Sinopec Century Bright Capital Investment (UK) Ltd. – UK Tax Risk Policy

1. Introduction

China Petrochemical Corporation ("Sinopec") and its subsidiaries is a China state owned petroleum and petrochemical group ("Sinopec Group"). Sinopec is the majority shareholder of the publicly traded company, China Petroleum & Chemical Corporation ("Sinopec Corp"), whose principal operations are exploration, production, import and export of petrochemical and chemical products.

Sinopec Century Bright Capital Investment Limited ("SCBC" or SCBC HK") is a wholly owned subsidiary of Sinopec Group incorporated in Hong Kong. SCBC HK is set up as an offshore settlement centre for centralized cash management for Sinopec Group members ("Sinopec OpCos"). SCBC HK has wholly-owned subsidiaries in different jurisdictions, e.g. Singapore, the UK and the US etc., all of which are mainly engaged in overseas capital operations and cash management with a focus on business needs of the Sinopec OpCos in the relevant regions.

SCBC regards the publication of this UK tax risk policy as complying with its duty under paragraph 19(2) of Schedule 19 of the Finance Act 2016 in respect of financial year ended 31 December 2019. This UK tax risk policy covers all relevant UK taxes, including: Corporation Tax, Payroll Taxes (including Income Tax and NIC) and VAT.

2. Objectives of the Tax Risk Policy Document

1) To set out the principles that govern the company's approach to tax matters generally, including management of tax risks;
2) To set out the company's governance framework in respect of tax matters.

3. Principles of Tax Risk Management (Tax Principles)

The company's management will use the following principles as reference points when determining specific policies and courses of action in respect of taxes that the company is subject to:

1) The company is committed to complying with all relevant laws at all times;
2) The company's tax policy will be informed by, and consistent with, the wider tax policy of Sinopec Corp.;
3) The company's management is responsible for the management and control the company's tax risk (including reputational risk);
4) We engage in efficient tax planning (including incentives and reliefs) to support our business and reflect wider commercial objectives of Sinopec Corp.;
5) We support the principle of transparency that increase understanding and build public trust;
6) We seek to build and sustain constructive and professional relationships with governments and fiscal authorities and work collaboratively wherever possible based on mutual respect.

The company’s tax principles are to be adopted in the day to day business of the company. In order to achieve this, appropriate processes, controls and approval procedures will be implemented and maintained.

4. Working with HMRC

We maintain open and constructive relationships with HM Revenue and Customs (HMRC) and other tax authorities (where appropriate). The company will respond to specific requests for information by HMRC and will provide relevant disclosure based on mutual understandings.

5. Tax risk management

We follow Sinopec Group's tax risk management policy. We identify, assess and manage tax risks and account for them appropriately. We implement risk management measures including controls and monitor over the compliance processes.

We report on a periodic basis to the company’s risk committee on how tax risks are managed, monitored and assured and on improvements that are being made. In this way, the company’s risk committee provides governance and oversight of tax risks.
Whilst there is no defined level of tax risk appetite, SCBC’s approach to UK taxation is compliance focused and managed in line with the Sinopec Group’s Corporate Values.

6. Governance

The Board of Directors of the company will oversee the operation of this policy and ensure compliance with the principles. The Senior Accounting Officer of the company is responsible for ensuring the policies and procedures that support the principles are in place, maintained and used consistently.

This tax strategy has been discussed and approved as effective in 2020 by a meeting of the Board of Directors.

This policy document is to be reviewed annually for major changes in UK tax law, changes in group operations and policy.