



# UK Tax Strategy



## **TOTAL GROUP - PUBLICATION OF UK TAX STRATEGY - SCHEDULE 19 FINANCE ACT 2016**

The undernoted TOTAL worldwide tax policy and the UK specific tax policy is regarded as satisfying the statutory obligation under Paragraph 19(2) of Schedule 19 Finance Act 2016 (“UK sub-groups”) for all UK affiliates of the TOTAL group. It is effective for the year ending 31 December 2017.

### **TOTAL - WORLDWIDE TAX POLICY**

Tax payments of TOTAL represent a substantial part of our group’s economic contribution to the countries in which we operate.

TOTAL is mindful of its responsibility and is committed to paying its fair share of taxes to the host countries of its operations, in compliance with applicable laws and conventions and in accordance with our Code of Conduct.

Our intercompany transactions are thus based on arm’s length terms and our tax strategy is aligned with our business strategy. The formation of affiliates worldwide is driven by business operations, as well as regulatory constraints and JV requirements. It is the Group’s long term commitment not to create affiliates in countries generally acknowledged as tax havens and to repatriate or liquidate existing affiliates, where feasible.

Our tax policy’s prime focus is certainty and sustainability in the long term. We believe that the expected short term tax benefit derived from artificial or aggressive tax planning will often be outweighed by the reputational and future tax litigation risks inherent in such schemes.

The Group takes a responsible approach to the management and control of taxation issues, relying on well-documented and controlled processes to manage risk and ensure compliance with tax disclosure and filing obligations. The management of tax risks is fully integrated in the Group’s global risk governance process. As part of this process, the Group VP Tax regularly reports to the Audit Committee and the Group Risk Committee on TOTAL’s global tax position, risk monitoring and associated improvement actions.

We engage with a broad range of stakeholders, and especially with tax authorities, in a timely, transparent and professional manner which is the basis of a constructive and long term relationship.

As a permanent member of the Extractive Industries Transparency Initiative (EITI) since its creation in 2002, Total fully supports initiatives for greater transparency and accountability. We encourage governments to ensure that the tax reporting obligations they will impose upon multinational groups are consistent, coordinated and proportionate.

Total publishes in its Registration Document an annual report covering the payments made by the Group’s extractive affiliates to governments and the full list of its consolidated entities, together with their countries of incorporation and of operations.

## **UK SPECIFIC COMMENTS**

In addition to the above TOTAL Worldwide Group Tax Policy, the following comments are specific to the Total Group in the UK.

### **Introduction**

The Total Group in the UK is committed to compliance with the UK tax laws, rules and regulations in accordance with the above TOTAL Worldwide Group Tax Policy including:

- (a) paying the amount of tax which is legally due at the correct time
- (b) engaging with the UK Tax Authorities in real-time

## **1. Approach of the UK Group to risk management and governance arrangements**

### ***Risk management***

The UK subsidiaries have effective, well-documented and controlled processes to manage risk and ensure compliance with tax disclosure and filing obligations.

### ***Governance arrangements***

All major decisions (for example, involving acquisitions / disposals / restructurings) include a tax analysis undertaken at an appropriate level requiring Finance Director and Board approval if necessary. The tax analysis will document the facts, conclusions and tax risks involved.

The UK Group Tax Department will also, from time to time, engage external advisors to provide opinions on the tax impact of transactions where the interpretation of tax law is uncertain to confirm compliance with UK tax laws and any filing requirements. Advance clearances may also be sought from HM Revenue & Customs (HMRC).

## **2. Attitude of the UK Group towards tax planning**

The Total Group in the UK does not take part in artificial or aggressive tax planning. The Total Group in the UK will however seek to manage its commercial affairs in a tax efficient manner.

## **3. Level of risk in relation to UK taxation that the group is willing to accept**

The Total Group in the UK has no set level of tax risk that it is willing to accept. Transactions are undertaken for commercial and economic business reasons however some transactions will involve an element of tax risk.

## **4. Approach of the UK Group towards its dealings with HMRC**

The Total Group in the UK:

- (a) is committed to being open with HMRC
- (b) has regular contact with the HMRC Customer Relationship Manager to keep HMRC up-to-date with current developments in the UK businesses
- (c) engages with HMRC with honesty, respect, fairness and a spirit of co-operation