

Getlink Tax Strategy

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 professional 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 9 of the Franco-British Tax Treaty ("the Treaty"), forms the framework for the Eurotunnel's management of its tax affairs.

As well as the operation of the Channel Tunnel, the Group also operates a rail freight business in France and is the owner of the ElecLink project to design, install and then operate a 1GW electricity interconnector through the tunnel.

Scope

The Group regards the publication of this tax strategy for the fiscal year 2018 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, the scope of this strategy covers the whole of the Group and describes our approach to all taxes, including payroll taxes, in 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 centralized group finance function under the Group Director of Financial Control, who is the Senior Accounting Officer for the group's principal UK operating entities. He 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, these are monitored by Group Finance.

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 by the central Group Financial Control function.

The Group considers compliance with tax legislation as key to managing its tax risk and to this end ensures that it has adequate controls and clearly defined responsibilities in place. As well as managing day-to-day compliance, the Group tax team provides regular advice and guidance to operational management, and also monitors and assesses the impact of changes in 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 regarding new legislation, and to provide additional expert guidance on particular risk areas and in the context of major business decisions.

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

Tax planning

The Group understands the importance of tax in the wider context of business decisions and have 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.

There are no targets for tax rates or efforts to unfairly minimize tax. 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.

The Getlink SE's Board and Audit Committee consider risk appetite within the group's overall risk framework. The Group's tolerance in respect of tax risks is low.

The Group does not undertake aggressive tax planning for the sole purpose of obtaining a tax advantage; however, it does seek to utilise available tax reliefs and incentives where available in a manner which is consistent with the government's policy objectives.

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. Should any event arise where an inadvertent error has been made, we rectify any such error as soon as is practical.

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 the event of uncertainty arising as a result of the interpretation and application of legislation, the Group tax directorate verifies our understanding with the relevant tax authority so as to provide greater certainty ahead of any filing.