

UK TAX STRATEGY

AIR FRANCE 2017

Air France is a leading global player in its three main areas of activity: passenger transport, cargo transport and aircraft maintenance. From its hubs at Paris-Orly and Paris-Charles de Gaulle airports, the airline operates flights to more than 320 destinations and 118 countries. Air France is a founding member of the SkyTeam global alliance, alongside Korean Air, Aeromexico and Delta. With KLM, it is the leading group in terms of intercontinental traffic on departure from Europe.

In the UK, Air France has a branch office with the registered address being:

Plesman House
2a Cains Lane,
Bedfont, Middlesex
TW14 9RL
United Kingdom

Air France – UTR number: 1309020054

In addition, AF owns the following UK subsidiaries:

- H.C.H (Heathrow cargo handling) – UTR number 03076274 – 50% ownership
- Newrest Servair Holding LCY UK limited – UTR 2243021696 - 25% ownership
- Newrest servair LCY UK Ltd – UTR 9031821567 - 20% ownership

Hereinafter, AF's UK branch office and the subsidiaries jointly are referred to as the AF UK.

• Management and governance

AF UK has a strong tax policy in force and based on secured efficiency and compliance. Internal policies issued from Sox models are in force for main taxes (CIT, VAT, business tax, ticket taxes). AF UK aims to comply with the spirit as well as the letter of the law and regulations and to act at all times in accordance with applicable local, national and international laws, regulations and guidelines. Employees are required to observe and comply with these rules and cannot deviate from this requirement.

Entities are subject to general tax obligations and publications and are subject to external tax controls both in main countries and around the world (more than 100 countries). Tax obligations are well organized and documented, including transfer pricing policy. Tax issues and processes are controlled by internal and external auditors.

- **Attitude towards UK tax planning and tax risk**

AF UK adopts a conservative approach and will only be involved in tax planning to the extent that it supports commercial activities. It pays fully attention to be in line with both the local and international law (double tax treaties, OECD and UN guidelines) and to prevent fiscal evasion.

It is important to mention that international transport income tax is ruled by the international principle defined by the OECD recommendations (as in the UN model) and largely implanted in the international treaties which determine the place of taxation for international transport services and related ancillaries activities. This profit of such activities is taxable at the place of effective management (i.e. France).

Where uncertainty over interpretation of tax laws arises, AF UK may use external advisors and request HMRC advise, if necessary, in order to minimize uncertainty and risk.

- **Approach towards its dealings with HMRC**

AF UK has a policy towards HMRC to be transparent and pro-active in all interactions. It tries to maintain a good and open relationship, as well as clear communication. If and where appropriate and possible, AF UK will pro-actively disclose relevant information to HMRC in advance in respect of material tax events to ensure clarity, or volunteer on certain tax matters on a real time basis to minimize tax risk.

AF UK considers this document to comply with the UK legislative requirement in paragraph 16(2) and paragraph 25(1), Schedule 19, Finance Act 2016.