

In the UK ENGIE is a leading energy and services company focused on three key activities: production and supply of low carbon energy, services and regeneration.

We combine these activities to enable our customers & stakeholders to embrace a greener, more efficient and increasingly digital world.

Our purpose is to make zero carbon happen for businesses and communities throughout the UK & Ireland – accelerating the transition towards a net zero carbon world. Our employees make this possible by reducing energy consumption, greening supply and enabling progress through innovative technology, data & partnerships. We are also shaping the future of responsible business by reconciling economic performance with a positive impact on people and the planet.

Globally, the ENGIE Group employs 170,000 people worldwide and achieved revenues of €60.1 billion in 2019.

In 2020 the Group initiated a strategic review of Client Solutions' activities (which includes services) with a view to maximising value, reinforcing their leadership position and seizing future growth opportunities, through a coherent perimeter and adapted organisation.

### **ENGIE UK Tax Strategy**

ENGIE's global tax policy has been in place since June 2015 and 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 tax 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 describes how the global tax policy is interpreted and applied by ENGIE's UK subsidiaries in respect of UK taxation. By publishing the UK tax strategy, it is considered that Engie UK has complied with its obligations under Para 16(2) Sch 19 FA 2016 in respect of the year ended 31 December 2020. The following areas are covered by the UK tax strategy:

- **The approach of the group to risk management and governance arrangements in relation to UK taxation**
- **The attitude of the group towards tax planning (so far as affecting UK taxation)**
- **The level of risk in relation to UK taxation that the group is prepared to accept**
- **The approach of the group towards its dealings with HMRC**

### **The approach of the group to risk management and governance arrangements in relation to UK taxation**

ENGIE employs tax professionals in the UK who work as part of the group's global tax function and who adhere to the UK tax strategy and the group's global tax policy. There is a global framework of controls and processes to ensure compliance with tax filing obligations, 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 and are subject to internal oversight.

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 the treatment and to provide certainty over the position of complex transactions.



### **The attitude of the group towards tax planning (so far as affecting UK taxation)**

The group's ethics and compliance policy and Ethics Charter (found [here](#)) require 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 taxation and comply with both the letter and the spirit of the law.

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

### **The level of risk in relation to UK taxation that the group is prepared to accept**

Internal governance of tax risk is integrated within the group's broader business risk management and compliance framework. This approach ensures that tax risk is appropriately and effectively managed.

### **The approach of the group towards its 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 engages in dialogue with HMRC to provide explanations on particular matters to aid HMRC's understanding.

## ENGIE Tax Policy Statement as approved by the Board of Directors<sup>1</sup>

**Our business activities and tax responsibilities:** ENGIE is a global energy and services Group, head-quartered in France, focussed on three key business areas: low-carbon electricity production, particularly from natural gas and renewable energy, energy infrastructure and customer solutions. With 155,000 employees in 70 countries, ENGIE operates low-carbon energy facilities and distribution networks and supports clients in their zero-carbon transition through expertise in client solutions and complex infrastructure.

ENGIE's business activities are subject to a substantial amount of tax (mainly corporate income tax, employment taxes and social contributions, local taxes and sectoral taxes). ENGIE is also required to collect various compulsory levies (mainly VAT, indirect taxes, excise duties, social contributions and payroll taxes) for the benefit of the jurisdictions in which it operates. ENGIE is a key contributor to the funding of public spending.

ENGIE is sensitive to the sustainability of the tax system, which implies that the current needs of the population are balanced against the needs of future generations, as well as the stability of the tax environment of countries in which it operates. ENGIE believes in a tax system that is clearly designed by the legislator, easily complied with by taxpayers, consistently applied by the tax authorities and objectively administered by the tax courts. Such a tax system creates the appropriate level of confidence required both to engage business in long-term investment - beneficial for sustainable and economic growth - and to build public trust in public finances.

As a corporate citizen, ENGIE is committed to acting with honesty and integrity which means complying with relevant tax laws and regulations. ENGIE pays its fair share of taxes in the countries in which it operates and sustains constructive relationships with tax authorities in order to ensure openness and responsiveness, increase legal certainty and preserve its reputation.

ENGIE's internal tax policy relies on a few key principles which are applied locally by all subsidiaries (after a reasonable transition period for newly acquired entities), although listed subsidiaries may have additional tax standards.

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<sup>1</sup> On January 29 2020

**Tax governance and risk management:** Tax matters are duly covered by ENGIE's risk governance framework. The Board is responsible for approving the Group tax policy. The Audit Committee is informed annually about the tax policy and the tax control framework.

Tax responsibility has been delegated to the Group Chief Financial Officer and more specifically, within Finance, to the Global Tax function. Twice a year the Head of Group Tax reports to the CFO and her deputies on the Group tax positions and all significant tax risks. Furthermore, twice a year an update is provided to the Audit Committee of the significant tax risks. The main tax topics are reported on a regular basis to the Head of Group Tax who, when appropriate, brings matters to the attention of the Group CFO and her relevant deputies.

On a daily basis, tax affairs and risks are managed by the Global Tax function which is suitably qualified and regularly trained to provide up to date technical advice, in order to ensure appropriate tax treatments are adopted. To help improve tax certainty for material operations involving a complex or unclear tax regime, external tax advice may be requested to support the Group's interpretation. Advance confirmation may also be sought from tax authorities based on full disclosure, and wherever possible within a reasonable timeframe.

Internal controls and processes exist throughout the Group to ensure compliance with tax filing and payment obligations, and mandatory disclosures. The tax control framework aims to preserve the Group's interests while respecting applicable local rules, compatible with supranational tax regulations and general principles of international tax law. 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. The Group does not tolerate tax fraud nor illegality and follows established procedures and channels.

**Tax management and business structure:** ENGIE has a responsibility to be financially efficient to protect its competitiveness and further develop its operations to deliver long-term shareholder value. It manages its tax affairs in an efficient and pro-active manner. However, it rejects planning opportunities that are not based on reasonable interpretations of applicable law.

Where applicable, the Group utilises legitimate tax incentives, or reliefs promoted by governments, in the manner intended.

The Group does not take speculative tax positions that create tax risk, nor structure operations in a way that does not reflect economic reality.

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 prepares a master file and, when requested by law, local files to document material transfer prices; it also files its Country by Country Reporting (CbCR) with the French tax authorities following OECD standards.

ENGIE avoids investing in so-called tax haven countries. Such investments can only be made if supported by strong business reasons.

ENGIE is transparent about the entities it wholly or partially owns by publishing annually the list of its subsidiaries and investments, specifying their country of incorporation and the percentage of ownership. In addition to the tax information disclosed in the Annual Report, (e.g. effective tax rate, tax proof and main tax litigations), it publishes the corporate income tax paid annually in the main countries where it operates.

**Relationships with government and tax authorities:** ENGIE monitors debate on taxation policy in the main jurisdictions in which it operates to anticipate impacts on its business and, more generally, to influence the development of sustainable tax systems. It provides business input to policy makers mainly through trade associations or by directly responding to public surveys at domestic, European or OECD level and to questions from other stakeholders (NGO, media ...).

The Group engages in official, open and constructive relationships with tax authorities to seek appropriate solutions on a timely basis and to limit unnecessary litigation. For example, it responds fully to tax authority enquiries. It has some cooperative compliance agreements and arrangements in place with tax authorities to both engage in a transparent and pragmatic dialogue in order to discuss significant transactions involving complex or uncertain tax treatments (e.g. France and the UK).

In an international context, the Group stresses the responsibility of states to cooperate in tax matters in order to apply a legitimate and non-discriminatory tax law, to avoid or resolve double taxation cases, to simplify and harmonise tax systems and to limit compliance costs for the business.

ENGIE, notably through involvement in industry associations, promotes responsible tax practices which are in line with the B team Responsible Tax Principles which were developed with a group of large companies, along with involvement from civil society and representatives from international institutions (<https://bteam.org/our-work/causes/governance/advancing-responsible-tax-practice>). ENGIE works towards an extensive implementation of those principles.