

innogy – UK Tax Strategy 2018

This UK Tax Strategy statement is published in accordance with paragraph 19(2), Schedule 19 of Finance Act 2016, and applies to all UK companies of the innogy SE group for the financial year ending 31 December 2018.

Introduction

innogy SE (innogy) is one of the leading European energy companies. innogy has three business areas in the UK of renewable energy generation, retail supply and business services. The focus of innogy's activities is on offering existing and potential customers innovative and sustainable products and services which enable them to use energy more efficiently and improve their quality of life.

innogy's business in the UK is subject to a variety of taxes including corporation tax, stamp duty and employment tax as well as indirect taxes such as VAT and excise duties. All of innogy's UK business is taxed in the UK and the taxes we pay and collect form a significant part of our economic contribution to the UK.

Each element of our tax strategy is consistent with the CBI's statement of tax principles¹ and reflects our commitment to manage our tax affairs responsibly and transparently, as set out by the principles below:

1. Tax Risk Management

Our tax team is involved in all significant business developments so that we can fully assess any potential tax consequences of our actions in advance.

We expect our UK tax team to maintain enough skilled resources so that we can adhere to our tax strategy without exception.

2. Tax Planning

We are not involved in tax planning other than that which arises from genuine commercial activity.

We do not bend or exploit the rules, and we do not use contrived or artificial structures to reduce our tax liabilities.

We show respect for the intention, as well as the letter, of the law at all times.

We make efficient use of the reliefs and incentives that are designed to recognise not only productive business, but also committed, strategic investment that contributes positively to a country's economic and social welfare or growth.

We seek proportionate external advice from reputable professional firms for any identified material tax uncertainties.

We never deliberately conceal or knowingly misrepresent issues to HMRC. If we discover errors, we disclose them.

Transactions between RWE / innogy group companies are conducted on an arm's length basis and in accordance with current OECD principles.

3. Transparency

We disclose and discuss tax issues in real time with HMRC and have regular update meetings.

We include extensive, additional voluntary disclosures when we file our annual corporate tax returns.

We support the principle behind moves towards greater transparency that increases understanding of tax systems.

4. Governance

The tax strategy of the innogy renewables, retail and business services businesses in the UK is set by both the innogy SE board and the local UK board. A globally organised tax function ensures compliance with local and international laws.

The global tax function is responsible for implementing sound tax policies, arranging for local and international tax compliance and tax planning and for creating tax awareness within the business.

innogy has procedures and controls in place to ensure that tax policies are adhered to. Procedures and policies are kept up to date with ever changing tax law and they help to support timely submission of accurate tax returns and proper tax accounting.

The responsibility for implementing the tax policy in the UK rests with the UK Head of Tax, who reports to the Board on an ad hoc basis.

5. Relationships with governments

We actively seek open dialogue with HMRC in pursuit of a professional and constructive working relationship.

We contribute to the UK tax policy-making process where necessary, including by taking part in formal and informal consultations.

¹ See <http://www.cbi.org.uk/cbi-prod/assets/File/pdf/statement-of-tax-principles.pdf>