



NSMP TAX STRATEGY

Name	Position	Signature	Date
Andy Heppel	Chief Executive Officer	<i>A Heppel</i>	24/3/20

Introduction

North Sea Midstream Partners (“NSMP”) is a leading UK North Sea independent midstream company focusing on the ownership and development of large-scale midstream oil and gas infrastructure assets. NSMP’s Vision and Core Values inform and underpin our Tax Strategy which is fully aligned with these principles.

This Tax Strategy, approved by the Board of Directors (“the Board”) of Selkie Investments Midstream Topco Limited and its subsidiary companies (together the “NSMP Group”), sets out the NSMP Group’s policy and approach to conducting its tax affairs and addressing tax risk, and is made available to all NSMP Group’s stakeholders.

This document addresses the requirement for the NSMP Group to publish its Tax Strategy, as required by Schedule 19 of the Finance Act 2016 and applies to all UK companies within the NSMP Group. The document shall be regularly reviewed and updated to reflect changes in the NSMP Group’s business and its approach to tax. It is effective for the year ending 31 December 2020 and will remain in effect until any amendments are approved by the Board.

Tax Residency

Selkie Investments Midstream Topco Limited (the holding company of the NSMP Group) was incorporated in Jersey in 2018 to facilitate 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 advantages by virtue of being incorporated in Jersey. All the remaining subsidiaries are incorporated in either Jersey or the UK and are also all UK tax residents.

Purpose

The Tax Strategy is aligned with NSMP’s commitment to act with integrity and transparency in the conduct of our business and to our overall approach to corporate governance and risk management. It will ensure that the NSMP Group seeks to pay the right amount of tax required under the laws and regulations of the countries in which we operate.

Tax Policy

NSMP is committed to conducting its tax affairs to meet the following objectives;

- Comply with the laws and regulations, reporting and disclosure requirements;
- Ensure the Tax Strategy is at all times consistent with the NSMP’s overall strategy, approach to risk and the core values of NSMP;
- Apply professional diligence in the management of all risks associated with tax matters and ensure governance procedures are appropriate; and
- Adopt constructive, professional and transparent relationships with tax authorities.

Key Principles

1. Approach to tax risk management and governance arrangements

All tax compliance is outsourced to a third party, but this is reviewed by the management team who take responsibility for ensuring effective risk management and internal control, including maintaining the risk register and ensuring risks are mitigated where possible.

The Board of Selkie Investments Midstream Topco Limited is ultimately accountable in respect of all tax matters. The Board and the Audit & Risk Committee provide oversight in ensuring that tax is given due consideration within the business and ensure that tax risk is managed appropriately.

The Chief Financial Officer has day to day responsibility for the NSMP Group's approach to tax, which includes the identification, prioritisation and monitoring of tax risk across the business. Significant tax risks are escalated to the Audit & Risk Committee and the Board.

The Audit & Risk Committee meets several times each year. Tax will be included within the scope of review of the Audit & Risk Committee.

The Board meets several times each year. The Chief Financial Officer will provide regular updates on tax compliance and risk matters during scheduled Board meetings.

Diligent professional care and judgement will be employed to assess tax risks in order to arrive at well-reasoned conclusions on how the risks should be managed. Where there is uncertainty as to the application or interpretation of tax law, appropriate advice will be taken from third party advisors to support the decision-making process.

We comply with the Senior Accounting Officer ("SAO") requirements and undertake regular reviews of our tax processes.

2. Attitude to tax planning

We consider that we have a low tolerance for tax risk and we seek to minimise the risk of uncertainty and tax disputes; as such, the Group adopts a prudent approach to tax planning whilst at the same time supporting the strategy and operations of the business.

We do not enter into artificial arrangements in order to avoid taxation or frustrate the intent of tax laws. Where there is uncertainty as to the application or interpretation of tax law, appropriate advice will be taken from third party advisors to support the decision-making process.

When making decisions on tax we consider the materiality of each matter as well as the costs of effective risk mitigation actions. Tax risk is judged on a case by case basis.

3. Compliance with laws and regulations

The NSMP Group will always comply with applicable tax laws and regulations in the countries in which we operate. We are committed to meeting all legal and regulatory requirements in paying the correct amounts of tax and adhering to all applicable reporting and disclosure obligations.

There are clear management responsibilities, backed up by regular monitoring and review. We will obtain external advice where necessary to ensure compliance.



4. Consistency with NSMP's strategy

Tax decisions will be made that are consistent and support NSMP's overall strategy. Key business decisions should be made mindful of the tax consequences and with the aim of maximising the NSMP Groups' after-tax returns for its shareholders. Our shareholders have been consulted and are in agreement with this strategy and risk appetite and any contentious matters will be discussed with them either directly or via their representatives on the Board.

5. Relationship with tax authorities

We are particularly mindful of our reputation and relationship with all relevant tax authorities. We are committed to maintaining an open and honest relationship with all relevant tax authorities. All dealings with the tax authorities and other relevant bodies will be conducted in a collaborative and timely manner.

Approved on 11 March 2020 by the Board of Directors of Selkie Investments Midstream Topco Limited (on behalf of it and its UK subsidiaries, in accordance with paragraphs 19(2) and 22(2) Schedule 19 Finance Act 2016.