

UK tax policy: Introduction

In September 2016 the UK implemented legislation regarding its requirement for large businesses to publish their approach to the management of UK taxes. The required publication date for Perenco is 31 December 2017.

Our main business in the UK is oil and gas production and the investment in, and operatorship of, oil and gas infrastructure on the UK Continental Shelf and mainland UK. Over the last 15 years this has contributed to the growth and competitiveness of the UK oil and gas industry. Additionally, we operate a UK professional services office in London which provides technical expertise in support of the Perenco group's worldwide operations.

Engrained in all our work is our commitment to being a responsible business including in relation to our UK tax obligations.

Ensuring that we pay the right amount of tax, in the right place, at the right time is part of our commitment to being a responsible business. That's why Perenco decided to participate in the voluntary UK Extractive Industry Transparency Initiative since it was inaugurated in 2014. Since 2003 Perenco has made a significant tax contribution to the UK Exchequer.

UK Tax policy: Financial year ending 31 December 2016

This tax policy applies to UK registered companies within the Perenco group and covers our approach to arranging our UK tax affairs. Our UK tax policy comprises five key components:

1. Commitment to compliance

We are committed to compliance with tax law and practice in the UK. Compliance for us means paying the right amount of tax in the right place at the right time. It involves disclosing all relevant facts and circumstances to the tax authorities and claiming reliefs, exemptions and incentives where available.

2. Responsible attitude to arranging our tax affairs

In structuring our commercial activities we will consider – among other factors – UK tax laws with a view to maximising value on a sustainable basis for our shareholders and employees. For example, when making an acquisition we consider the tax consequences of a corporate versus asset acquisition. Any structuring that is undertaken will have commercial and economic substance and will have full regard to the potential impact on our reputation and broader goals. We will not put in place any arrangements that are contrived or artificial.

3. Effective risk management

Given the scale of our business and volume of tax obligations, risks will inevitably arise from time to time in relation to the interpretation of complex UK tax law and the nature of our compliance arrangements. We actively seek to identify, evaluate, monitor and manage these risks to ensure they remain in line with our objectives. Where there is significant uncertainty or complexity in relation to a risk, external advice is sought, particularly in relation to oil ring-fence tax and our international tax obligations.

4. Constructive approach to engaging with HMRC and HMT

We engage with HMRC with honesty, integrity, respect and fairness and in a spirit of co-operative compliance. Wherever possible, we do so on a real time basis, to minimise tax risk.

Whilst we will not take positions on tax matters that may create reputational risk or jeopardise our good standing with taxing authorities, we are however prepared to dispute a ruling or decision of a tax authority where we disagree with their decision, having always first sought to resolve any disputed matters through active and transparent discussion.

We engage with HMRC and HMT on the development of UK tax laws either directly or through membership of trade associations. Perenco is an active member of Oil & Gas UK and the Oil Taxation Action Committee (OTAC), as well as being a member of the UK Oil Industry Tax Committee (UKOITC).

5. Board ownership and oversight

This UK tax policy is aligned with our **Business Ethics and Business Integrity Code** and is approved and owned by the Directors of the UK registered companies with oversight from the Board of the parent company in the Perenco group.

We regards this publication as complying with the duty under paragraph 16(2) and paragraph 25(1), Schedule 19 Finance Act 2016.

Date: 14 November 2017