

ENGIE Tax Policy Statement as approved by the Board of Directors¹

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.

¹ 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.