

## **BW Offshore's approach to tax**

Prepared in accordance with the requirements of Schedule 19 of the UK Finance Act 2016.

This statement is applicable to the year ended 31 December 2020.

### ***About BW Offshore***

BW Offshore is one of the world's leading offshore FPSO (Floating Production, Storage and Offloading) companies. BW Offshore Limited, together with its subsidiaries (hereinafter 'the BWO Group') develops, owns, leases and operates FPSOs and FSOs (Floating Storage and Offloading units). At the end of 2020, the BWO Group owned a fleet of 15 FPSOs.

The BWO Group's primary areas of activity are the lease and operation services of FPSO units, as well as engineering, procurement, construction and installation services (EPCI) associated with the investment in new units. The BWO Group has a long track record in project execution and operations. During four decades of experience, BWO Group has delivered 40 FPSO and FSO projects.

The BWO Group is represented in all the major oil and gas regions worldwide, across Asia Pacific, the Americas, Europe and West Africa, supported by local onshore teams and an organisation with a global presence. The BWO Group has approximately 2,000 full-time employees and offices in 16 countries around the world, providing services to its operations. The BWO Group has units operating offshore in Brazil, Gabon, Indonesia, Ivory Coast, Mexico, Nigeria, the UK and the US. In addition, the BWO Group signed a contract in March 2021 for the supply of a FPSO for the Barossa gas field, to be located offshore Australia upon completion of construction.

The BWO Group includes three UK entities (collectively, the UK Business): BW Pioneer UK Limited, BW Offshore (UK) Limited and BW Offshore Catcher (UK) Limited, which are treated as UK corporations. The UK business has existed since 2010, when BW Offshore (UK) Limited was formed. First oil from the FPSO BW Catcher was achieved in December 2017.

### ***Approach of the BWO Group to risk management and governance arrangements in relation to UK taxation***

The BWO Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. A finance management team, led by the Chief Financial Officer (CFO), identifies and evaluates financial risks in close cooperation with the Groups operating units. The finance management teams' activities are governed by policies approved by the Board of Directors for overall risk management as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, and investing excess liquidity. The finance management team reports to the Group's Senior Management, the Audit Committee and the Board of Directions on the status of activities on a regular basis.

The Board of Directors (the Board) are of the opinion that the best interests of the Company and its shareholders, taken as a whole, are best served by the adoption of business policies and practices which are legal, compliant, ethical and open in relation to all dealings with customers, potential customers and other related parties. The publication 'Corporate Governance in BW Offshore

Limited' outlines the corporate governance principles that are upheld in the BWO Group. These policies are fair and in accordance with best market practice in relationships with employees and are also sensitive to reasonable expectations of public interest. The Board therefore commits the Company to good corporate governance and has adopted the most current version of the Norwegian Code of Practice for Corporate Governance dated 14 October 2021 (the Code) prepared by the Norwegian Corporate Governance Board. The Company shall provide an overall overview of its corporate governance in the annual Corporate Governance Report. The review shall include each individual point of the Code. If the Company does not fully comply with the Code, this shall be explained in the Company's annual report. the BWO Group has implemented corporate principles, ethical guidelines and guidelines for corporate social responsibility. These principles and guidelines are described in the Company's Code of Ethics and Business Conduct and internal policies.

The BWO Group's risk management and governance arrangements stated above, are both applied to all jurisdictions taxation where the Company has operations, including the UK.

***BWO Group tax planning approach, acceptable level of risk related to UK taxation***

BWO Group's planning approach and accepted risk level is ruled by the group's tax policy, the purpose of which is to minimise risk for the BWO Group, protect and maximise utilisation of the BWO Group's tax losses and credits and ensure strict compliance with tax laws and procedures in all territories in which the BWO Group has a tax presence.

The BWO Group's tax policy applies to all business units including – to the extent the BWO Group can enforce application – joint ventures, partnerships and companies in which the BWO Group has a participating interest. Local statutory laws and regulations shall always be complied with. If anything in this policy conflicts with such local statutory laws or regulations the latter shall prevail. The CFO shall be notified of any conflict and necessary deviations taken from the policy to comply with the local statutory laws or regulations.

The BWO Group has a low tolerance towards tax risk and seeks to minimise the risk of a dispute with the tax authorities by being open and transparent about our tax affairs. In order to achieve this goal, the BWO Group works closely with highly competent UK tax advisors, who give support with understanding local law and developments in local law, and applying those to the BWO Group's tax culture, mitigating the risks, and reporting transparently to HMRC.

***Relationship with the Tax Authorities (HMRC)***

The BWO Group shall be open and transparent with tax authorities, including HMRC, about its tax affairs, and provide all relevant information that is necessary for those authorities to review possible tax risks.

The BWO Group shall work collaboratively with tax authorities to achieve early agreement on disputed issues and certainty on a real-time basis, wherever possible.