

# Air Liquide UK Group's tax strategy

December 2018

## Introduction

Finance Act 2016, which received Royal Assent on 15 September 2016, introduced legislation which requires groups of a certain size to publish their tax strategy, or parts of their strategy, which are relevant to UK taxation. This document sets out the UK Air Liquide Group's ('the UK Group') approach to UK taxation in accordance with the requirements of Paragraph 16(2), Schedule 19, Finance Act 2016 and covers the entities listed in Appendix 1. The published tax strategy must cover the following areas (all in relation to UK taxation):

- Approach to risk management and governance arrangements
- Attitude towards tax planning
- Level of risk tolerated
- Approach toward dealing with HM Revenue & Customs ('HMRC')

The purpose of this document is to set out the UK Group's policy and approach to UK taxation. This document applies to the accounting year ending 31 December 2017. We will review our tax strategy annually and any amendments will be approved by the Board.

This strategy covers all

## The UK Group

The UK Group consists of subsidiaries of the wider Air Liquide global Group ('Air Liquide Group') which is headquartered in France. Air Liquide, established in 1902, is the world's largest supplier of gases and related products and services, employing around 65,000 workers globally.

The UK Group operates through a number of different companies, under established brand names, including Energas, Calgaz and Air Liquide – providing gas-related supplies and services including specialist gas supplies, healthcare supplies and equipment hire and services to the oil and gas industry.

As a UK Group we are committed to creating long-term shareholder value through the responsible, sustainable and efficient delivery of our key business objectives. We therefore adopt an approach to tax that supports this strategy and balances the interests of our key stakeholders – employees, suppliers, customers and the wider community. We aim to pursue a tax strategy that is aligned with the Air Liquide Group's overall business strategy.

## Approach to risk management and governance arrangements

The senior management team that run the majority of the UK Group companies, including the Chief Financial Officers ('CFO'), are ultimately responsible for the management of the UK Group's tax affairs. The day to day responsibility for tax governance and strategy lies with the UK CFO. The CFO is supported by the local UK finance team in carrying out his responsibilities.

A sub-group within the UK Group, consisting of three companies which provide gas-related services and equipment hire to the oil and gas industry, operate under a different CFO, being part of a

different international cluster sub-group within the wider Air Liquide Group. These companies utilise the services of the same tax advisers as the rest of the UK Group in order to ensure consistency of approach in the UK Group's tax compliance.

Air Liquide's international board has little or no active involvement in the UK tax affairs of the UK Group, other than in relation to establishing transfer pricing policies for the Air Liquide Group as a whole. Occasionally, requests for information or guidance are sent out by the Board, but in practice there is little intervention from the parent company.

Tax risks are managed by various accounting procedures and controls, including segregation of duties within the team, strict authorisation procedures with different access levels applying to different systems. These controls ensure tax risks are appropriately identified and managed. The existing technical expertise and ongoing professional development of staff within the local finance team is also key in managing risks. The finance team is supported by external advisers when there is a perceived need for specialist guidance in respect of potentially complex or uncertain tax matters. All corporate tax compliance for the UK Group is managed by these advisers.

In the event that a tax risk is identified, it would first be addressed in the UK directly, often in liaison with external advisers. If a risk was identified that could not be resolved by the UK team, it would then be escalated to the Group for consideration. The Directors of the parent company, Air Liquide S.A., would ultimately have the final decision in any matter that had tax implications for the Air Liquide Group as a whole, but in any event would ensure that their decision did not result in any breach of local regulations or legislation.

### Attitude to tax planning

The UK Group has a low appetite for risk in respect of taxation and seeks to minimise the risk of uncertainty or of disputes. The UK Group aim to comply with all relevant national laws, regulations and reporting requirements in the UK. We will seek to use tax incentives and reliefs where appropriate, however, it is not our policy to enter into any aggressive or abusive tax planning. Guidance is sought from external tax advisers regarding those acceptable tax savings and benefits that are available to the company.

### Level of tax risk

There are no prescribed levels of tolerable tax risk in place. Tax risks may occasionally arise in the UK Group, however, as described above, the Air Liquide Group as a whole is tax risk-averse, and will work with the relevant tax authorities to identify and follow a fully compliant solution to any issues that may arise.

Stakeholders expect the activities of the Company to be carried out in accordance with national laws, including tax law, and do not exert any influence over the tax risks of the business.

### Approach toward dealing with HMRC

The UK Group has only recently grown to a level of turnover whereby it should be allocated a Customer Relationship Manager by HMRC. As a result, to date the UK Group has had limited interaction with HMRC, however, we are committed to fostering a constructive and transparent relationship with the UK tax authorities. We seek to communicate openly and honestly to resolve any queries arising. In the occasional instance where minor issues do arise, we work constructively and proactively with HMRC with a view to achieving an early resolution. The UK Group's aim at all

times is to act in accordance with all relevant laws and disclosure requirements as prescribed by UK tax law.

## Appendix 1

The UK Group includes the following companies;

<b>Company Name</b>	<b>Registered Number</b>
1 Air Liquide UK Limited	00232592
2 Air Liquide Limited	02103630
3 Air Liquide (Homecare) Limited	02230411
4 Energas Limited	01603643
5 Engineering and Welding Supplies Limited	00815796
6 Air Liquide Oil and Gas Services Limited	08811231
7 Horizon Speciality Leasing Limited	06727582
8 Oilfield Hire and Services Limited	04364285
9 Calgaz Limited	05142404
10 Two Wolves Holdings Limited	05939299
11 PDP Couriers Limited	03341254
12 Schulke & Mayr UK Limited	02987168
13 Alizent UK Limited	07869379
14 Air Liquide Advanced Business and Technologies Limited	08676392
15 Air Liquide UK Pension Trustees Limited	03668663
16 Midland Welding Supply Company Limited	00391717
17 East Midland Welding Supply Company Limited	02778379