

# **Albemarle Corporation**

## **Global Tax Strategy**

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## Introduction

The Albemarle Corporation<sup>1</sup> (“Albemarle” or “the Group”) was incorporated in Virginia in 1993. Albemarle Corporation (NYSE: ALB) leads the world in transforming essential resources into critical ingredients for mobility, energy, connectivity, and health. We partner to pioneer new ways to move, power, connect and protect with people and planet in mind.

The Global Tax Strategy (the “Strategy”) has been approved by the Board of Directors (“Board”) of Albemarle and provides governing principles with the objective of providing a global common framework for tax conduct, risk management and compliance within Albemarle.

The Strategy has been created in accordance with the tax laws and regulations of the jurisdictions in which the Group operates as well as the Organization for Economic Cooperation and Development (OECD) Transfer Pricing Guidelines and other applicable regulatory guidance.

## Scope

The Strategy applies to all Albemarle entities under the management and control of Albemarle Corporation and to all employees with a responsibility for tax risk, compliance or administration. The Strategy is valid from the date of publication until superseded. The following taxes fall within the scope of the Strategy:

- All Direct Taxes and Corporate Income Taxes;
- All Indirect Taxes including VAT, Sales and Use, GST and similar taxes;
- Withholding Taxes; and
- Property Taxes.

The Strategy is divided into two sections:

1. Albemarle’s Global Tax Strategy: The Group’s approach to tax conduct and objectives of the Tax function.
2. Albemarle’s Global Tax Principles: Principles that govern Albemarle’s tax strategy and communicate Albemarle’s position on the following topics:
  - a. Tax Accountability and Governance;
  - b. Tax Risk Management;
  - c. Tax Compliance;
  - d. Transfer Pricing;
  - e. Relationships with Tax Authorities;
  - f. Tax Planning and Business Structuring; and
  - g. Tax Incentives.

## Global Tax Strategy

Albemarle’s Global Tax Strategy is to conduct our Tax affairs in accordance with our Global Tax Principles. Albemarle’s Global Tax Principles are designed in accordance with our Core

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<sup>1</sup> Albemarle Corporation and its Subsidiaries

Values, Code of Conduct and other policies and standards that govern the conduct of our employees and have been approved by Albemarle's Board. The Strategy is reviewed on an annual basis and, in the event of material changes, the Strategy is re-submitted to the Board for approval.

Albemarle strives to comply with all applicable tax laws and regulations and to pay the appropriate amount of tax in each country in which the Group operates. The Group actively works to manage and minimize tax risks, implement appropriate tax planning strategies, and avail itself of available tax incentives to maximize cash flows, reduce business costs and enhance shareholder value.

The key objectives for Albemarle's Tax functions are as follows:

- To ensure compliance with all filing and reporting obligations;
- To manage Albemarle's tax risk and reputation;
- To maintain a stable and sustainable effective tax rate; and
- To support Albemarle's business with relevant and timely tax advice.

## **Global Tax Principles**

At Albemarle, the Tax function is regarded as an integral part of how Albemarle conducts business. Albemarle's Global Tax Principles will continue to be aligned and updated to reflect Albemarle's overall corporate strategy and appropriate resources will be applied, internally or externally, in the management of our tax position.

Albemarle's Global Tax Principles can be summarized as follows:

- Albemarle complies with tax obligations by implementing a Tax Governance Structure.
- Albemarle believes in paying the appropriate amount of tax with regard to the underlying commercial operations and available incentives.
- Albemarle applies a more-likely-than-not threshold in evaluating transactions.
- Albemarle is committed to complying with tax laws in all jurisdictions of operation.
- Albemarle aims to pay the appropriate amount of tax in jurisdictions where we operate based on the value which is created in that jurisdiction during the conduct of our business activities in accordance with the arm's length principle.
- Albemarle seeks to maintain a professional and cooperative relationship with tax authorities.
- Albemarle does not engage in transactions or structures that Albemarle views to be abusive, lacking commercial substance, inconsistent with our Core Values, Code of Conduct, or with the letter and spirit of the law.
- The Company's tax objective is to support its core and strategic objectives by being a socially responsible taxpayer.

Albemarle's Global Tax Principles are described in more detail below. Albemarle has implemented a governance framework to ensure compliance with the Global Tax Strategy.

## **Tax Accountability and Governance**

Accountability for Albemarle's Tax Strategy and management of the Group's tax risk ultimately rests with the Chief Financial Officer (CFO), with delegation from the Board. Significant tax developments and updates regarding Albemarle's tax position and risks are regularly communicated to the Board by the CFO, and Board approval is sought for updates to Tax policies and other material matters where appropriate.

The day-to-day operation of Albemarle's Tax function is the responsibility of the Global Tax department with assistance from local finance and tax teams. The Global Tax department is led by the Vice President of Tax, who reports directly to the CFO, and is staffed by qualified tax professionals with extensive tax experience. External advisors are consulted for advice on complex tax matters when deemed necessary.

The Group Tax department regularly seeks updates on tax legislative developments to ensure ongoing compliance, provides advice to the business regarding tax implications with respect to new and ongoing business initiatives and is responsible for development and implementation of the Global Tax Control Framework.

## **Tax Risk Management**

Albemarle takes a conservative approach to tax risks and considers financial risks as well as Albemarle's reputation when determining whether to enter a transaction. Albemarle assesses the following factors when considering tax risk and its impact on the Group:

- Whether the contemplated transaction and associated risks are aligned with Albemarle's Core Values;
- whether the transaction is in accordance with our Tax Strategy;
- whether Albemarle's tax position with respect to the transaction is more likely than not to be sustained upon examination by tax authorities; and
- advice obtained by Albemarle's internal and external advisors.

Albemarle's Global Tax Control Framework ensures compliance with internal policies and procedures and to identify, assess and effectively manage the Group's tax risks in alignment with the Albemarle Global Enterprise Risk Management Framework.

Our general principles on tax risk management are:

- Taxation positions and any related risks will be defined, assessed and monitored in accordance with the risk tolerance levels set out in this Strategy and in Albemarle's Global Enterprise Risk Management Framework.
- Reputational risk ranks alongside tax technical risk when assessing the adoption of tax positions.
- Tax risk is assessed proactively at the front-end of transactions, changes in business and IT systems and post-implementation.

The Vice President of Tax, with support from Country Finance Managers and the Global Tax team, is responsible for the monitoring of tax risks to ensure that new, material risks are

identified in a timely manner and existing risks remain relevant. These risks will be escalated to the Audit and Finance Committee on a quarterly basis or as needed.

## **Tax Compliance**

Albemarle is committed to ensuring that each Albemarle affiliate files complete and accurate tax returns and pays taxes within specified due dates in accordance with all applicable laws and regulations in the countries in which we operate with the help of external tax advisors. In addition, Albemarle leverages technology to support our tax processes through standardized and documented workflows and other technology advantages.

## **Transfer Pricing**

Albemarle conducts its cross-border transactions between its affiliates in accordance with the arm's length principle and documents those transactions in compliance with the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations and applicable tax laws and regulations in each country in which Albemarle operates.

## **Relationships with Tax Authorities**

Albemarle is committed to professional, transparent and collaborative relationships with tax authorities in the jurisdictions in which we operate.

The Group builds and maintains mutually respectful relationships with tax authorities by responding to audit inquiries in good faith.

If a tax dispute or difference of opinion with a tax authority arises, Albemarle makes its best efforts to resolve the dispute through dialogue or available administrative measures where possible. In the event that resolution cannot be reached, Albemarle avails itself of cross-border dispute resolution mechanisms to obtain relief from double taxation.

When appropriate, Albemarle proactively engages with tax authorities and seeks advance pricing agreements on complex tax or transfer pricing matters.

## **Tax Planning and Business Structuring**

Albemarle considers tax costs in the same way that we consider all other costs when structuring our business or entering commercial arrangements. Albemarle does not engage in transactions or structures that we view to be abusive, lacking commercial substance, inconsistent with our Core Values or inconsistent with the letter and spirit of the law.

In addition, Albemarle does not make use of tax havens for the purposes of tax avoidance.

## **Tax Incentives**

In several countries in which Albemarle operates, the governments of those countries have introduced various tax incentives aimed at attracting investment and generating economic growth.

Albemarle avails itself of tax incentives to the extent that the incentives offered fall within the scope of our normal business activities and are generally available to all qualifying market participants. While taken into consideration, available tax incentives are only one of many

factors considered when making business decisions that may have an impact on Albemarle's commercial strategies.