



VINCI UK Group Tax Strategy

Introduction

The VINCI Group is a publicly traded multinational enterprise. It is a global player in concessions and construction with global operations throughout the world including the UK. Headed by VINCI SA, a French based company, it consists in a decentralized organization, structured around operating units and not countries.

This document consists in the VINCI Group's UK Tax strategy to conform to Schedule 19 of the Finance Act 2016. It is effective for the year ended 31 December 2017, and will remain in effect until another tax strategy is published.

This disclosure applies to all UK consolidated entities as well as its UK subsidiaries more than 50% owned and UK permanent establishments of those entities.

Risk management and governance arrangements in relation to UK taxation

The Group aims to comply with tax laws, regulations and practices in a responsible manner in the UK, and to pay the taxes due at the right time. This principle is clearly set out in the Group Code of ethics and conducts: *"This Code serves as a reminder that belonging to the VINCI Group involves more than just strict compliance with applicable laws and regulations. In it, we set out the principles of business ethics that must guide our conduct under all circumstances and in all countries. We state clearly that VINCI expects each and every one of its employees to demonstrate exemplary conduct based on integrity, fairness and respect for the dignity and individual rights of employees. (...)*

VINCI companies and their employees must comply with the applicable laws and regulations in all countries in which they operate.

All employees must refrain from any behaviour that could involve the employee, other employees, the company or the VINCI Group in illegal or unfair practices."

Tax matters, as all other financial information, are reviewed on a regular basis by the Chief Financial Officers (CFOs) of each entity notably during the budget phases and for the preparation of the annual and interim accounts purposes and when it is needed. CFOs directly report to the Chief Executive Officers (CEOs), members of the board of directors (BoDs), if any, or of the relevant corporate body of the concerned entity, and functionally to the CFO of the upper tier level of the management structure, in accordance with the functional and organizational reporting lines.

As expressly specified in the VINCI Group general guidelines, each entity manager must ensure that financial data is established in compliance with the standards, principles and procedures in force, as contained in the manual of procedures or instruction memos issued by VINCI SA's Financial Department. Financial data, which includes tax data, are reported, managed and controlled through robust accounting systems, constantly monitored to ensure they operate effectively and are regularly audited. Staff using those systems are regularly trained.

As highlighted in the Code of conduct and ethics *"Each business line has taken steps to ensure compliance by means of a system of internal controls. These rules are circulated to all levels of management in the operational entities, and in particular to each new manager taking up his or her duties. (...)* Every employee shall

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take part in the continuous improvement of the risk management system and shall facilitate the identification and correction of problems. Every employee shall meticulously and diligently take part in investigations, reviews and audits carried out as part of internal controls."

Finally, corporate governance and internal audit procedures are well defined in the Annual Report of VINCI SA (please refer to section D. of the Report to the BoD and B. of the Report of the Chairman of the BoD on corporate governance and internal control procedures).

VINCI's attitude to tax planning

As previously noted, the business model of VINCI is a decentralized one, based on the operating autonomy and the empowerment of managers who have to strictly comply with the applicable laws and regulations of the jurisdiction where they operate.

To support business operations and/ or investments, and as such operational decisions, the Group considers tax efficiency and aims to make use of tax incentives and exemptions intentionally offered by UK tax rules.

There are tax experts at the heads of main business division levels as well as at the top tier level.

For any tax matter, UK CFOs can be assisted either by one of these in-house tax experts or by UK tax advisors, that are routinely involved, or both, depending on the subject-matter and its materiality. When UK external advisors are appointed, in accordance with the VINCI's Code of ethics and conduct, *"Companies must ensure that such intermediaries do not compromise the Group by committing unlawful acts"*.

In any case, its overriding principle is to not engage in aggressive and/ or artificial tax avoidance.

VINCI's UK tax risk

Given its decentralized model, there is no rigid level of acceptable tax risks at Group level. The materiality level is assessed at each operating unit level by the relevant CFO and, if need be, the BoD, to be appropriately and duly reported to the upper tier level of the organizational structure.

In the UK, the Group faces various types of generic tax risks, which may notably arise because of its size and/ or the complexity of its operations, and that can be categorized as follows:

1. Financial risks:
 - a. Tax compliance failure and associated risks as for instance late filing, filing of inaccurate tax returns, failing to submit in due time claims and elections, or any other tax compliance failure no matter how it is caused (human error, system failure...);
 - b. Operational tax risks that can happen notably in case of technical or factual inaccuracies, lack of in-depth tax analysis of the business operations, unanticipated changes in tax laws, misinterpretation of complex or unclear tax rules;
2. Reputational risks: those risks are the consequences of financial tax exposures which may impact the relationships of the Group with its stakeholders including HMRC.

How VINCI works with HMRC

The Group's expectations are that its UK entities have and maintain good, transparent and constructive working relationships with officers of HMRC.

This implies open communications and meetings in a timely manner when required, and, where disagreements arise, to work with HMRC to resolve issues by agreement where possible.