

# SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC

## GROUP TAX STRATEGY

### Overview

Seplat is a leading independent oil and natural gas producer in the prolific Niger Delta area of Nigeria. The Company's focus is on maximising hydrocarbon production and recovery from its existing assets, acquiring and farming into new opportunities in Nigeria. In April 2014, Seplat completed the first ever dual listing of a Nigerian company on both the London Stock Exchange and the Nigerian Stock Exchange.

We take pride in contributing to the economic and social development of any jurisdiction where we operate. We pay the correct amount of taxes, as well as other forms of taxation, such as royalties on extraction of hydrocarbons, petroleum profits tax, companies' income tax, turnover taxes such as VAT, payroll taxes, local taxes and other taxes and levies.

This document sets out key strategic tax objectives for Seplat and related entities (collectively referred to as 'The Group') and is supported by our Code of Conduct. Our Group's tax strategy sets out our approach to the taxation affairs of the business and how we manage the associated tax risks. It reflects our actions to address the changing tax landscape and the need for greater transparency of multinational groups on taxation.

With this statement, we fulfil our duty under paragraph 16(2) of Schedule 19 of the UK Finance Act 2016 to publish a tax strategy statement.

### Key Strategic Tax Objectives and Commitments for the Seplat Group

The Group is committed to conducting its tax affairs consistently with the following key strategic objectives:

- a. Ensure compliance with relevant laws, regulations, transparent reporting and disclosure requirements in the countries in which we operate;
- b. Appropriately put in place effective tax accounting systems, processes and controls to fulfil our tax and legal obligations, and our own tax objectives;
- c. Effectively identify, manage and control key tax risks inherent in transactions or arrangements;
- d. Ensure that intercompany transactions are conducted in line with arm's length principles;
- e. Maintain and be mindful of our reputation; and
- f. Develop our people and processes to meet our objectives

### The Seplat Group Tax Strategy

Our group strategy in meeting these objectives and commitments can be summarised in three ways:

1. We will conduct our tax affairs in line with our corporate governance framework and standards and within controls set out by the group.
2. We will ensure compliance with all laws within the countries and communities where we operate.
3. We are focussed on optimising shareholder value.

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4. We embed compliance with existing legislation and regulations applicable to our business, in everything we do.

Accordingly, our strategic approach and attitude to Tax Risk Management, Tax Planning, Tax Risk Tolerance, and dealings with Tax Authorities, is as follows:

### Tax Risk Management

The ultimate responsibility for compliance with tax risk management strategy rests with the Board of Directors while the Chief Financial Officer has oversight for ensuring its implementation within the business. In line with our objectives and strategy, the Group operates an internal risk management framework within the organisation which applies to financial and tax decision making and has in place effective tax accounting systems, processes and controls as well as adequately trained people to execute the tax risk management activities. This will be monitored via tax risk registers which will include timely reviews of any new or proposed legislation that could have impact on our operations, any potential key areas of exposure to the business, self-assessments on compliance amongst others. We aim to optimise shareholder value and our stakeholders' expectations when managing risk within the business.

### Tax Planning and Risk Tolerance

The Group has an enterprise wide approach to risk and a well-established control framework to manage risks, including tax risks as highlighted above. Our tax planning activities are guided by our Code of Conduct and the objectives outlined in this statement include amongst others, ensuring compliance with all laws and regulations within the countries where we operate and continuously maintaining and managing our reputation.

Where available to us, we may pursue incentives and reliefs in line with the provisions of the tax laws and from time to time, inevitably, risks will arise; and we may seek professional third-party advice from appropriately qualified, reputable advisors before final decisions are made by the Group.

### Dealings with Tax Authorities

The Group aims to maintain a proactive, honest and collaborative relationship with tax authorities in every jurisdiction where we operate including Her Majesty's Revenue and Customs (HMRC) in the United Kingdom and the Nigeria Federal Inland Revenue Service (FIRS). We look to work with tax authorities to ensure that we comply with all applicable laws and where we are uncertain on a tax position, we will clarify this with third party professional advisers and or the tax authorities as appropriate. It is our aim to resolve any disputes with tax authorities in an open and collaborative manner, however where this is not possible, and we feel we have taken a position that is defensible we may choose to defend our position through litigation.

**This statement has been approved by the Board of Seplat effective December 31 2019, and will remain in effect until any amendments are approved by the Board.**