

ELECTRICITY NORTH WEST LIMITED
AND
NORTH WEST ELECTRICITY NETWORKS (JERSEY) LIMITED

2023 TAX STRATEGY STATEMENT

About Us

Electricity North West Limited (“**ENWL**”) is the electricity Distribution Network Operator for the North West of England and is the principal operating company within the North West Electricity Networks (Jersey) group of companies (the “**Group**”). ENWL owns, invests in, operates and maintains the network which carries electricity from the national grid to homes and businesses across the North West, serving approximately five million customers across 2.4 million premises. ENWL’s job is to provide a safe, reliable and affordable service to customers. It is focused on innovation to drive cost and performance efficiencies in the transition to a low-carbon energy sector.

The Group’s Tax Strategy

This Tax Strategy¹ is applicable to North West Electricity Networks (Jersey) Limited (“**NWEN Jersey**”) and its subsidiary companies including ENWL. Responsibility for the tax strategy, the supporting tax governance framework and the management of tax risk, ultimately sits with Peter O’Flaherty, a Director of NWEN Jersey. Day-to-day responsibility for each of these areas sits with the Senior Tax Manager.

The Tax Strategy aligns to the Group’s wider risk and control framework and has been approved by the Board of NWEN Jersey.

Throughout the accounting period, the Group has complied with the Tax Strategy.

Our Approach to Managing Risk

The Group’s appetite for risk, including tax risk, is defined in a risk management framework that is reviewed annually by the Board and the Boards of its principal subsidiary companies including ENWL. Key risks are reviewed by these Boards and relevant Audit Committees on a regular basis and any issues related to taxation are also escalated to, and considered by, these Boards and the Audit Committees as required.

The NWEN Jersey Board and the Boards of its principal subsidiary companies including ENWL monitor the effectiveness of the Group’s risk management framework and are responsible for identifying and reporting material risk factors to the Group’s investors. These Boards seek to thoroughly understand the nature and extent of the material risks, including tax risks, facing relevant companies and provide strategic direction on management of these risks.

¹ We regard this publication to meet our obligations under paragraph 19(2) and paragraph 20, Schedule 19, Finance Act 2016.

The Group adopts a robust governance framework throughout its businesses, including requiring all employees to comply with the Group's Internal Control Manual, which forms a key element of our internal control and governance framework.

Our Approach to Dealings with HMRC

We are transparent in our interaction with tax authorities and engage in a co-operative, supportive and professional manner in all of our interactions with HMRC. We work together with the tax authorities in a style that is open and honest in order to build positive, long term relationships.

We maintain compliance with tax laws and legislation via a strong system of internal governance that requires well documented internal processes and controls, using appropriately qualified and experienced staff.

We ensure all tax returns and the agreed tax payments are made within statutory deadlines. We also provide all relevant tax-related information and documents that may be requested by HMRC on a timely basis.

Where tax legislation is unclear, or may be considered unclear, we disclose our position and uncertainty to HMRC. We never deliberately conceal or knowingly misrepresent issues to HMRC and, if we discover errors, we disclose them as soon as reasonably practical.

This approach has ensured that the business has continued to retain its 'low-risk' status with HMRC.

Our Approach to Tax Planning

We aim to manage our tax affairs in an efficient and pro-active manner that is consistent with our stakeholder objectives. We utilise tax incentives, exemptions and reliefs where they are relevant to our business and only apply them in the manner intended by the UK Government.

The Group seeks to declare profits in the place where their economic substance arises.

The Group has a low appetite for tax risk and the Group will not engage in transactions with the sole purpose of reducing UK tax. Where the Group's commercial activities result in the Group considering undertaking a transaction, we will do so in a tax efficient manner.

The Group does not make use of artificial structures or tax havens to reduce the Group's tax liabilities.

The Group will seek external advice in relation to transactions where either the impact or likelihood of a tax risk is considered high. The Group will consider the use of external advisors in order to gain comfort that our processes are appropriate and external advice will be sought where we do not have the internal capacity to conduct work to the desired high standards that we set.