

Tax Strategy

2023





NEO Energy Holding Limited (NEHL) and its subsidiaries (NEO) is an independent full-cycle Exploration & Production (E&P) business breathing new life into the United Kingdom Continental Shelf (UKCS).

NEO's overriding business strategy is to be a leading producer in the UKCS through operational excellence and a combination of organic and inorganic growth, underpinned by a culture of continual improvement.



Excel



Optimise



Grow

1. Purpose

This document sets out the Tax Strategy that applies to NEO, ensuring compliance with paragraph 16(2) of Schedule 19 of the Finance Act 2016.

2. Scope

The Tax Strategy applies to all taxes that NEO is subject to including, without limitation, Corporation Tax, Corporate Income Tax, the Supplementary Charge to Tax, the Energy Profits Levy, Petroleum Revenue Tax, Government Royalties, Indirect Taxes (including VAT, Sales Tax and Customs and Excise Duties), Withholding Taxes, Capital Taxes, Stamp Taxes, Transactions Taxes and Employer Taxes.

This document applies to the financial period ended 31 December 2023.

This Strategy is owned by NEHL's Board of Directors ("the Board") who delegate its implementation and execution to NEO's Chief Financial Officer.

3. Roles & Responsibilities

Audit & Risk Committee (ARC)

- Supports the Board in matters relating to tax risk

NEHL's Board of Directors (the Board)

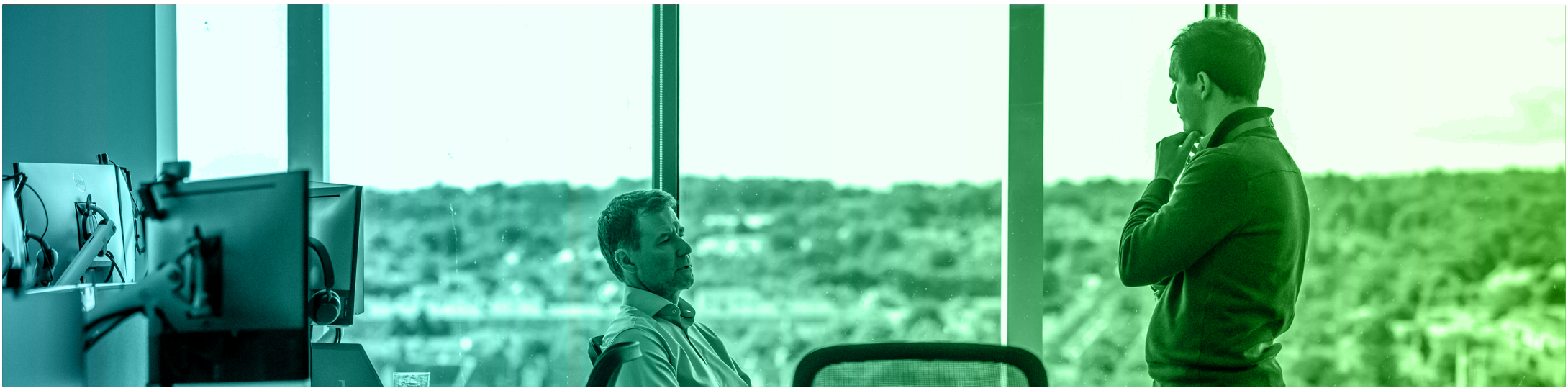
- Delegates implementation and execution of the Tax Strategy to the Chief Financial Officer (CFO)
- Assesses the ongoing appropriateness of the Strategy, considering recommended amendments received following the annual review by the CFO and Head of Tax
- Accountable for tax risk within NEO

Chief Financial Officer (CFO)

- Delegate for implementation and execution of the Tax Strategy
- Supported by the Head of Tax, provides periodic tax updates to the ARC and the Board
- Along with the Head of Tax, reviews this Strategy annually and recommends amendments to the Board, after consultation with the ARC

Head of Tax

- Supports the CFO in the implementation and execution of the Tax Strategy
- Ensures that the tax management framework that supports this Strategy is in place, maintained, reviewed and applied consistently
- Supports the CFO to provide periodic tax updates to the ARC and the Board
- Along with the CFO, reviews this Strategy annually and recommends amendments to the Board, after consultation with the ARC



4. Tax Strategy Commitments

Tax Governance

- Annually review the Tax Strategy to ensure its ongoing appropriateness
- Put in place a tax management framework that supports this Strategy to ensure it is maintained, reviewed and applied consistently
- Provide periodic tax updates to the ARC and the Board
- Re-evaluate the Tax Strategy upon significant change to NEO's strategic plan or if there is a major change to the business

Tax Planning

- Comply with tax laws and regulations relating to calculation, filing and deductions of taxes and public duties
- Seek to use legislative concessions, incentives and reliefs, where available, in the manner intended
- Undertake tax planning that supports its business and is commercially driven
- Not enter into artificial tax avoidance arrangements
- Conduct transactions between affiliates in accordance with arms-length principles
- Comply with legislative and regulatory tax disclosure and transparency requirements
- Implement procedures to prevent facilitation of tax evasion by its employees, its contractors or anyone acting on NEO's behalf

Risk Management

The Board, supported by the ARC, is ultimately accountable for tax risk within NEO. The management of NEO's tax risks forms part of NEO's overall internal control and risk management framework, which governs the identification, assessment, management and reporting of the risks facing the business.

NEO shall apply professional care and judgement in assessing, managing and reporting tax risks in accordance with this framework.

NEO's approach to tax risk is to aim for certainty in relation to the application of tax to its business activities. This is not always possible where tax law is open to interpretation or where transactions are complex. NEO shall, therefore, seek external advice where appropriate to review complex or uncertain tax positions.

Relationships with Tax Authorities, including HMRC

- Develop and sustain open and constructive working relationships with tax authorities, including HMRC including providing regular updates on business activities and prompt disclosure where appropriate
- Wherever possible, work collaboratively with tax authorities including HMRC in a timely and efficient manner to achieve early agreement and certainty or resolve disputes
- Play an active role in contributing to the tax policy-making process and taking part in fiscal consultation where matters directly impact NEO

Abbreviations & Definitions

Abbreviations	Definition
ARC	Audit & Risk Committee
CFO	Chief Financial Officer
E&P	Exploration & Production
HMRC	His Majesty's Revenue & Customs
NEHL	NEO Energy Holding Limited
NEO	NEHL and its subsidiaries
UKCS	United Kingdom Continental Shelf

Term	Definition
Shall	A mandatory action (do not use "will" or "must")
Should	Refers to best practice and highly recommended action (do not use "could")
May	An optional action, and usually clarified with an example (do not use "might")
Operated	NEO Energy is the duty-holder for installation, wells, pipelines (or combination thereof)
Operated-outsourced	NEO Energy holds the licence, but another company is the duty-holder for the installation, wells, pipelines (or combination thereof)
Non-Operated	NEO Energy has a Joint Venture Agreement through equity share, but is not duty-holder



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