



Nippon Gases Tax Policy



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Tax Policy

National tax systems are crafted with the fundamental purpose of raising revenues necessary to fund public services. While this goal can be achieved in multiple ways, Nippon Sanso Holdings Corporation and its subsidiaries (collectively, the "Group" or the "NSHD Group") believe that sound tax policies should foster long term, sustainable economic growth and provide opportunity for the enterprises subject to such tax systems to compete globally on a level playing field.

The Group operates in many countries across the world, with a relevant presence in the European region where its tax contribution is substantial and similarly material, including corporate taxes, value added and sales taxes, custom duties and employee taxes that make a significant contribution to societies around the world.

It is thus the social responsibility of Nippon Gases to comply with the tax laws and regulations and contribute through tax payments to the development of all the countries where operations are carried out. Nippon Gases is committed to addressing the interests of its stakeholders through legally compliant, timely and appropriate tax payments plus proper and highly transparent tax management to ensure adequate compliance and tax payments.

To achieve this goal, Nippon Gases has the following tax policy and tax governance in place.

1. Compliance

Nippon Gases thoroughly fulfils its tax filings and the related payment obligations in the countries and regions it operates in. In doing so, Nippon Gases always complies with tax laws and regulations in these countries and regions.

Each Nippon Gases subsidiary is responsible for its own tax position so that it appropriately prepares and manages tax related documents (such as tax returns), by ensuring an appropriate system of internal controls and properly responding to tax system revisions, updated interpretations and any other situation potentially affecting filing positions. This responsibility includes, amongst others, the appropriate and timely management and reporting of tax positions, the fulfillment of tax compliance (including the appropriate and timely preparation and payment of the applicable periodic tax returns) and the implementation of an appropriate system of internal controls in order to ensure that the different tax processes are adequately controlled.



2. Transparency

Nippon Gases strives to provide transparency into its tax affairs by providing full disclosure of tax related information, in accordance with the tax laws and regulations of the countries and regions it operates in.

3. Minimization of Tax Risks

Nippon Gases is tax risk-averse and strives to minimize tax risks by appropriately responding to revisions to the tax systems and changes in the tax administrations in the countries and regions it operates in, always consulting with advisors for appropriate actions where there is complexity or uncertainty and working together with its business customers and suppliers in order to ensure transactional taxes are accurately determined and paid. In addition, the Group works with the relevant local tax authorities to identify and follow fully compliant solutions to any issues that may arise.

Stakeholders expect the activities of Nippon Gases subsidiaries to be carried out in accordance with national laws and they do not exert any influence over the tax risk analysis undertaken by the business on a permanent basis.

4. Internal controls

Tax risks are internally supervised by various accounting procedures and controls, including segregation of duties within the team and strict authorization procedures with different access levels applying to different systems. These controls ensure tax risks are appropriately identified and managed. The existing technical expertise and ongoing professional development of staff within local finance teams, supported by external advisors when there is a perceived need for specialist guidance in respect of potentially complex or uncertain tax matters, is also key in managing risks.

In the event that a tax risk is identified it is first addressed in the local country directly, often in liaison with external advisors. If the identified risk cannot be resolved by the local team, it is then escalated to the European Director and possibly NSHD for consideration, so that Nippon Gases/NSHD ultimately have the final decision in any matter that has tax implications for the NSHD Group as a whole and will ensure that the detected situation does not result in any breach of local regulations or legislation.

5. Tax Planning

Nippon Gases low appetite for risk in respect of taxation drives its permanent purpose to minimize tax related uncertainties or disputes and the aim to comply with all relevant national laws, regulations and reporting requirements. While the Group will seek to use tax incentives and reliefs where appropriate, it is not its policy to enter into aggressive or



abusive tax planning or artificial tax arrangements lacking of commercial rationale for the purpose of tax avoidance or lacking commercial rationale.

Guidance is always sought from external tax advisors regarding acceptable tax savings and tax benefits available to the company based on local legislation.

6. Transfer Pricing

The Group and Nippon Gases subsidiaries in particular give due consideration to the arm's length principle and OECD Transfer Pricing Guidelines in executing international related party transactions and ensures profits are appropriately allocated according to the functions performed, the risks borne, and the assets held by each Group company so that the Group can achieve appropriate tax payments in the countries and regions it operates in. It also follows specific local regulations of the country where the relevant subsidiary is located when determining prices of its related party transactions, so that there is full compliance with local laws and regulations on transfer pricing in the countries and regions where operations take place.

Required local transfer pricing reports and supporting documentation are prepared and available for review regarding the various inter-company transactions in order to meet local documentation requirements in the jurisdictions where subsidiaries are located.

7. Elimination of Double Taxation

The Group and Nippon Gases in particular fully support the elimination of economic double taxation (where tax is paid two or more times in different tax jurisdictions on the same source of economic income) through the continued expansion of a network of bilateral income tax treaties, which reduce barriers to cross border investment and eliminate double taxation, and through the fostering of continuous constructive dialogue between the relevant countries.

8. Relationship with Tax Authorities

Nippon Gases aims to establish and maintain sound and good relationships with the tax authorities in the countries and regions it operates through a full disclosure approach aimed at providing any information sought in a cooperative and appropriate manner, with the purpose of ensuring a collaborative working relationship and continuous constructive dialogue.

9. Tax Governance

Tax governance for the Group is ultimately the responsibility of the Chief Financial Officer (CFO) of Nippon Sanso Holdings Corporation. Practical management of tax governance is delegated in Europe to the European CFO and the European Tax Director, which supervise



the tax administration and tax risk management for Nippon Gases. If the financial affairs or business operations of any Nippon Gases group company are materially affected as a result of a tax examination by a tax authority, such company reports the details to the European CFO and the Tax Director which, if necessary, will require the Group company to adequately report the situation and potentially implement the necessary adjustments to its management and governance of the tax risks locally assumed.

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Nippon Gases Euro-Holding S.L.U.
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Revisions

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