CORPORATE TAX POLICY

Rev. 2 Published date: 07/04/2020
ID Number: AB-LEG-POL-0003 / 102018
Document Owner: CFO

As a good corporate citizen, Lundin Energy is committed to be responsible and adopt transparent tax practices.

1. Introduction and approach to tax

Lundin Energy and its affiliates (The Company) are committed to complying with all applicable laws, regulations and reporting requirements and to pay all taxes due and other public duties in a timely and accurate manner. The Company is dedicated to respecting the world in which it operates and those it works with. The Company seeks to collaborate with partners that share the same commitment to safety, ethics and compliance and does not tolerate facilitation of tax evasion by anyone who acts for it or on its behalf. In accordance with its Code of Conduct, The Company believes in fair and ethical business practices, including contributing to society through employment and tax payments, and welcomes constructive and open engagement with tax authorities. Further information on taxes paid is available in the Annual Report and Report on Payments to Governments.

2. Scope

This tax policy applies to all Company tax matters in all relevant jurisdictions with the aim of ensuring that tax practises comply with laws, regulations, and that income and costs are allocated to appropriate entities in accordance with the OECD Transfer Pricing Guidelines and business rationale.

3. Requirements

In relation to tax practices, The Company shall:

3.1 Respect the arm's length principle as set forth in the OECD Transfer Pricing Guidelines.

3.2 Ensure corporate tax planning is optimised, rational and reasonable.

3.3 Pay taxes in a timely and accurate manner, cooperate with tax authorities and provide information as and when requested.

3.4 Disclose tax payments in its Annual Report and Report on Payments to Governments.

3.5 Report on taxes and other payments to Governments according to applicable reporting requirements and standards such as IFRS.

3.6 Mitigate the risk for incorrect tax assessments by thoroughly reviewing tax matters, based on internal assessments and guidance from external advisors, as and when required.

4. Risk management

The Company's legal and tax functions shall have oversight to ensure that tax risks are managed to minimise exposure by:

4.1 Proactively understanding and monitoring the tax environment, changes to laws and applicable regulations, including the OECD Transfer Pricing Guidelines.

4.2 Continuously assessing risks and potential exposure, as well as mitigating actions and controls that may be implemented.

4.3 Engaging in efficient tax planning that supports business, reflects commercial and economic activity.

4.4 Reporting identified risks to the Investment Committee, for further reporting to the Board of Directors as may be required.

4.5 Where possible and appropriate, building a working relationship and openly engaging with the tax authorities to discuss tax assessments, to mitigate the risk of discrepancies, to achieve early certainty where tax law is complex or unclear and to resolve disputes.

4.6 When additional resource or expertise is necessary and on a selective basis, working collaboratively with external advisors.

5. Responsibilites

5.1 The CEO carries the overall responsibility to ensure that The Company adopts a corporate culture that fosters openness and proper conduct in relation to tax matters.

5.2 The CFO is responsible for ensuring that appropriate systems and processes are in place to enable timely and accurate tax reporting and payments.

5.3 Senior Management and country Managing Director are responsible for ensuring that appropriate local procedures and controls are in place to safeguard compliance with applicable tax laws and regulations and that the employees dedicated to tax are well-educated tax professionals whose knowledge and skills are up-to-date to implement The Company's approach to tax.

Nick Walker
President and CEO
Lundin Energy AB