



China Aviation Oil (Singapore) Corporation Ltd  
European Operations  
**UK Tax Strategy**

This document sets out the strategic tax objectives  
of China Aviation Oil's European Operations

# UK Tax Strategy

This document details the UK tax strategy of China Aviation Oil (Singapore) Corporation Ltd's European Operations ("CAO European Operations") which comprises China Aviation Oil (Europe) Limited ("CAOE") and China Aviation Fuel (Europe) Limited ("CAFEU") and has been published to comply with the duty under paragraph 22(2) of Schedule 19 of the UK Finance Act 2016 in respect of our current financial year. The UK tax strategy applies to all UK taxation matters of CAO European Operations, and has been reviewed and approved by the Boards of CAOE and CAFEU.

CAOE and CAFEU are wholly owned subsidiaries of China Aviation Oil (Singapore) Corporation Ltd ("CAO"). CAO is one of the largest physical jet fuel traders in the Asia Pacific region and the key supplier of imported jet fuel to China's civil aviation industry. CAO is headquartered in Singapore with global operations spanning key aviation markets in Asia, North America, Europe and an entrenched presence in China. CAO European Operations entails international trading and supply of jet fuel and other oil products.

We see it as our corporate responsibility to create lasting value for all stakeholders and are committed to conduct business in a responsible, legal, ethical and sustainable manner to achieve consistent growth and business performance wherever we do business globally. Our overall vision for tax is to manage risks appropriately in order to remain compliant, allowing us to achieve our wider corporate objectives of driving growth to deliver sustainable shareholder value.

***Risk management is an important cornerstone of the CAO European Operations, and we aim to continue operating a strong and effective foundation of risk management infrastructure***

We recognise the importance of good corporate governance and risk management processes in order to achieve sustainable value creation. We ensure that high standards of corporate governance, compliance and internal audit, as well as robust risk management are deeply entrenched within the organisation.

We operate in line with the CAO group's risk management framework, which comprises risk management policies, guidelines, procedures, processes, limits, as well as systems of internal control, which are put in place to identify, measure and control various risks, including taxation risk. There is a three-tier management and control structure which sets out responsibilities at Board, Management and operational level, and an established system of compliance oversight and internal controls based on the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") framework. Taxation risk, in particular, is managed in line with the CAO group's risk management framework and is considered comprehensively through the assessment of the operation and legal risk types. The defined corporate governance structure ensures that tax information and risk are reported and escalated appropriately.

The General Manager, or the equivalent, and the Finance Manager of CAO European Operations are responsible for the implementation of the group risk management framework for CAO European Operations, and the day-to-day management and oversight of UK taxation risks, with the support of external tax advisers. Tax risk management activities form part of work to comply with the UK's Senior Accounting Officer ("SAO") legislation, and include the ongoing identification and assessment of UK taxation risks taking into account the size and complexity of CAO European Operations, and the development and monitoring of an internal control system to ensure UK taxation risk is managed in line with the tax risk appetite. Tax risks and mitigating controls are documented in risk and control matrices prepared through a formal process undertaken in consultation with external tax advisers.

Tax risk appetite of CAO European Operations is aligned with the CAO Code of Conduct and Ethics, and is consistent with the overall business objective to create lasting value for all stakeholders. Failure to mitigate tax risks could pose reputational risks to the Group and hinder sustainable growth and development. We take on a prudent approach in managing risk, and is focused on ensuring full compliance with all applicable tax legislation (including the UK), and obtaining certainty of compliance through engagement, where required, with qualified external tax advisers and Her Majesty's Revenue and Customs ("HMRC"). Any tax risks identified are immediately communicated and escalated to CAO Senior Management and all relevant functional departments in CAO.

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***We see it as our corporate responsibility to create lasting value for all stakeholders and are committed to conduct business in a responsible, legal, ethical and sustainable manner***

We are committed to being a responsible corporate citizen. All employees, are required to comply with the CAO Code of Conduct and Ethics which requires that business is conducted in accordance with good practice, high ethical standards and in compliance with all applicable laws and regulations. Behaviours that might be viewed unfavourably by current or potential customers or by the public at large are expressly prohibited.

Our primary aim is to create sustainable value for all stakeholders. Only commercial business transactions are undertaken, and any tax planning is considered in the context of the Code of Conduct and Ethics to support the objective to create lasting value for all stakeholders. We do not enter into any artificial transactions with the intention of saving tax, or structure commercial transactions in a way which may cause reputational damage or negatively impact its stakeholders. Government sponsored tax incentives and reliefs will be utilised where CAO E and CAFEU may be eligible.

We are focused on obtaining certainty of compliance with tax legislation through engagement, where required, with qualified external tax advisers and HMRC. We seek the advice of qualified external tax advisers in situations where the application of tax legislation is unclear or where a skills or resource gap is identified in our internal team, to ensure statutory and legislative tax obligations are met. Appointment of qualified external tax advisers must be recommended by the General Manager, or equivalent, of CAO European Operations and approved by CAO Senior Management. Any advice obtained is reviewed and approved by the General Manager, or equivalent, of CAO European Operations and CAO Senior Management for its compliance with this tax strategy.

Any transactions between CAO E and CAFEU and other CAO Group companies are undertaken in line with the OECD's Arms Length principle.

***As success is built on integrity, we aim to build long term trust and relationships with our stakeholders, including HMRC***

We believe that creating value and having engaging conversations with our various stakeholders is essential to the sustainable success of the group. We will seek to communicate with HMRC in a clear, unambiguous and professional manner to develop a transparent, professional relationship.

Where required, current, future and past tax risks, and tax events will be discussed with HMRC, and comprehensive information provided in a timely manner in the interests of developing our relationship and seeking the timely resolution of any queries. In the event of uncertainty over the interpretation of tax law, we will engage in a constructive dialogue with HMRC and external tax advisors to attain clarity.