

Hartree Partners (UK) Limited - Tax Strategy 2022

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 tax strategy relates to the financial year ending 31 December 2022.

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 the USA. Together these entities make up the Hartree Group (“Hartree Group” or “the Group”).

Hartree Partners, LP is one of the major energy trading companies in the world. Founded originally as Hess Energy Trading Company LLC (HETCO) in 1997, we have a global reach spanning 18 offices and over 160 traders and originators. 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 by the board 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 the UK and all jurisdictions relevant to Hartree Group. To us, this corporate responsibility means paying the right amount of tax, in the right jurisdiction, at the right time, while recognizing 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 minimize areas of risk. The Tax Team, based in the US, is responsible for the management of Hartree UK’s tax affairs supported by other finance personnel and by UK based tax professionals. Suitably qualified external advisors prepare the annual Corporation Tax returns, which are reviewed for accuracy and completeness by the Tax Director 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 Team 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.

Whilst Hartree Group’s larger operations are in the US, the Tax Director ensures that UK risks that may arise from within the worldwide group are analyzed and appropriately addressed. Procedures are designed to minimize the risk of errors in tax returns. The Tax Director reports to the Chief Compliance Officer based in the UK.

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 its UK Compliance Manual, UK Anti-Bribery and Corruption Policy, FCPA & UK Bribery Act Policy Statement which fall under the accountability of Hartree’s Group Compliance Department lead by the Group Chief Compliance Officer based in the U.S.

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 maximizing 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 Compliance Manager (CCM) at HMRC through which communication and reporting to HMRC is managed as necessary.

Hartree UK endeavor 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.