

Getlink Tax Strategy 2024

Introduction

Getlink SE has a strong culture of corporate social responsibility, and the Group's tax strategy is an integral part of this. We have a responsible approach to the administration and payment of tax in the countries in which we operate, based on:

- complying with all relevant laws, rules, regulations, and reporting and disclosure requirements, ensuring that we pay the right amount of tax, in the right place, at the right time;
- ensuring that the management of our tax affairs is at all times consistent with the Group's overall strategy and core values, its corporate governance and its approach to risk;
- considering the tax impact in major or complex business decisions;
- maintaining constructive and transparent relationships with tax authorities.

Background

Getlink is a Franco-British group of companies whose principal activity is the operation, under the name Eurotunnel, of the cross-Channel Fixed Link between the UK and France under a concession granted by the UK and French governments which expires in 2086. Under the terms of this concession, all revenues and costs, including investment costs, relating directly or indirectly to the construction, financing and operation of the Fixed Link are shared equally between the UK and French concessionaire companies. This revenue and cost sharing principle, which is set out in article 19 of the Concession Agreement and in article 9 of the Franco-British Tax Treaty (the "Treaty"), forms the framework for Eurotunnel's management of its tax affairs.

As well as the operation of the Channel Tunnel, the Group is the owner of the ElecLink 1GW electricity interconnector installed in the Tunnel which began operations in May 2022. The ElecLink business is managed by a UK subsidiary of the Group, ElecLink Ltd, which also has a French branch for tax purposes. The Group is currently discussing an Advanced Pricing Agreement ("APA") with the UK and French tax authorities that will cover the tax affairs of the ElecLink business.

The Getlink group also operates a rail freight business in France as well as customs services companies in France and the UK.

Scope

The Group regards the publication of this tax strategy for the fiscal year 2024 as complying with its duty under the UK Finance Act 2016 in respect of its UK companies and activities. However, in view of the revenue and cost sharing regime set out in the concession and the Treaty and of the terms of the ElecLink APA, the scope of this strategy covers the whole of the Group and describes our approach to all taxes, including payroll taxes, in all the territories in which we operate.

This tax strategy applies from the date of publication and will be reviewed annually.

Overview of Internal Governance

The Audit Committee of the Getlink SE Board is responsible for monitoring the Group's internal controls and the risk management framework, including risks and controls regarding tax compliance and administration.

Responsibility for day-to-day tax compliance, planning and risk management is delegated to a centralised Group finance function under the Group Deputy CFO, who is the Senior Accounting Officer for Eurotunnel's principal UK operating entities. The Group Deputy CFO is supported by an in-house team who hold a combination of qualifications and experience appropriate to their roles. Where compliance activities are delegated to local finance teams, in particular those of ElecLink, these are monitored by Group Finance. The ElecLink Ltd CFO acts as Senior Accounting Officer for that entity and is supported by a similarly qualified and experienced team.

There is a regular dialogue on tax issues and risks between the Board, the Audit Committee and those managing the Group finance function.

The Group has a well-established Internal Audit function.

Approach to risk management

Tax risks and controls are integrated into the Group's overall corporate risk management and internal control processes, which are under the responsibility of the centralised finance function.

Compliance with tax legislation is a key element of the Group's tax risk management and, to this end, the Group regularly ensures that the necessary organisation and controls are in place and functioning properly. In addition to its tax compliance responsibilities, the Group's Taxation team regularly works with operational entities to assist them in analysing and addressing tax issues related to their activities. It also monitors and assesses the impact of changes in tax legislation on the Group's activities.

The Group meets regularly with its external tax advisors to ensure that it continues to comply with best practice. External advisors are also used by the Group to provide advice in the event of significant changes in tax regulations and, more specifically, on tax risks in the event of major strategic decisions or transactions.

In respect of its principal activity, the Group considers that the level of tax risk is low since it operates within the specific framework of the revenue and cost sharing condition set out in the Treaty. This assessment is reflected by the "low risk" classification accorded by HMRC to the Group's UK operations. In addition, in respect of ElecLink's activities, the Group considers tax risks to be low due to the application of the APA.

Tax planning

The Group understands the importance of tax in the wider context of business decisions and has processes in place to ensure tax is considered as part of our decision-making process. However, we do not make decisions based solely on tax considerations.

The Group's tax planning is largely driven by the revenue and cost sharing requirements set out in the Treaty.

No effective tax rate or undue tax minimisation targets are set within the Group. The Group considers that taxes are a natural by-product of business activity. We need to be aware of the tax implications relevant to our decisions, but this is limited to ensuring that we adequately manage our business as fairly as possible in the interest of all stakeholders.

Getlink SE's Board of Directors and Audit Committee assess the Group's exposure to tax risks as part of the Group's overall risk management framework.

The Group does not base its business decisions on obtaining tax benefits. Nevertheless, the Group may take advantage of tax exemptions, allowances or incentives, provided that their use is in line with the spirit and objectives of the legislator.

Intra-group transactions between the concessionaire companies are conducted within the framework set out in the Treaty; in other areas of activity, transactions between Group companies are conducted on an arm's length basis and in line with OECD principles.

Relationship with the tax authorities

The Group works on an open and proactive basis with the tax authorities in both the UK and France. We ensure that we are timely and compliant with filing and reporting requirements, and we endeavour to respond within the required timeframe to all correspondence requests from the authorities. In the event of an unintentional error, the Group systematically corrects this error as quickly as possible.

In the UK, the Group meets regularly with HMRC and provides them with updates on its business and on any developments which might impact its tax position.

In France, the Group entered into a tax partnership agreement ("relation de confiance") with the French tax authorities in 2023.

In the event of uncertainty arising as a result of the interpretation or application of legislation, the Group's Finance function verifies its understanding with the relevant tax authority so as to provide greater certainty ahead of any filing.
