

ENGIE has had a global tax policy that has been in place since June 2015 and which is regularly reviewed. The current version of the policy is reproduced at the end of this document.

All of ENGIE's subsidiaries in the UK follow the group's global policy. For the purposes of Finance Act 2016 Schedule 19, paragraph 16(2), which requires UK groups to publish their tax strategies, this UK tax strategy clarifies how the global policy is interpreted and applied by ENGIE's UK subsidiaries in respect of UK taxes, in particular focusing on the following areas:

- Our approach to governance, risk management and compliance
- Our approach to tax planning
- Our approach towards dealings with HMRC
- The level of tax risk we are prepared to accept

Governance, risk management and compliance

ENGIE employs tax professionals in the UK working as part of the group's global tax function. There is a global framework of controls and processes to ensure compliance with tax filing obligations and mandatory disclosures and to manage tax risks. Documented tax policies and procedures are maintained in relation to key tax processes in the UK and these are periodically reviewed.

Tax advice may be sought from external advisors in respect of material transactions, and when the global tax function do not have the expertise required in a particular area. Where applicable clearances are sought from HMRC to agree treatment and to provide certainty over the position of complex transactions.

Tax planning

The group's ethics and compliance policy and Ethics Charter (found here <http://www.engie.com/en/group/ethics-compliance/>) requires its employees to make decisions in line with the following four principles:

1. Act in accordance with laws and regulations
2. Behave honestly and promote a culture of integrity
3. Be loyal
4. Respect others

ENGIE is committed to acting with honesty and integrity in respect of tax laws and regulations, and to paying its fair share of taxes in the countries in which it operates. Consequently the group's UK subsidiaries do not undertake aggressive or artificial tax planning with respect to UK taxes.

Transactions with related parties outside the UK have are driven by commercial considerations and are executed on "arm's length" terms in line with international best practice (OECD Guidelines).

Dealings with HMRC

The group tax policy requires all its subsidiaries to build and maintain transparent and professional relationships with tax authorities around the world, and in the UK we are committed to an open, transparent and professional relationship with HMRC based on mutual trust and collaborative working.

Where appropriate, the Group seeks advance clearance from HMRC on the proposed tax treatment of transactions. Where particularly complex or material transactions have been entered into the UK

group seeks meetings with HMRC to provide explanations on particular matters to aid HMRC's understanding.

The level of tax risk we are prepared to accept

Internal governance of tax risk is integrated within our broader business risk management and compliance framework.

ENGIE is a global energy player and an expert operator in the three businesses of electricity, natural gas and energy services. The Group develops its businesses around a model based on responsible growth to take on the major challenges of energy's transition to a low-carbon economy: access to sustainable energy, climate-change mitigation and adaptation, security of supply and the rational use of resources. Tax risk is managed in the context of the group meeting these wider business goals.

ENGIE is committed to comply with honesty and integrity with relevant tax laws and regulations, and to pay its fair share of taxes in the countries in which it operates.

Controls and processes exist throughout the Group to ensure compliance with tax filing obligations and mandatory disclosures.

Tax practices within the Group are compliant with ENGIE's Code of Ethics and with the Environmental, Social and Societal Responsibility principles of the Group.

Tax matters are duly covered by our risk governance: Tax risks are managed by a global tax function and give rise to appropriate action plans, which aim to defend the Group's interests while respecting applicable local rules, compatible with supranational tax regulations and general principles of international tax law.

Taxes represent a substantial cost factor for ENGIE. Therefore, as with other significant cash outflows, taxes and effective tax rates are carefully monitored.

ENGIE does not have any subsidiary in a country listed as a "non-cooperative" tax jurisdiction by French law or OECD Standards.

As a matter of principle the Group avoids investments in so called tax haven countries. Such investments can only be made if supported by strong economical reasons, other than tax savings.

Intra-group transactions have a business or commercial purpose and are executed on "arm's length" terms in line with international best practice (OECD Guidelines).

ENGIE needs to work within a fair, intelligible, objective, and stable tax framework which is favorable for long term development. The Group is therefore actively involved in trying to develop and maintain, directly or through trade associations or similar organisations, sound, transparent and professional relationships with tax authorities aiming to create a positive climate for investment. ENGIE also stresses the responsibility of States to cooperate in tax matters, such as the resolution of double taxation cases and the implementation of efficient tax reporting to limit compliance costs.