



## **Saint-Gobain UK UK Tax Strategy Statement**

### **Introduction**

Saint-Gobain businesses in the UK comply fully with the policies and principles set out by the group parent company Compagnie de Saint-Gobain. Compagnie de Saint-Gobain is resident in France, is a member of the CAC 40, and its shares are publicly quoted on the Paris Bourse. The group trades in 70 countries worldwide.

The UK holding companies, Saint-Gobain Limited and Saint-Gobain Aldwych Limited, regard the following statement as complying in full with their duty to publish a UK group tax strategy on behalf of Compagnie de Saint-Gobain for the year ended 2020.

UK group subsidiaries carry out a wide range of manufacturing and distribution activities reflecting the activities of the global Saint-Gobain group as a worldwide leader in the manufacture and distribution of building products. The UK group employs around 17,000 in its various UK businesses, including over 45 manufacturing sites and approximately a 1,000 distribution outlets in the UK and Ireland.

Policies and principles are contained in the group internal control procedures, are adopted by all entities within the worldwide group, and are supported by the Principles of Conduct and Action which are required to be followed by all group employees.

Full details of the internal control and risk management framework adopted by Compagnie de Saint-Gobain are set out in the Group Financial and Corporate Social Responsibility Report, which is published annually as part of the Group Registration Document and available on the Compagnie de Saint-Gobain website. Tax risks are not identified separately from other business risks.

The Chairman of the Board of Directors of Compagnie de Saint-Gobain is required by the French Commercial Code to report annually on internal control and risk management procedures relating to the preparation and processing of financial and accounting information. The statutory Audit Report thereon as required by L225-235 of the French Commercial Code is included at p183 of the Registration Document for 2019.

### **Approach to Management of UK Tax Risk**

In addition to meeting their group reporting obligations relating to risk management and internal controls, the UK businesses seek to fulfil their tax obligations, including filing of Returns, payment of taxes and reporting within the time limits to fully comply with UK tax laws.

The UK group has well documented internal procedures regarding management and control of tax matters and employs a team of experienced tax professionals to implement and monitor these procedures and assist the group in all matters relating to UK taxation. The team is managed by the UK & Ireland Tax Manager, reporting to the UK & Ireland Finance Director. Should a tax issue arise that is too complex or requires additional technical expertise, external advice may be sought from a range of advisers with the required experience and knowledge of the group's activities.

The UK group has fully complied with the Senior Accounting Officer ("SAO") regime since its introduction in 2010. As part of the SAO review process each year, the tax team issue a questionnaire to all relevant UK businesses requesting confirmation on key taxation procedures and controls. Based on the responses, further review work is undertaken by the UK tax team, with the assistance of the

UK Business Controls team and external consultants, to ensure that appropriate systems testing is undertaken to verify that businesses are fully complying with their tax obligations. As part of the SAO process during 2020, the proposed amendments to the IR35 provisions for the private sector were included, prior to their proposed introduction. This allows the group to assess the position prior to the introduction of the proposed changes.

2020 has obviously provided challenges for Saint-Gobain around the globe and in the UK while continuing to operate in the Covid-19 environment. The tax department in the UK have provided assistance to the UK businesses and liaised with HMRC regarding the support available to our businesses. The environment has provided challenges to adapt to new ways of working while maintaining the strong controls environment expected of the group. During the period we have used external advisors to provide expertise regarding specific complex areas and therefore providing additional assurance to our procedures and operations.

We continue to review what external support can be provided to the business in a cost effective manner and how technology can assist in our processes. The developments of Making Tax Digital will continue to make us review our current processes and assist in creating greater efficiency within the group by the further utilisation of technology.

2020 also sees the end of the Transition Period for the UK leaving the European Union on 31 December. This has created further work in identifying potential additional tax liabilities, primarily Customs Duties payable on imported goods from the EU. The tax department has provided advice to the businesses and utilised external support when required. Appropriate action has been taken within the existing and new UK tax legislation to help mitigate such costs.

### **Attitude to Tax Planning**

Saint-Gobain takes the view that tax mitigation is only appropriate within the context of commercial transactions. Transactions are never undertaken for entirely tax-driven motives. In the UK, the group will seek to minimise the tax paid by UK businesses by claiming all available reliefs under UK tax law. The group strives to streamline its group structure wherever possible to minimise compliance costs, and has an ongoing objective of eliminating by striking off or liquidation, corporate entities serving no valuable commercial purpose.

### **Attitude to Tax Risk**

When a business undertakes a business acquisition, disposal or reorganisation, a formal group review procedure is undertaken and part of the process is to review the tax consequences of the transaction or series of transactions. The tax risks of contentious or complex issues will be considered in advance with the relevant business management. Should such transactions require approval at regional or group level, a fully documented request will be submitted to the Board of Compagnie de Saint-Gobain for approval.

### **Approach to Relationship with HMRC**

Our internal control procedures enable the effect of new and anticipated legislation to be analysed and monitored to assess potential tax liabilities arising in relation to present and future commercial arrangements, so that material unexpected tax exposures are minimised as far as possible.

Areas of tax uncertainty are fully documented and where appropriate discussed with HMRC to confirm treatment prior to filing of Returns. Where possible, advance clearances will be applied for from HMRC.

Saint-Gobain in the UK aims to discuss any contentious issues with HMRC prior to filing so they can be resolved in real-time rather than after the event. Saint-Gobain have requested confirmation of uncertain areas from HMRC a number of times and kept HMRC informed of changes in the group as well as responding in a timely fashion to any questions raised by HMRC.

Saint-Gobain believes it is essential to maintain a good working relationship with HMRC and seeks actively to ensure appropriate procedures are in place to merit a low risk status from HMRC. The tax team are in regular telephone and email contact with the HMRC Customer Compliance Manager and large business team to discuss current issues, and formal meetings are held once or twice annually to resolve any outstanding issues. The Group is happy to provide HMRC with further information and explanations to resolve issues in real-time and also expects to receive similar co-operation from HMRC in return.

#### **UK Taxes Collected and Paid to HMRC (Year to 31 December 2019)**

	<b>£M</b>
VAT	233
PAYE / NIC	165
Corporation Tax	17
Customs Duties	3
Environmental Taxes	<u>1</u>
	<u>419</u>