



Introduction

ESB's Board and management considers tax as an important element of its corporate responsibility. The taxes we pay are an important part of our contribution to local economies and support the development of the countries in which we operate. ESB aims in all cases to be a responsible and transparent taxpayer with sustainable and defensible tax arrangements.

Ownership and Corporate Governance

The commitment to sustainable tax arrangements is reflective of ESB's ownership, the regulatory environment and the legal jurisdictions in which it operates; mainly the Republic of Ireland (RoI), Northern Ireland and Great Britain.

As a majority State owned body, ESB operates under the Irish Code of Practice for the Governance of State Bodies. The Code of Practice stipulates that "State bodies should be exemplary in their compliance with taxation laws and should ensure that all tax liabilities are paid on or before the relevant due dates."

Whilst ESB is not listed in the United Kingdom (UK), the Group conforms, as far as possible and on a voluntary basis, to the UK Corporate Governance Code.

Tax Strategy

ESB's tax strategy is based on a number of key principles:

- Being a responsible and transparent taxpayer is part of the trust and reputation built with our customers and communities. We commit to remain consistent with these values in pursuit of the ESB's strategy to '*create a Brighter Future for the customers and communities we serve, by leading the transition to reliable, affordable, low-carbon energy*'.
- Our commitment to comply with relevant tax laws and international regulations goes beyond legal compliance:
- Our way of working conforms with ESB's Code of Business Conduct;
- We expect to pay tax on our activities in the country where they take place; and
- We pursue an open and constructive dialogue with tax authorities that is based on respect, transparency and trust. We have developed co-operative compliance relationships with tax authorities in the countries in which we operate

ESB's Tax Function

ESB has a dedicated tax function which sits within the Group's Business Service Centre and is headed by the ESB Group Tax Manager.

The tax function is comprised of qualified and experienced Tax and Accounting professionals and is responsible for

- Managing ROI and UK Corporation Tax compliance and reporting
- Providing tax advice to the Business Units
- Managing relationships with the Revenue Commissioners and HM Revenue & Customs (HMRC)
- Ensuring that ESB International engages appropriate local tax advisors to advise on non ROI and UK tax businesses and manage their local tax reporting requirements
- Communicating and implementing the Tax Control Framework

Tax Governance

To ensure a robust and consistent approach to mitigation of tax risks, ESB aims to make compliance requirements an integral part of its business processes.

Tax risks are identified under ESB's Tax Control Framework, both at a strategic and operational level. The Tax Control Framework supports tax risk management and ensures adherence to our Tax Policy, requiring documented policies and procedures across all our business units.

The framework requires each Business Unit to have appropriate controls in place for all tax risks and that the responsibilities for these controls are clearly defined. Each Business Unit performs key control testing and provides evidence based sign off in accordance with ESB's internal control framework.

Attitude to Tax Planning

In accordance with the Group Risk Appetite Statement approved by the Board, ESB has a low risk appetite for activities that will compromise the ethics, values or compliance of the organisation. In this regard a conservative attitude to tax planning is therefore appropriate. Commercial transactions are structured to claim a tax relief or benefit, if available. The Group does not engage in tax avoidance arrangements or aggressive tax planning involving transactions where the main purpose is the avoidance of tax.

External Tax Advisors

External tax advice is sought where ESB requires additional expertise in executing commercial transactions of high complexity or material scale to the Group.

Dealings with Tax Authorities

ESB's tax affairs are dealt with in Ireland and the UK by the Revenue Commissioners' Large Cases Division and HMRC's Large Business Unit, respectively. ESB deals in an open and transparent way with each tax authority. This is achieved by regular meetings, business updates and responding to queries promptly. This enables ESB bring significant transactions to the attention of the relevant tax authority in advance where uncertainty of tax treatment exists.

This ESB Group Tax Policy is be reviewed every 2 years

17th September 2019