

## SEFE Marketing & Trading Companies in the UK Tax Strategy

SEFE Marketing & Trading Limited and its UK affiliates (collectively referred to as SEFEUK) carry on a mix of downstream, trading and retail gas marketing operations in the UK and abroad.

SEFEUK pays a broad range of UK taxes, including corporate tax, irrecoverable VAT, employer national insurance, energy taxes (e.g. climate change levy) and property taxes (e.g. stamp duty land tax), as well as taxes in other jurisdictions in which it operates.

### UK Tax Strategy for SEFEUK

In managing their liabilities and compliance obligations in relation to UK taxes, SEFEUK adheres to its UK Tax Strategy which is summarised as follows:

**SEFEUK's tax strategy is to conduct itself in a way which is in full compliance with the tax laws and practices of each jurisdiction in which it operates and which is also within an acceptable and pre-determined level of risk, with particular regard to the SEFE Group reputation. In delivering the tax strategy, SEFEUK recognises that tax is a significant global cost and, in pursuing its commercial vision, it will proactively and legitimately seek to manage this cost and eliminate double taxation through effective and efficient tax management and operations.**

The strategy comprises five key component parts:

#### 1. Commercial tax advice

The interests of the shareholder and commercial needs are paramount, and all tax advice is provided in this context. Where alternative approaches exist to achieve the same commercial result, the most tax efficient approach will be recommended, subject to due consideration of SEFEUK's tax risk parameters and ensuring that positions taken are sustainable and defensible over the long-term taking into account the interests and strategic aims the shareholder. Tax advice and planning is only provided to support genuine commercial activity, not against the intention of the law and will be correctly applied and implemented with senior management aware of all such proposals before implementation. SEFEUK will not provide tax advice that is contrived or artificial.

#### 2. Transfer Pricing arrangements and operations

SEFEUK accepts and complies with the transfer pricing legislation and recommendations established by the OECD. SEFEUK carries out transactions on an arm's length basis. Transfer pricing policies are set according to the OECD guidelines and will be consistently applied from year to year and from jurisdiction to jurisdiction. The only deviations from this policy will be to comply with local law in non-OECD countries.

### **3. Tax compliance and reporting**

Tax compliance for SEFEUK means meeting all tax return and other filing obligations on a timely basis and paying the correct amount of tax based upon applicable tax laws in all countries of operation. SEFEUK will disclose all relevant facts and circumstances to tax authorities on a timely and transparent basis. In line with this, SEFEUK strives to meet its tax compliance and associated reporting requirements around the world in the most efficient and effective manner possible.

SEFEUK strives to ensure that its taxes and tax affairs are accurately recorded in financial statements through appropriate accounting and reporting systems and internal control processes, and this information is provided to its shareholder. Timely and appropriate tax information is also provided to management to assist with commercial and financial decision making.

### **4. Tax risk management**

Proportionate to the complexity of the underlying business risks, a tax risk framework is used to identify, track and manage tax risks. This ensures that SEFEUK is operating within an acceptable level of tax risk and that unexpected tax issues that could have a material financial or reputational cost to SEFEUK or the wider SEFE group are recognised, tracked and minimised. Where there is significant uncertainty or complexity in relation to a tax risk, external advice may be sought to ensure appropriate risk assessment. SEFEUK's policy is to respond quickly to the rapidly evolving external environment and adapt promptly to operations under new conditions.

### **5. External stakeholder communication**

SEFEUK engages with HMRC and other external stakeholders with honesty, integrity and transparency. This includes disclosure of all facts and circumstances to the tax authorities on a timely and transparent basis. The aim is to ensure a positive reputation and relationship and where possible to achieve "low risk" status. SEFEUK makes an effort to maintain open and professional communications and to meet statutory and legislative tax requirements across all taxes.

### **Board oversight of the UK Tax Strategy of the SEFEUK companies**

The Tax Strategy is approved, overseen and ultimately owned by the Boards of Directors of the Gazprom companies in the UK. There are procedures in place that allow the Boards to oversee the underlying tax management processes and to ensure that appropriate status is placed on tax matters within the overall business control environment. In addition, formal tax updates are provided to the Boards periodically and there is an escalation process in place for unresolved tax issues or exceptional tax risks.

This Tax Strategy was reviewed and approved by the companies concerned. This statement is understood to meet the companies' requirement to disclose their UK tax strategy under Schedule 19 FA 2016.

### **SEFE companies in the UK covered by this strategy**

- SEFE Marketing & Trading Ltd
- SEFE Energy Ltd
- SEFE LNG Ltd

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