

THE WILLIAM HILL GROUP - UK TAX STRATEGY

December 2018

Our primary objective is to maximise shareholder value in all aspects of the Group's business activity. We manage our taxes in the same manner as we manage our business – in a manner expected by our shareholders and consistent with our core values.

Maximising shareholder value includes maintenance of our corporate reputation and our relationships with governments. It also involves the management of risks such as disagreements with Tax Authorities over the application of the law. We will not do anything that is harmful to the Group's reputation or to the William Hill brand, and we comply with the Group's published Code of Conduct. In meeting this primary objective we act in compliance with all relevant UK laws and regulations, and make every effort to pay the right amount of tax, at the right time.

Documenting this UK Tax Strategy provides direction and control over the UK tax activity in the Group. This UK Tax strategy is published in accordance with Schedule 19 Finance Act 2016.

RISK MANAGEMENT AND GOVERNANCE

The Board has ultimate responsibility for ensuring that the Group's UK tax affairs are conducted in accordance with the UK Tax Strategy. The Board delegates this responsibility to the Group Chief Financial Officer. However, day to day responsibility of the Group's tax affairs lie with the Group Head of Tax. The Board is provided with a tax update by the Group Head of Tax at least twice a year, setting out any significant changes in the Group's UK tax position, including but not limited to any key disputes with the UK tax authorities, the potential impact of proposed changes in UK tax legislation and the management of key tax risks.

The Group Head of Tax has responsibility for the Tax Department and reports to the Group Chief Financial Officer. Within the tax function we only employ people that have the necessary experience for the role that they are undertaking. All individuals are encouraged to identify external training opportunities to maintain their tax technical knowledge.

Our work is supported with documentation that evidences the facts and the conclusions reached, and where necessary we take additional advice from appropriately qualified external tax advisors. We observe all applicable UK laws, rules and regulations and apply diligent professional care and judgement in arriving at our conclusions.

Risk Management

Consistent with the Group's broader risk approach, the tax risk management process includes the proactive identification, evaluation, control and monitoring of UK tax risks and opportunities.

Key UK tax risks for the Group are:

- o failure to meet our tax reporting obligations on an accurate and timely basis;
- o failure to charge, withhold and pay the appropriate amounts of tax on a timely basis; and
- o failure to accurately reflect our tax assets and liabilities in our Financial Statements.

Our UK key tax risks are mitigated by:

- o ensuring the members of the Tax Department have the necessary skills, experience and training;
- o ensuring strong technical positions are adopted with thorough documentation supporting those positions to prevent unnecessary disputes;
- o seeking advice from tax advisors where the law is complex or where issues are beyond the experience of the Tax Department;
- o obtaining opinions from Tax Counsel on complex issues where the amount of tax at stake is significant, and we expect our interpretation may be challenged by Her Majesty's Revenue and Customs (HMRC);
- o ensuring senior management are aware of the importance of taxation, that the tax consequences of a transaction are considered in assessing the financial implications of that transaction, and involving the tax function from planning through to implementation; and
- o ensuring appropriate systems and controls are in place to accurately calculate tax liabilities.

Systems and Controls

We operate appropriate systems, controls and processes to manage taxes effectively. Wherever possible risks of errors are mitigated by having a segregation of duties. For example, the risk of errors in UK tax returns is mitigated by having separate preparation and review of the tax returns.

UK tax return processes are documented to provide a framework for employees to follow and to implement and monitor controls. Wherever possible we use automated processes and specialist tax software to minimise the risk of errors in the management of taxes. In the event of any inadvertent errors or omissions, full disclosure is made to HMRC.

The Group's Internal Audit department considers tax compliance and risk as part of its annual planning cycle and will perform process and control reviews where deemed appropriate.