

# TAX POLICY



## PREAMBLE

The Bouygues group (the “Group”) is an industrial group with a great diversity of businesses and expertise. Its mission is to improve people’s daily lives by co-delivering construction projects and by developing services that meet essential needs – housing, transport, information, communication – and deliver social progress. Its social utility reflects the Group’s fundamental principles:

- **responsibility** – the Group draws on a range of talents to make it more curious and inventive, while remaining pragmatic;
- **excellence** – the Group wants to remain ahead of the game by putting creativity at the service of its clients and consumers, while maintaining total transparency;
- **wanting to be challenged** – with attention, the Group listens to the world and what surrounds it;
- **respect** – the Group applies laws, regulations and internal standards rigorously.

The Group’s fundamental principles are set out and developed in the Group’s Code of Ethics and Human Resources Charter. Exemplary tax conduct in all the countries where it operates falls within the framework of those fundamental principles.

## 1 GEOGRAPHICAL OPERATIONS STRATEGY

The Group’s decision to establish operations in a particular country is determined by its willingness to develop the best offering and to serve its clients in that country as well as possible. This strategy – driven exclusively by commercial and industrial objectives – is set out at the level of Bouygues SA, the parent company of the Group, which is headquartered in France.

The Group may therefore be present (albeit marginally) in countries viewed as preferential tax jurisdictions, due to internal organisational or operational needs.

## 2 FISCAL CITIZENSHIP

The Group does not have an aggressive fiscal policy. This means it only carries out transactions that have a strictly commercial motivation and are not artificial. The entities used are not based on tax optimization schemes.

Its strategy is solely to achieve its commercial and industrial objectives while making a societal contribution to all its stakeholders.

The Group’s activities generate a substantial amount of various taxes and duties both in France and abroad, constituting a large part of its economic contribution.

The Bouygues group pays corporate income tax, withholding taxes, import and customs duties, stamp duties and other taxes in territories where it operates. It also collects and pays payroll-based taxes in respect of its employees and indirect taxes like VAT and industry-specific taxes.

In every country where the Group operates, it seeks an exemplary behaviour as regards tax, so it seeks high-quality relationships with local tax authorities.

As regards the Group’s relations with its stakeholders (subcontractors, suppliers, etc.) the Group’s Anti-Corruption Compliance Programme prohibits all “payments [ ] in third countries for purely fiscal purposes”.

## 3 COMPLIANCE WITH LEGAL REQUIREMENTS AND TAX LAWS

The Group’s approach is to comply strictly with local laws. To this end, the remit and resources of its tax management are structured so as to achieve perfect compliance with evolving regulations in countries where the Group operates.

Prior to starting contracts, it makes sure that the structures underlying them comply with applicable tax obligations.

During the life of the contracts, the Group fulfils its filing obligations in accordance with all laws and regulations, files declarations and pays taxes within the legal time limits.

The Group also communicates factual and narrative information in line with OECD (BEPS action plan) and European Union recommendations. Bouygues reports information about tax in its Registration Document, including the effective tax rate, a tax proof, and the total tax paid in France, abroad, and worldwide.

## 4 RESPECT FOR OECD PRINCIPLES

Given the significant proportion of the Group’s activities carried out in France and the nature of its operations in foreign countries, intragroup transactions between companies resident in different countries are relatively limited. Such transactions are priced in line with “the principle of free competition” enshrined in OECD

recommendations and by the European Union, and are detailed in its transfer pricing documentation.

They are communicated to the tax authorities in its simplified declarations on transfer pricing and through its annual revenue declarations, where countries require this.

that might impede the realization of the Group's objectives.

Finally, tax department, and its tax management procedures (and their correct application), may also be subject to internal audit review.

## **5 RELATIONS WITH LOCAL TAX AUTHORITIES**

The Group strives to build and maintain constructive relations with local tax authorities based on mutual respect. Wherever possible it works collaboratively to achieve efficient dialogue and resolve differences. It responds appropriately and in a timely manner to requests for information by each tax authority.

## **6 MANAGING TAX RISK**

Tax management, assisted where necessary by external advisors, tries to eliminate the risk arising from uncertainty or complexity in interpreting laws and regulations. Despite this, given the size of its business and the volume of tax obligations, the Group's tax positions may be contested by tax authorities due to differing interpretations. In such cases, the tax management aims to defend the Group's interests while respecting the spirit and letter of the texts and the objective sought by the legislator.

## **7 GOUVERNANCE**

This tax policy is set out at the level of Bouygues SA, the Group's parent company headquartered in France, and has been brought to the attention of the Group's Board of Directors.

The Chief Executive Officers and Chief Financial Officers of Group entities, assisted by their tax teams, implement this policy locally. Chief Financial Officers, with support from internal audit, are also responsible for ensuring that the controls and procedures underpinning this policy are in place, and are regularly updated and executed.

The internal control and risk management systems put in place by Bouygues and described in its Registration Document also apply to its tax management. These help to prevent, identify and control the main tax risk factors