

ANSALDO ENERGIA GROUP TAX STRATEGY

This document is intended to satisfy the reporting obligations of Schedule 19 of the UK Finance Act 2016, which imposes, as a legal requirement on all large businesses operating in the UK, to publish a UK tax strategy online.

About Ansaldo Energia Group

Ansaldo Energia Group is a leading international player in the power generation industry, to which it brings an integrated model embracing turnkey power plants construction, power equipment (gas & steam turbines, generators and microturbines), manufacturing and services and nuclear activities.

Our mission is to deliver innovative, proven, state-of-the-art, flexible solutions for the power generation industry, aimed at increasing the Customer's value.

Introduction

In compliance with schedule 19 of UK Finance Act 2016, Ansaldo Energia SpA, in its role of Group holding company, publishes this statement on behalf of its UK entities

This document sets out Ansaldo Group's approach in conducting its tax affairs and dealing with tax risks ("Tax Strategy"). This Tax Strategy applies to all UK Group entities.

This Group tax strategy has been issued by the Central Tax Department and it is relevant to finance people and to all the functions at Group Level whose operations and decisions can have tax implications and impacts.

1. Approach to risk management and governance arrangements

Ansaldo Energia Group takes a fair and reasonable approach to tax through a strong tax risk management and an effective tax governance. The aim is to be compliant with all tax rules and requirements in every jurisdiction in which the Group operates.

The Central Tax Department, within the Finance Function of the Holding Company Ansaldo Energia S.p.A., has the responsibility of the tax planning for all the Group and is supported by external consultants in order to identify and put in place the best business strategy in adherence to the tax rules. Tax efficiency is pursued only in full compliance with tax rules and related principles.

The Group has in place a Transfer Price Policy in order to manage the different transactions among the Group Companies as if they were among third parties in compliance with OECD Guidelines and the rules of the different jurisdictions.

2. Attitude towards tax planning

The UK business maintains a conservative stance towards tax risk and it has no tolerance for entering into transactions that lack commercial substance.

At all times the UK business seeks to comply fully with its regulatory and other obligations and to act in a way which upholds Ansaldo Group's reputation as a responsible corporate citizen.

The Group's tax strategy follows the business strategy meaning that Group structures and transactions are business driven and not tax driven.

The Group will enter into tax planning that has commercial and economic substance and will not undertake any structuring that is contrived or artificial or only based on tax merits.

3. Level of tax risk that the Group is prepared to accept

The Group's tax risk approach requires that, where the tax law is unclear or subject to interpretation, its adopted tax position is at least more likely than not to be allowable under applicable tax laws.

Ansaldo proactively seeks to identify, evaluate, manage and monitor these risks to ensure they remain in line with the Group's acceptable risk level. Where there is significant uncertainty or complexity in relation to a risk, external advice is sought.

4. Approach dealing with tax authorities

The Group maintains constructive working relationships with tax authorities in all relevant jurisdictions. Where appropriate and possible, the Group enters into consultation and rulings with tax authorities to adopt the right approach for certain matters.

We seek to have an open, transparent and cooperative relationship with HMRC. This includes:

- Engaging in open and constructive dialogue with HMRC;
- Seeking clarification in complex areas of tax law or when new tax laws are introduced;
- Making full disclosures where required;
- Meeting statutory deadlines;
- Remaining available to deal with queries from HMRC as and when required.