

## **EDF ENERGY TAX STRATEGY STATEMENT**

### **FINANCIAL YEAR ENDED 31 DECEMBER 2020**

#### **About us**

EDF Energy Holdings Limited (“EDF Energy”) and its subsidiaries provide and supply electricity and gas to commercial, residential and industrial customers. EDF Energy maintains a portfolio of generation assets including nuclear, coal, gas and renewable generation. It is also involved in the construction of new nuclear power stations.

#### **Our Tax Strategy**

As we pursue our commercial goals we are faced with tax obligations and choices in how we meet them. To inform our behaviours in how we make these choices, we follow our Tax Strategy.<sup>1</sup> This Tax Strategy is aligned with the EDF Group Code of Ethics and the EDF Energy Code of Conduct, applies throughout EDF Energy and has been approved by The EDF Energy Board (“The Board”). It is consistent with EDF SA’s overall strategy, which aims to create value for the business and shareholders while upholding its reputation and commitment to responsible business practices.

#### **Commitment to tax compliance**

EDF Energy is committed to meeting its obligations that arise from local, national and international regulations.

We aim to act with integrity in all tax matters with a commitment to full compliance with all tax legislation and full disclosure to tax authorities in the jurisdictions in which we operate.

Part of this compliance process is knowing how the business transactions and activity create tax risk. This knowledge has been obtained over many years via a comprehensive understanding of the tax attributes of the business. We continually develop, maintain and improve processes and control frameworks to ensure all tax risks are highlighted, managed and controlled. Where these tax risks manifest themselves we disclose them to the tax authorities.

#### **Our approach to managing risk and risk appetite**

EDF is proactive in managing all financial risks, including tax risks, and utilises a robust governance framework throughout its business to ensure that there is the appropriate level of oversight and engagement by The Board. We manage tax risks to ensure they are highlighted and monitored and the most significant are managed and minimised.

A principle of subsidiarity is applied; each Business Unit and Central Support Function is responsible for maintaining an effective system of risk management and internal control, operating appropriate governance over this system and reporting on risk and internal control system effectiveness.

Responsibilities for operating and monitoring risk management and internal control activities are clearly documented and communicated across the company. Education and training to ensure an appropriate awareness of roles, responsibilities and accountabilities are available for employees.

At least annually, The Board or its Audit Committee reviews the company’s top risks, the effectiveness of the internal control framework and a summary of management’s self-assessment of internal controls, which includes a review of the process for identifying and managing risks. The Audit

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<sup>1</sup> We regard this Tax Strategy statement to meet our obligations under paragraph 19(2) and paragraph 20, Schedule 19, Finance Act 2016.

Committee also reviews reports from Internal Audit on the adequacy of controls for key risks at each of its meetings. A summary report is provided to the Board after each Audit Committee.

### **Our approach to tax planning**

- We aim to manage our tax affairs in an efficient and pro-active manner to ensure our tax attributes maximise value for our shareholders.
- We utilise tax incentives, exemptions and reliefs where they are relevant to our business and apply them in the manner intended by the UK Government.
- We only undertake tax planning to enable the elimination of tax risk created by our day to day business operations. In this context, tax risk is the creation of unintended tax liabilities that are not stipulated by legislation.
- We do not participate in any artificial schemes or arrangements that are primarily designed and focused on reducing tax liabilities.

### **Our approach to dealings 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 aim to liaise with tax authorities real-time, maintaining regular contact and dialogue to ensure complete transparency of our tax liabilities and obligations.
- Where tax legislation is unclear, or may be considered unclear, we disclose our position and uncertainty to HMRC. This approach is applied proactively, to both current and future events and transactions.
- We continually review business processes to ensure they comply with tax legislation. Where these reviews discover errors we share these with HMRC to agree actions and their impact on past, present and future tax liabilities.