1. MESSAGE FROM THE CHIEF FINANCIAL OFFICER

On behalf of the Board, I am pleased to present the Tax Transparency Report for ENGIE's Australian business for the income year ended December 31, 2023.

ENGIE is a global energy provider and an expert operator in the businesses of electricity, natural gas and energy services. ENGIE recognises its responsibilities as a good corporate citizen and the important role ENGIE plays in protecting the environment today and helping ensure a sustainable future.

We support the adoption of the Board of Taxation's Voluntary Tax Transparency Code (**TTC**) and appreciate the importance that improved transparency plays in improving the public confidence in the tax system as well as the role that it plays in facilitating a more informed public debate about tax policy.

The disclosures in this report have followed the recommendations set out in the TTC. Our report provides information regarding ENGIE's Australian tax activities for the year ended December 31, 2023, including our approach to tax policy and risk management, our tax governance processes and how much tax we paid during the income year.

This report forms part of ENGIE's broader financial statements, and complements the information disclosed in the ENGIE Group's Annual Report for December 31, 2023. In preparation of the annual financial statements, an attestation is made to the effectiveness of the internal control framework, including tax concluding that it is effective.



Federico Fernandez Valle
Chief Financial Officer

2. OVERVIEW OF ENGIE

ENGIE Australia & New Zealand delivers innovative, sustainable energy solutions to households, businesses, communities and cities. With the backing of ENGIE's global network of expertise in renewable energy and low-carbon solutions, we're accelerating the transition to a carbon-neutral world.

We have over 1,000MW of operating plant across gas and wind generation, and more than 2,000MW of renewable energy development pipeline (wind, solar, batteries and hydrogen). Our retail business, ENGIE, has more than 630,000 customer accounts around Australia.

ENGIE's trading arm, Global Energy Management and Sales (**GEMS**) provides long-energy supply agreements, energy trading, risk management and asset management services to business customers across the ENGIE ANZ portfolio and third parties.

This Tax Transparency Report relates to the entire ENGIE Australia operations. The Australian operations can be separated into two consolidated taxpaying groups as follows:

- ENGIE's Australian generation and retail business is held through a single holding company, International Power (Australia) Holdings Pty Ltd (**IPAH**). IPAH is the head company of an income tax consolidated group, and lodges a single income tax return and pays corporate income tax on behalf of the generation and retail businesses.
- The ENGIE Renewables Australia Pty Ltd (**ERA**) multiple-entry tax consolidated group includes the GEMS trading business and joint venture interests in battery storage and hydrogen. ERA is the head company and lodges a single tax return.

ENGIE has a December 31 year end for both accounting and tax purposes.

3. BASIS OF PREPARATION

The Tax Transparency Report is based on the income tax expense analysis contained in the financial statements for each accounting group or entity within the ENGIE Australia group for FY23 where prepared. Where financial statements are not prepared for an entity, the income tax expense analysis is based on the trial balance which is prepared in accordance applicable accounting standards. The income tax expense analysis is prepared in accordance with the policies outlined in note 3 to the audited financial statements of IPAH and its controlled subsidiaries.

4. TAX POLICY, TAX STRATEGY AND GOVERNANCE STRATEGY

4.1 Approach to risk management and governance arrangements

ENGIE's approach to tax governance and risk management is set out in the Tax Governance and Risk Management policy (the **Tax Policy**), which complements ENGIE's broader Risk Management Policy. The Tax Policy is aligned with ENGIE's overall corporate strategy and is reviewed by the relevant Board of Directors periodically.

The relevant Board is ultimately responsible for the management of risk and internal control processes, which includes tax. The Board delegates the day-to-day management of tax risk to the Chief Financial Officer, and to ENGIE's dedicated Australian tax function. The Tax Policy sets out how ENGIE identifies and seeks to mitigate tax risk, and the manner in which tax risk is escalated to the CFO and the relevant Board.

ENGIE's tax governance and controls framework is reviewed as part of the annual internal audit. The IPAH tax provisioning, including material positions taken, is subject to external audit review.

4.2 Attitude towards tax planning

ENGIE is committed to complying with all relevant tax laws and regulations, and to pay its fair share of taxes in the countries in which it operates. Tax does not take priority over the commercial objectives of ENGIE. ENGIE will not enter into artificial arrangements in order to avoid taxation or to defeat the stated objective of the tax legislation, nor will it undertake aggressive tax planning.

Tax practices within ENGIE are compliant with ENGIE's Code of Ethics and with the Environmental, Social and Societal Responsibility principles of the ENGIE Group.

4.3 Accepted level of risk in relation to taxation

ENGIE is committed to being a socially responsible corporate citizen, and to acting with integrity and transparency in all tax matters. ENGIE has a low tax risk tolerance. This is reflected in the tax risk management principles outlined in the Tax Policy, including:

- Complying with all applicable laws and regulations relating to tax, including meeting tax compliance obligations and payments in a timely manner.
- Using external advisors to ensure the tax function remains up to date with legislative changes and to provide technical guidance and external review and commentary on ENGIE's tax matters as required.
- Maintaining documented policies and procedures in relation to tax risk management and undertaking periodic control testing to ensure appropriate operation.
- Making decisions based on a reasonably arguable position on all tax matters where judgement is used to make calculations. Any areas of uncertainty are clearly supported in terms of documentation and legal interpretation.
- Ensuring that ENGIE is appropriately resourced with qualified tax professionals to deal with tax matters in an efficient and effective manner.

4.4 Approach to engagement with ATO

ENGIE strives to maintain a “low” risk rating from the Australian Taxation Office (**ATO**) and other Revenue Authorities. ENGIE is committed to maintaining open, honest and constructive relationships with all relevant tax authorities. ENGIE works collaboratively with tax authorities wherever possible and seeks advanced rulings on transactions where it is appropriate and possible to do so.

ENGIE has fully co-operated in the ATO’s Top 1000 Justified Trust program and will continue to engage with the ATO for future reviews.

5. INTERNATIONAL RELATED PARTY DEALINGS

ENGIE has a documented transfer pricing policy that ensures that international related party dealings have a strong business or commercial purpose and reflect the substance of its underlying operations.

ENGIE has very few, material cross-border transactions with related parties. The material transactions are primarily limited to financial/funding arrangements, including guarantee fees, working capital facilities, intragroup loans and cash pooling, and energy derivatives.

International related party dealings are priced in accordance with the 'arm's length principle' as defined in the Organisation for Economic Co-operation and Development (**OECD**) guidelines and related ATO guidance. The standard approach adopted by ENGIE on all financial/funding arrangements is the Comparable Uncontrolled Price (**CUP**) method. Under the CUP method, the arm's length price for a transaction between two international related parties (a controlled transaction) is determined by reference to the price for a similar transaction entered into by two unrelated parties (an uncontrolled transaction) or between a related party and an unrelated party.

The material cross-border related-party transactions for the year ended December 31, 2023 are included below:

Related Party	Country	Arrangement	Average Asset/(Liability) Balance for the year ended 31 December 2023	Income/(Expense)
ENGIE Energy Marketing Singapore Pte Ltd	Singapore	Derivatives		(9,403,813)
ENGIE Treasury Management s.a.r.l	Luxembourg	Cash pooling	7,000,000[1]	

[1] Deposit made at the end of December 2023 and therefore no income accrued by 31 December 2023.

6. RECONCILIATION OF ACCOUNTING PROFIT TO INCOME TAX EXPENSE TO INCOME TAX PAID

This section provides details of ENGIE's Australian accounting profit before tax, income tax expense and tax paid for the entities in item 2 above.

6.1 Reconciliation of Accounting Profit to Income Tax Expense for the year ended December 31, 2023

Income tax expense is the tax payable on the amounts included in the accounting profit and loss, and is calculated as tax payable on the current year taxable profit or tax loss adjusted to take into account tax payable on temporary differences (i.e. current year profits/losses that will be taxed in periods other than the current period). Income tax expense will generally not equate to 30% of accounting profit due to non-temporary differences (i.e. accounting income/expenses that will never form part of taxable income).

The reconciliation between accounting profit and loss and income tax expense is provided below.

	IPAH ($m)	**ERA ($m)**	**Total ($m)**
Total income	1,749	17	1,766
Less: Accounting expense	(1,677)	(72)	(1,749)
Accounting Profit/(Loss) before income tax (II)	**72**	**(55)**	**17**
Income tax expense/(credit) on accounting profit at 30% (A)	**22**	**(17)**	**5**
Non-temporary income tax adjustments			
Non-deductible Large-Generation Certificate (LGC) shortfall penalty	10		10
(Recognition)/derecognition of deferred tax assets	(34)	20	(14)
Variance between tax and accounting partnership distributions		(4)	(4)
Other	2	1	3
Total non-temporary income tax adjustments (B)	**(22)**	**17**	**(5)**
Income tax expense/(credit) I = (A) + (B)	**0**	**0**	**0**
Effective Tax Rate (I)/(II)	**0%**	**0%**	**0%**
Effective tax Tate excluding the effect of (recognition)/derecognition of deferred tax assets	**47%**	**36%**	

The effective tax rate is calculated as income tax expense/(credit) divided by accounting profit/(loss) before income tax. ENGIE had an overall Australian effective tax rate of 0% for the year ended December 31, 2023 (the standard corporate tax rate is 30%). This variance is primarily due to the recognition of deferred tax assets for accounting purposes during the income year, including prior year tax losses. Excluding the effect of the recognition of deferred tax assets, the Australian effective tax rate is 47% for the IPAH group (greater than the corporate tax rate of 30% primarily due to the non-deductible LGC shortfall penalty payment), and 36% for the ERA group (due to the difference between the accounting and tax partnership distributions).

6.2 Reconciliation of Income Tax Expense to Income Tax Paid

Income tax expense will vary from income tax payable due to the differences between when income or expenses are recognised for accounting and tax (i.e. the temporary differences) and the availability of prior year tax losses. The table below provides a reconciliation of income tax expense to income tax payable for the financial year ended December 31, 2023.

	IPAH ($m)	**ERA ($m)**	**Total ($m)**
Income tax expense/(benefit)	**0**	**0**	**0**
Elimination of income tax expense which does not impact tax payable			
Recognition/(derecognition) of deferred tax assets	34	(20)	14
Income tax expense/(benefit) after adjustment	**34**	**(20)**	**14**
Temporary differences			
Property, plant and equipment	(2)		(2)
Derivatives	(16)		(16)
Impairment	4		4
Provisions and accruals	(2)		(2)
Unrealised gains/losses on equity accounted investment	(2)		(2)
Other	4		4
Utilisation of prior year losses	(20)		
Total	**0**	**(20)**	**(20)**
Current year losses to be carried forward	0	20	20
Australian income tax paid	**0**	**0**	**0**

6.3 Australian Tax Contribution Summary

The following tables show the total of corporate and other taxes collected and paid in Australia by ENGIE for the financial year ending December 31, 2023.

Taxes and Duties Paid by ENGIE in Australia	**IPAH ($m)**	**ERA ($m)**	**Total ($m)**
Income tax	-	-	-
Payroll tax	3	1	4
Stamp Duty	0.3		0.3
Royalties	-	-	-
Fringe benefits tax	0.5	0.5	1
Total Taxes and Duties Paid	**3.8**	**1.5**	**5.3**

Taxes Collected and Remitted on behalf of others	**IPAH ($m)**	**ERA ($m)**	**Total ($m)**
Net GST Collected	41	(7)	34
Withholding Taxes Collected (including Pay As You Go withholding)	19	9	28
Total Taxes Collected and Remitted on behalf of others	**60**	**2**	**62**