case by case basis considering their impact and likelihood, and are escalated via the appropriate levels of management, ultimately to the Board.

Where there is uncertainty in interpreting the relevant tax law, external advice may be sought to support our decision making process.

The Group's Finance function provide appropriate input into business proposals to ensure a clear understanding of the tax consequences of any decisions made.

Effective risk management is paramount for Lifeways and underpins our strategy for continued growth. The Group's appetite for risk is a carefully calibrated part of the business model aligned to our strategic and corporate objectives.



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Our reputation and brands are very important to us, and we have a low tolerance for transactions which have the potential to damage these. In determining our tax risk tolerance, we consider the interests of our key stakeholders, such as our employees, the People we Support, Local Authorities that commission the care that we provide, our suppliers, and other third parties with whom we operate in partnership.

In regards to the level of risk acceptable, the group wishes to be considered a low risk taxpayer from HMRC's perspective and does not intend to undertake actions to prejudice this position.

Tax governance and control

Executive management responsibility

The Board is ultimately responsible for the Group's tax affairs but has delegated oversight to the CFO who will report to the Board as required. The CFO may delegate responsibility with regard to the accounting for, or payment of, tax to other individuals within Group's Finance and HR functions. The CFO has responsibility for the following:

- Adherence to this document
- Communication on an annual basis to the Board of the tax strategy and taxes incurred
- Review of tax compliance for significant transactions
- Approval and submission of tax returns
- Review of the tax disclosures within the Group's financial statements.

Notwithstanding the above, the CFO must also bring to the Board's attention matters they consider appropriate, including (but not limited to):

- Material disputes with tax authorities
- Fines imposed on companies within the Group
- Tax issues which have a potential material reputational impact.

Internal tax controls

On a day-to-day basis, the Group's Finance and HR functions shall have responsibility for ensuring compliance with all relevant tax laws and filing obligations. To ensure accurate and timely calculation and payment of tax, appropriate internal processes and controls are maintained, and will be subject to an internal audit review on a periodic basis. The Group will also ensure tax compliance adherence through communication with the Group's external tax advisors on a regular basis and HMRC if required, as well as ensuring employees keep their tax knowledge up to date through the attendance of tax seminars.

External consultants

Where deemed necessary and appropriate, external consultants will be used to provide the Group with the requisite tax expertise. External consultants may be used to undertake day-to-day compliance matters, provide advice related to corporate structures together with advice on accounting treatments for corporation tax, deferred tax and indirect taxes.



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Dealing with tax authorities

We are committed to having an open, honest and proactive relationship with HMRC. We maintain a regular dialogue with HMRC covering all areas of UK taxation. We seek to obtain advance clearance where tax treatments are uncertain and discuss issues with HMRC in advance of filing where appropriate.

We ensure that our tax returns include full disclosure of significant transactions. We rigorously review our tax returns and other filings. In the event of errors being identified, we work collaboratively with HMRC in order to resolve these as soon as possible.

Lifeways regards the publication of this document to comply with the requirements set out in U.K. legislation, under Schedule 19, Finance Act 2016, for the fiscal 2021 year.