

Chrysaor Tax Strategy 2018

Introduction

Chrysaor is the leading UK North Sea independent E&P Group with a portfolio of assets balancing:

- production,
- near-term development with production growth, with
- significant gearing to appraisal and exploration success.

We aim to generate superior equity returns by developing and commercialising incremental oil and gas resources in a safe and responsible manner.

Chrysaor's core values are integrity, passion, innovation and safety. Our approach to tax is fully aligned with Chrysaor's core values and business principles, which are published in full on our website.

In making this strategy available, Chrysaor is fulfilling its responsibilities under Schedule 19 of the Finance Act 2016.

Tax Residency

Chrysaor Holdings Limited (the holding company of the Chrysaor Group) was incorporated in the Cayman Islands in 2007 to facilitate US inward investment and increase flexibility around dividend distribution. However, it is and has always been tax resident in the UK and has not sought nor obtained any UK tax advantage by virtue of being incorporated in the Cayman Islands. All the subsidiary companies in the Chrysaor Group are incorporated in the UK and are also all tax resident in the UK.

Interaction with Tax Authorities

Our activities are subject to a significant number of different taxes including:

- corporation tax
- supplementary charge
- employment taxes
- customs duties
- stamp duties
- VAT

We aim for an open and constructive relationship with HM Revenue & Customs and stakeholders so that we can comply with both the letter and the spirit of the applicable tax laws and regulations.

We also engage with both HM Treasury and HM Revenue & Customs on the development and interpretation of tax laws through the various trade associations of which we are a member.

Tax Planning

We arrange our tax processes to ensure that we comply with the relevant tax laws and we pay all taxes as they arise. At the same time, we engage in efficient tax planning to support the commercial and economic goals of our various investments.

In so doing, we regularly seek external tax advice prior to making use of the various tax concessions, exemptions, incentives and reliefs that are made available by the tax authorities.

Tax Risk Management

The Chrysaor Board of Directors retains ultimate responsibility for the Group's tax-related policies, practices, procedures and principles and, within this, the Chief Executive and Chief Financial Officer have accountability to them for the management of the business' tax risks. In addition, where appropriate, the Board uses independent third-party professional advisors to monitor, check and confirm the tax-related aspects of all plans and proposals presented to them.

The management of tax risks forms part of our overall internal control framework with potential weaknesses being identified, assessed and managed on an ongoing basis. Where appropriate, this will include the use of external third-party professional advisers to ensure that we correctly consider the facts, risks and conclusions in support of our decision-making processes. The following considerations are key within our management of tax risk:

- Our core values and business principles;
- Our reputation with our stakeholders including the tax authorities, the industry as a whole, and our employees;
- The legal and fiduciary duties of our directors and officers; and
- Our reported post-tax results, cashflow and the associated generation of equity returns.