

Statkraft's approach to tax - 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 Limited for the year ending 31 December 2019.

1. Introduction

Statkraft is a leading company in hydropower internationally and Europe's largest generator of renewable energy. The Group produces hydropower, wind power, gas-fired power and district heating and is a global player in energy market operations.

Sustainable and responsible business conduct characterises our activities in all the markets where we are present. By providing pure energy, we contribute significantly to address the challenges caused by climate change and to create a basis for sustainable economic development.

We comply with tax law and practice in all of the countries in which we operate and all group companies transact on an arm's length basis. Compliance for us means paying tax correctly and involves disclosing all relevant facts and circumstances to the tax authorities and claiming reliefs and incentives where available.

Statkraft pursues a tax strategy that is principled, transparent and sustainable. The Head of Group Tax owns the tax strategy and is responsible for its implementation. Statkraft's Code of Conduct sets out what is expected of everyone at Statkraft and our approach to tax aligns with this.

2. 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.

3. Tax risk management and governance arrangements

Statkraft has an established 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.

We report on a periodic basis to the Group CFO, Audit Committee and Corporate Management on how tax risks are managed, monitored and assured and on improvements that are being made. In this way appropriate governance and oversight of tax risks is maintained.

4. 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, integrity and respect. We work collaboratively wherever possible with tax authorities to resolve disputes and obtain certainty, but we are prepared to litigate where we disagree with a ruling or decision.

We work constructively with governments on the development of tax laws either directly or through industry associations as appropriate.

Statkraft has one centralised and uniform approach to the interpretation of the tax rules which is handled on a group level.