

TAX STRATEGY

About us

Sizewell C (Holding) Limited ("**HoldCo**" or "**the Company**") and its subsidiaries (together "**SZC**" or "**the Group**") are committed to securing Britain's low carbon future to achieve net zero by 2050 by:

- Meeting seven percent of the UK's energy needs for at least sixty years.
- Generating low carbon electricity to supply around six million homes.
- By replacing fossil-fuel power, it will avoid around nine million tonnes of carbon emissions each year.
- It will create thousands of local jobs and contribute around £4 billion to the regional economy, and
- The project will support 70,000 jobs across the UK and rely on over 3,000 UK-based suppliers.

Our Tax Strategy

This Tax Compliance Strategy for the period ended 31 March 2024 determines our behaviours when dealing with our tax affairs, both internally and externally. The strategy is voluntarily published annually, and SZC's Holdco and Genco Boards ("**The Boards**") approve any amendments. The Boards aligns the strategy with the overall SZC business model, delivering value for investors and consumers, whilst committing to the Group's underlying values, responsible business practices and upholding its reputation.

Our commitment to tax compliance

SZC is committed to complying with regulations both nationally and internationally and meeting its tax obligations as they arise.

SZC is continually assessing processes using a framework to ensure all tax risks are identified and managed. We manage the tax risk and ensure the Board is engaged with the appropriate level of oversight. HMRC are notified of new risks where identified.

SZC have established documented processes to ensure accurate accounting and reporting for tax purposes.

Roles and responsibilities are clearly defined. SZC's Chief Financial Officer is responsible for the management of all tax matters. The Chief Financial Officer is supported by the Finance Director and the Tax team to ensure timely and accurate tax compliance. The Internal Audit Team ensure the tax risk management and tax processes meet tax governance requirements as established by the Boards. External expert consultants are engaged to support SZC on specific technical matters.

In November 2022, HMG announced its decision to invest in the SZC Project. Since 15 November 2022, HMG has committed more than £2.5bn to SZC and are now majority shareholders in the project.

As a result, SZC uses public money as well as private money, which imposes additional requirements defining how that money can be spent. SZC is required to comply with Managing Public Money requirements and does so with a strong governance process.

These requirements require that we do not engage in, or connive at, tax evasion, tax avoidance or tax planning.

Our approach to managing risk and risk appetite

SZC strictly complies with all relevant laws and regulations applicable to SZC. We use a governance framework to manage all financial and tax risks which has Board oversight and is regularly reviewed.

The tax team is trained and is kept updated on all significant business developments and engaged in the wider business to ensure tax risks are identified and dealt with. Processes and communication channels exist for employees to raise tax concerns directly with the tax team.

The Board considers tax evasion to be unacceptable and has adopted values that comply with the Criminal Finance Act on Anti-facilitation of Tax Evasion Policy. This is communicated to relevant employees.

Our approach to artificial tax planning

We seek to maximise value for investors and consumers, whilst ensuring compliance and open engagement with tax authorities. SZC does not participate in tax planning schemes or transactions which are artificial in nature.

We utilise reliefs, tax exemptions and incentives in a manner consistent with the principles and intention of statute and HMRC.

Our approach to working with HMRC

It is SZC's intention to maintain an open and honest relationship with HMRC on all tax matters. SZC intends to proactively manage our tax obligations and communicate with the tax authorities on such matters.

We continually manage and review our internal processes to ensure any failures of controls or errors in tax compliance are identified. Tax errors are disclosed to HMRC and rectified where applicable.

We seek to minimise the impact of tax and duties owed, engaging HMRC proactively, by complying with the requirements of managing public money, ensuring that arrangements negotiated with foreign suppliers satisfies the SZC position to act as Importer of Record for VAT purposes and take early ownership of the goods.

We engage HMRC on the interpretation of the law should there be uncertainty and apply the agreed position with HMRC on the relevant transactions.

Our future commitments

SZC is a responsible business committed to being an important part of Britain's energy future, generating low-carbon power for six million homes until close the end of this century.

As the construction phase continues, we aim to:

- Manage tax risk with a continued review of processes and controls which are designed to mitigate risk.
- Work with HMRC in a proactive, open and honest relationship whilst conducting our tax affairs.

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