



## TAX POLICY

Version:	01	Effective date:	1 February 2022
Applicable to:	All employees	Control (C):	yes
Approved by:	Board of Directors	Date of approval:	28 January 2022



## Introduction and Purpose

Elementum Energy Group (“**Elementum**” or “**Company**”) commits to powering a transition to a carbon-free society with affordable, reliable, sustainable and modern energy. We also commit to ensuring that our environmental, societal, economic and governance decisions benefit future generations.

Elementum’s strategy is to pay a fair share of taxes on time in each country and territory where it operates and manage its tax burden considering the interests of all stakeholders.

This tax policy (the “**Policy**”) summarises the key principles of Elementum’s tax strategy and tax policy fundamentals, as well as its approach to tax management.

The provisions in this Policy purports to enhance compliance with effective local tax legislation and generally accepted standards and principles of and approaches to taxation.

When planning cross-border transactions involving several jurisdictions, Elementum will abide by policies, conventions, treaties, commentaries and any other documents approved by the Organisation for Economic Cooperation and Development (including, but not limited to, Model Tax Convention on Income and Capital and official Commentaries thereto, Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations and Action Plan on Base Erosion and Profit Shifting).

## Scope

This Policy applies to all Elementum employees, regardless of their department and the position they hold.

Where Elementum participates in existing joint ventures as a non-controlling shareholder, Elementum will make the other shareholder(s) specifically aware of the significance of this Policy to Elementum and encourage such shareholder(s) to implement this Policy or one of a similar standard in the joint venture.

For new minority joint venture cooperation under consideration, Elementum will strive to commit the other shareholder(s) to adopt this Policy or one of a similar standard for the joint venture.

## Policy Statements

### 1. PRINCIPLES OF TAX MANAGEMENT AND MANAGEMENT OF TAX RISKS

#### *Identification and management of tax risks*

Elementum regularly analyses whether any tax risks arise as a result of its activities. The identified tax risks and decisions taken to mitigate, manage or reduce such risks, as well as any measures taken by Elementum to prevent re-occurrence of such tax risks, are reflected in the unified register of group tax risks maintained by Elementum.

#### *Tax management*

Elementum has an effective tax management system and tax risk prevention system. Such systems are regularly reviewed to ensure compliance with current tax legislation and new market and industry practices, leading to the proper fulfilment of tax obligations. Elementum provides access to the relevant internal policies, processes, training and seminars to ensure that employees in the finance department have a sufficient understanding of the tax system.

### 2. PRINCIPLES OF TAX PLANNING



### *Tax planning*

In its business activities, Elementum uses only tax incentives and tax exemptions, which are provided by current tax legislation and meet the commercial goals of Elementum. Elementum operates in accordance with Part 3 of the Criminal Finances Act 2017.

### *Tax structuring and use of low-tax jurisdictions*

Elementum does not use low-tax jurisdictions (tax havens) for tax planning purposes. Notwithstanding the fact that Elementum may use such jurisdictions for general business purposes, such jurisdictions are not used for tax structuring purposes. Elementum does not use artificial tax planning as well (including, among others, transactions and activities which lack business or commercial rationale).

### *External advisors*

Elementum may use (if and when necessary) external advisors following the tax principles stated herein.

### *Transfer pricing*

All and any transactions which are deemed (or may be deemed) to be controlled for transfer pricing purposes per the effective tax legislation comply with the "arm's length principle". Such compliance is confirmed by the respective economic analysis (benchmarking study) and transfer pricing reports.

## 3. PRINCIPLES OF ACCEPTANCE OF TAX RISKS

### *Risk appetite*

Elementum has a low tax risk appetite. Elementum ensures timely identification and management of tax risks.

## 4. PRINCIPLES OF RELATIONSHIPS WITH FISCAL AUTHORITIES

### *Openness and transparency*

Elementum is open and transparent in its approach to the development of tax strategy and tax policy, as well as its approach to the management of tax risks. Elementum seeks to develop its relationships with fiscal authorities of the countries and territories where it operates based on transparency and trust. Except for compliance with effective tax legislation, as well as the use of existing tax practice and taxation, when making management decisions that affect (or may potentially affect) Elementum's tax position, openness and transparency also mean that Elementum will openly and effectively cooperate with fiscal authorities to reach a consensus on all areas of tax consideration which may arise.

### *Compliance with the effective tax legislation*

Elementum is responsible, accurate and careful in its approach to calculating, reporting and paying its tax liabilities, as well as with any interpretations of the relevant tax legislation and principles of international taxation. Elementum takes a conservative position when calculating and paying its tax liabilities, and commits to paying a fair share of taxes promptly according to the relevant tax legislation and (if and when necessary) existing tax practice and taxation.

## 5. TAX RISKS

Elementum's decisions, transactions and activities may lead to uncertain positions or areas of tax concern. Some of such uncertain positions or areas of tax concern may ultimately crystallise in tax risks. All and any uncertain positions or areas of tax concern are categorised by Elementum as follows:



*Operational risks*

Operational risks are risks related to insufficient tax processes and procedures, defects in internal systems of Elementum and inadequate headcount or qualification of tax management personnel. To mitigate such risks, Elementum regularly (not less than once a year) reviews internal processes and procedures, as well as the existing system of controls on its adequacy and compliance with the effective tax legislation. Simultaneously, Elementum makes decisions on the improvement, exclusion, or implementation of new processes, procedures and systems of controls.

*Technical risks*

Technical risks are risks related to the interpretation of certain provisions of the relevant tax legislation or their applicability to some of Elementum’s transactions. Supported by external advisors (if and when necessary), employees of Elementum’s finance department should make decisions on the interpretation of certain provisions of the relevant tax legislation and their applicability to some of Elementum’s transactions considering the tax principles stated herein.

*Political and legislative risks*

Political and legislative risks are risks related to the late identification or wrongful interpretation of changes in tax legislation and, consequently, late implementation of the respective changes in the internal systems, processes, procedures, and system of controls. To minimise such risks, Elementum regularly monitors changes in the tax legislation of all countries and territories where it operates, as well as changes in principles and approaches to international taxation. If and when necessary, Elementum implements the required changes to the internal systems, processes, procedures and system of controls.

**This Policy meets the requirements of:**

- Local laws and regulations;
- UN Sustainable Development Targets;
- OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (2017);
- OECD Model Tax Convention (2017);
- Council Directive 2006/112/EC of 28 November 2006 on the common system of value-added tax; and
- Risk management guide for tax administration (2010).
- Criminal Finances Act (2017).

**Members of Elementum Energy Group include:**

Elementum Energy Limited; and  
Subsidiaries of Elementum Energy Limited.

<b>Body/Function/Individuals</b>	<b>Roles and Responsibilities</b>
Board of Directors	Approves the Policy.
Chief Financial Officer	Policy Owner: owns, endorses, and ensures the implementation of this Policy. Advises on policy content and ensures relevant and correct communication of policy efforts to internal and external stakeholders.



Management, employees, and contract workers of Elementum Responsible for adhering to this Policy. Comply with the letter and spirit of the Policy. Engage and take responsibility for ensuring that all initiatives are developed in line with the Policy.

### **Deviations**

No exemptions from this Policy can be granted unless there are exceptional circumstances or the Policy is obviously not applicable. All requests for exemptions must be made in writing to the policy owner. The policy owner must assess and decide on each request individually. Exemptions must be duly logged and documented.

### **Policy Revision**

This Policy must be regularly reviewed in order to ensure its continued adequacy and relevance. It may be amended at any time with the approval of the Board of Directors. In the event of any discrepancies between the English version of this Policy and a translated version, the English version will prevail.

### **Contact**

For more information, please contact Chief Financial Officer.