

Hartree Partners (UK) Limited - Tax Strategy

(Version 3.0. December 2019)

Introduction

Below we set out the strategy of Hartree Partners (UK) Limited and related UK companies (together “Hartree UK” or “we” or “us” or “our”) for conducting tax affairs and managing tax risk.

The companies within Hartree UK are direct or indirect subsidiaries of Hartree Partners, LP, a Limited Partnership based in the USA. Hartree Partners, LP also has subsidiaries in other countries outside the UK and USA. Together these entities make up the Hartree Group (“Hartree Group” or “the Group”).

Hartree Group is a global merchant commodities firm specialising in energy and its associated industries. Commencing in 1997, our rigorous research, analytical approach, and entrepreneurial culture have contributed to a strong track record and growth over that time. Hartree Group makes significant contributions to all the economies of the countries in which we operate as an investor, taxpayer, employer and user of local goods and services.

Hartree UK has undertaken a review of its key tax procedures and now publishes a tax strategy in accordance with measures contained in section 161 and Schedule 19 of Finance Act 2016.

The strategy has been approved and will be reviewed annually.

Commitment to compliance

Hartree Group is a responsible taxpayer and is committed to complying with tax law and practice in both the UK and overseas, which is part of our contribution to society. To us, this corporate responsibility means paying the right amount of tax, in the right jurisdiction, at the right time, while recognising that we also have a responsibility to protect shareholder value by controlling and managing our tax liabilities.

Tax risks and tax risk management

Tax risk management is important to Hartree UK. Tax matters are proactively managed by having clear business controls and processes and, where appropriate, seeking professional advice from external advisors to minimise areas of risk.

The Tax Manager, based in the US, is responsible for the management of Hartree UK’s tax affairs supported by other finance personnel in the department and by UK based personnel.

Suitably qualified external advisors prepare the annual Corporation Tax returns, which are reviewed for accuracy and completeness by the Tax Manager before submission to HMRC. Professional advice is sought over specific items where the tax treatment is uncertain. Other tax returns, for example VAT, are prepared by the Tax Manager and advice is sought from external advisers on matters of uncertainty. The Group has entered into an Advance Pricing Agreement (“APA”) covering the main cross border transactions of the Group, which has been approved by HMRC. This ensures transparency and certainty. The APA is currently being renewed.

Whilst Hartree Group's larger operations are in the US, the Tax Manager ensures that UK risks that may arise from within the worldwide group are analysed and appropriately addressed. Procedures are designed to minimise the risk of errors in tax returns.

Attitude to tax planning

Hartree UK believes that sound corporate activities must be guided by an awareness of social values and morals as well as compliance with applicable laws and regulations. This approach is also reflected in various Hartree internal policies including, but not limited to, Conflicts of Interest Policy, Risk Policy, FCA Compliance Manual, etc.

Whilst we take advantage of tax incentives or reliefs that are available to us through our commercial activities, we do not use them in a way which is knowingly contrary to the intentions of any country's government. We do not seek to create structures that lack commercial and economic substance for which the main purpose is the avoidance of tax.

In structuring our commercial activities Hartree UK will consider, among other factors, the tax laws of the countries in which we operate, with a view to maximising shareholder value on a sustainable basis.

Working with HMRC

Hartree UK is committed to acting with integrity at all times and to maintaining a transparent, open and honest relationship with HMRC. This includes being punctual with our submission of tax returns and the payment of any tax that is due.

Hartree UK has an appointed Customer Relationship Manager (CRM) at HMRC through which communication and reporting to HMRC is managed.

Hartree UK endeavour to respond to any queries or information requests from HMRC in a timely manner and to ensure that sufficient and appropriate disclosure is made in relevant tax returns.