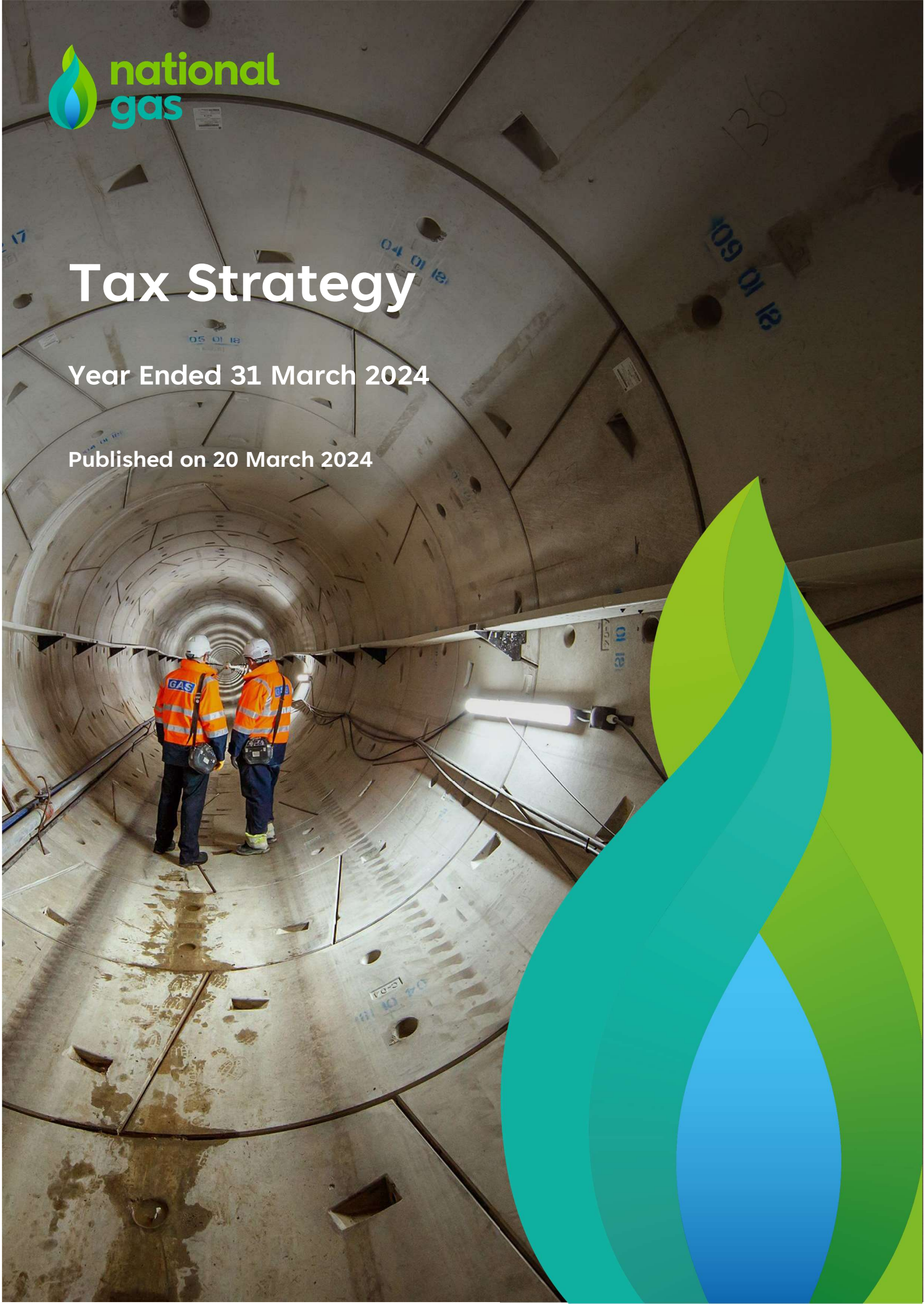




Tax Strategy

Year Ended 31 March 2024

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Tax Strategy

This document has been prepared and published in accordance with paragraph 16(2) of Schedule 19, Finance Act 2016 on behalf of National Gas Transmission plc and its fellow group members listed in appendix A, in respect of the year ended 31 March 2024. It was approved by the Board of Directors on 18 March 2024.

Who we are

National Gas consists of three businesses - National Gas Transmission, National Gas Metering and National Gas Services.

National Gas Transmission is the backbone of Britain's energy system today and we are working to play a leading role in the transition to a clean energy future that works for every home and business. We own and operate the national gas network, delivering energy to where it is needed in every part of the country.

Gas is currently a critical part of Britain's energy needs. We keep households warm and underpin their quality of life. For business, we fuel growth and innovation, and we are looking to the future by developing the hydrogen transmission system of tomorrow.

National Gas Metering maintains and manages domestic, industrial and commercial combined gas assets across the UK, enabling homes and industry to access the energy they need safely and reliably. We support new connections and maintain existing installations.

As the largest asset manager of residential, industrial and commercial gas meters in Great Britain, we offer a broad range of metering services to the highest safety and quality standards, while using the most advanced engineering technologies and methods.

National Gas Services is Britain's trusted authority in pipeline repair, maintenance and intervention. With our extensive expertise in both emergency and planned solutions, we ensure rapid 24-hour responses, 365 days a year - along with a full range of maintenance, inspection and repair services. We have six strategically positioned depots across England, Scotland and Wales, enabling us to serve customers nationwide.

Our approach to tax

As a regulated public utility, we are conscious of the need to manage our tax affairs responsibly in the eyes of our stakeholders. The way we do this is governed by the following principles:

- We aim to comply with all relevant tax laws, regulations and tax reporting requirements.
- We do not enter into artificial arrangements that lack commercial purpose or where the sole purpose is to achieve tax savings.
- We do not enter into arrangements that could have a negative effect on the Group's reputation, brand, environmental and social governance frameworks, or relationships with stakeholders such as HMRC and Ofgem
- We take a conservative approach to tax risk. However, there is no prescriptive or pre-defined limit to the amount of acceptable tax risk.
- We seek to work with tax authorities on a real-time basis and maintain a collaborative and open relationship.

Our approach to tax is consistent with the Group's broader commitments to doing business responsibly and upholding the highest ethical standards.

Governance and management of tax risk

Roles and responsibilities

Executive responsibility for the Group's tax affairs, including the application of our tax strategy, is held by the Chief Financial Officer, who provides regular updates to the Board of Directors on tax matters affecting the Group. The Board of Directors is responsible for authorising any material tax transactions.

Day-to-day tax responsibility is delegated to the Head of Tax who is supported by a team of qualified and experienced tax professionals.

Decisions relating to tax matters are made at the appropriate level based on the value and potential impact on the business. They follow the Group's delegation of authority procedures and are supported by appropriate documentation and, where necessary, external advice from appropriate professional service providers.

Internal control and risk management framework

Our risk management process provides reasonable assurance that we understand, monitor and manage any potential risks and opportunities that could impact the delivery of our strategic objectives, including our tax affairs. Through the National Gas governance framework we can consistently identify, assess, prioritise and manage risks. A robust controls framework is in place to manage any risks that are identified, and key controls are assessed for the effectiveness of their design and operation to ensure they adequately manage our risks. We may implement additional controls/processes if necessary.

The Group tax department work with the business to ensure comprehensive understanding of our approach to tax risk management. By adopting this business partnering approach and proactively engaging with internal stakeholders, we ensure that tax is always considered when undertaking business decisions.

Level of acceptable tax risk

We assess the level of acceptable tax risk on a case by case basis within our governance framework and risk appetite, as set by the Board of Directors.

When assessing tax risk, we consider the following equally important considerations:

- scale;
- complexity;
- our reputational risk;
- our corporate responsibility obligations; and
- impact on our stakeholders.

If we believe a tax position is uncertain, we apply appropriate risk assessment procedures so that we follow appropriate governance. We may seek the opinion of reputable professional advisers, and where necessary, seek clearance from the relevant tax authority.

We take a conservative approach to tax risk. However, there is no prescriptive or pre-defined limit to the amount of acceptable tax risk.

Attitude to tax planning

Our reputation, corporate social responsibilities and brand are crucial considerations when dealing with tax matters. We will not enter into arrangements that could have a negative effect on the Group's reputation, brand, corporate and social responsibilities, or relationships with stakeholders such as HMRC and Ofgem.

We take legislative and regulatory requirements into account, as well as their tax consequences when we are considering business developments. We consider the tax implications as early as we can in our business decision making. We aim to comply with all relevant tax laws, regulations and tax reporting requirements. We do not enter into artificial arrangements that lack commercial purpose or where the sole purpose is to achieve tax savings.

We do not have operations in tax havens or low tax jurisdictions without commercial purpose. We will claim valid tax reliefs and incentives where these are applicable to our business operations, in accordance with the relevant tax legislation.

Approach to dealings with tax authorities

We seek to work with tax authorities in real time, and maintain a collaborative and open relationship. This includes regular meetings and communications, and updates on developments in our business. We may also seek advance clearance from the relevant tax authority on significant or relevant tax matters so that we can reduce the risk of incorrect treatment for tax purposes. We engage proactively in developments of external tax policy and engage with relevant bodies where appropriate.

Appendix A – schedule of entities

GasT Topco Ltd

GasT Pledgeco Ltd

GasT Midco Ltd

National Gas Transmission Holdings Ltd

National Gas Transmission plc

National Gas Metering Ltd

National Gas Transmission Pension Trustee Ltd

National Gas Transmission Pension Scheme Nominee Company One Ltd

National Gas Transmission Pension Scheme Nominee Company Two Ltd