

Sinochem Group companies in the UK – Tax Strategy

This tax strategy has been published in accordance with section 19 (2) of Schedule 19 of the United Kingdom's Finance Act 2016 in respect of Sinochem companies resident in the United Kingdom for the financial year ending 31 December 2020.

This strategy has been approved by the Board of Directors of each of the UK entities to which it applies.

Our Business

Sinochem Group was founded in 1950 in China. It is one of China's four state oil companies, and is a leading chemical service provider, the largest agricultural product manufacturer in China (fertilizer, seed and agrochemicals), as well as an integrated modern agricultural operator. The Group's principal activities during the year in the United Kingdom were the exploration and production of hydrocarbons in Colombia, trading of petroleum products and acting as an agent in the sale of fertilizer to China.

The Group has established five Strategic Business Units ('SBU's'), namely energy, chemicals, agriculture, real estate and finance. It operates more than 300 subsidiaries around the world. Our SBU's present in the United Kingdom are energy and agriculture.

Click [here](#) for more information on our business.

We are represented on the Board of the China Chamber of Commerce in the United Kingdom and we aim to promote the bilateral development of trade and investment between China and the United Kingdom. We aim to be:

- A role model with "Advanced technologies, Energy conservation, Environmental friendliness";
- A staunch force in safeguarding national energy security, agriculture, security and technological progress of chemical industry; and
- A respectable conglomerate having global influence and strictly fulfilling by social responsibilities.

Click [here](#) to read our Mission Statement

In line with our commitment to corporate social responsibility, we endeavour to ensure the integrity of our tax affairs and to ensure compliance with all our tax obligations in the United Kingdom.

Our approach to risk management and governance arrangements in relation to UK taxation

In the United Kingdom, the Board of Directors of each entity is ultimately accountable for tax. The responsibility for day to day tax matters is delegated to the UK tax and finance functions.

We are risk adverse and have robust controls in place in order to mitigate tax risks. Tax matters are escalated to Directors as required in meetings with the UK tax function, enabling the Board of Directors to have visibility and control over tax matters. We will also seek professional tax advice when we consider any transaction to be either outside the normal course of our business or a complex tax matter. The advice we receive from third party advisers is communicated to the Board

of Directors and the Senior Accounting Officer, who is the person who has overall responsibility for the accounting arrangements of the UK entities.

The level of risk in relation to UK taxation that we are prepared to accept

We have a low tolerance for tax risk in the United Kingdom. We implement robust procedures to minimise any tax risk and ensure that the Board of Directors has an appropriate level of oversight on tax matters. Where we encounter any uncertain tax matters, we seek advice from a professional third party adviser to minimise tax risk.

Our attitude towards tax planning

We ensure that transactions we enter are in line with our commercial rationale, and tax is just one of the commercial factors that we consider when entering into a transaction. We seek to comply with all applicable tax law and utilise available tax allowances in the spirit in which they were intended by the legislation. Any tax planning is carried out under the scrutiny of the Board of Directors and reflects our aim of ensuring the integrity of our approach to tax across the Group.

Approach towards our dealings with HMRC

In the United Kingdom, we have an open, honest and transparent relationship with HMRC across all taxes. We regularly liaise with our Customer Relationship Manager to discuss business changes, significant tax developments and to reach an agreement on certain tax positions.