

STATKRAFT'S TAX STRATEGY - UK

This strategy statement is regarded as satisfying the UK statutory obligation under Para 16(2), Schedule 19, Finance Act 2016 for all companies listed at Appendix 1 and has been approved by the Board of Directors of Statkraft UK Ltd for the year ending 31 December 2022.

Introduction

Statkraft is a leading renewable energy company with activities on three continents within hydro, wind and solar. Through our market activities and production assets we create value for our owner, our customers and the societies we operate in.

Statkraft is committed to responsible business practices and to combat climate change. We do business globally, and our vision is to provide pure energy. Statkraft's business strategy is based on the premise of safe, ethical and responsible operations. Our approach to sustainability is continuously evolving, along with our business strategy and international developments.

Statkraft pursues a tax strategy that is principled, transparent and sustainable. We comply with tax law and practice in all of the countries in which we operate. We believe that a responsible approach to tax is essential to the long-term sustainability of the societies where we have activities and our business across the globe.

Statkraft's fundamental principles for responsible behaviour are described in our Code of Conduct which is approved by the Board of Directors. The Code applies to all companies and employees in the Statkraft Group and our approach to tax aligns with this.

Our attitude to tax planning

Statkraft approaches tax in a way that is aligned with our business strategy and that aims at reducing business complexity and cost. We do not engage in artificial tax arrangements and actively consider all implications of tax planning.

All tax planning must comply with the Group's Tax Optimization and Structuring framework that governs our approach to tax planning and is subject to robust review and approval processes. Our framework states that all tax planning must:

- Support genuine commercial activity;
- Rely on full disclosure of the facts and circumstances to the relevant tax authority;
- Not use tax regimes considered as "harmful" by the OECD or EU.

We apply the arm's length principle to intercompany transactions, in line with best practice guidance, unless local rules require the application of other pricing mechanisms.

We do not use tax havens to avoid tax and only establish an entity in a nil or low-rate jurisdiction for substantive and commercial reasons. This means we pay tax according to where value is created within the normal course of our commercial activities.

Tax risk management and governance arrangements

Tax is a core part of our corporate responsibility and governance and is overseen by the Board of Directors. The day to day management of Statkraft's tax affairs is handled by a centralised global tax team. The tax team is involved in all significant business developments so we can assess any potential tax consequences of our decisions in advance.

We employ appropriately qualified and trained tax professionals with the necessary levels of expertise and knowledge. We constantly monitor updates and changes to tax legislation to assess their impact on the Statkraft Group.

Statkraft has an established quarterly procedure in place for tax risk management that facilitates appropriate identification, measuring, management and reporting of tax risks. Where there is significant uncertainty or complexity in relation to a risk, external advice may be sought in accordance with our internal framework.

We proactively manage tax issues and risks in a way that maximises shareholder value after tax while operating in accordance with applicable legislations and Statkraft's Code of Conduct.

Compliance

We have a clear responsibility to comply with the laws in the countries where we operate. In relation to tax legislation, we chose to do this by aiming not only to comply with the letter of the law, but also with the underlying intention of the policy. Statkraft has one centralised and uniform approach to the interpretation of the tax rules which is handled on a group level.

We continuously evaluate our tax processes and controls to ensure we are compliant with local and international standards relevant to our business. Complying with tax rules can be complex as the interpretation of legislation and case law may not always be clear cut and may change over time. We seek to manage this inherent tax risk by taking strong, well-documented technical positions to prevent unnecessary disputes.

Approach to dealing with tax authorities

We are committed to ensure full compliance with all statutory obligations and full disclosure to tax authorities. We engage with tax authorities including HMRC with honesty and integrity and seek to establish a relationship based on mutual respect, transparency and trust. We work collaboratively with tax authorities wherever possible to resolve disputes and obtain certainty, but we are prepared to litigate where we disagree with a ruling or decision.

We engage constructively with governments on the development of tax systems, legislation and administration either directly or through industry associations as appropriate. We believe that more informed and sustainable outcomes are achieved where governments openly consult with industry and other affected stakeholders.

Appendix I

Ackron Wind Farm Ltd.
Airvolution Clean Energy Ltd
Alleston Clean Energy Ltd
Appin Wind Farm Ltd
Artfield Forest Wind Farm Ltd
Baillie Wind Farm Holdings Ltd
Baillie Wind Farm Ltd
Balwen Ltd
BB2 Wind Farm Ltd
Berry Burn Wind Farm Ltd
Brake Shetland Ltd
Bryt Energy Ltd
Bryt Energy Storage Ltd
Bush Hill Stability Ltd
Bylgja Energy Ltd
Car Duibh Wind Farm Ltd
Coylton Energy Ltd
Craig Watch Wind Farm Ltd
Elmtronicis Ltd
Elmtronics Group Ltd
Elwy Clean Energy Ltd
Energy Isles Shetland Ltd
Faughan Stability Ltd
Greybarn Clean Energy Ltd
Hubsta Ltd
Keith Storage Solutions Ltd
Knockcronal Wind Farm Ltd
Lister Drive Solutions Ltd
Little South Clean Energy Ltd
Lluest Y Gwynt Ltd
Loch Laith Wind Farm Ltd
Logi Energy Ltd
Mer Charging UK Ltd
Mer Fleet Services Ltd
Mer UK Holding Ltd
Neilston Energy Ltd
Oliver Forest Wind Farm Ltd
Rheidol 2008 Trustees Ltd.
SCH Projects Ltd
Sheepwash Clean Energy Ltd
Slickly Wind Ltd.
Soay Ltd
Solar Century Holdings Ltd
Stargoose Clean Energy Ltd
Statkraft Energy Ltd.
Statkraft Markets GmbH - UK Branch
Statkraft Pure Energy Ltd.

Statkraft UK Ltd.
Statkraft Wind UK Ltd
Statkraft WindCo 1 Ltd
Thornton Grid Solutions Ltd
West Andershaw Wind Farm Ltd
Wind UK Invest Ltd