

NICHOLLS' (FUEL OILS) LIMITED- GROUP TAX STRATEGY

As revised 6 May 2021 for financial years ended 31 May 2021 and 2022

Corporate Tax Policy

The Board of Directors of NICHOLLS' (FUEL OILS) LIMITED (the "Company") has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the "Group"). The Board of Directors is also responsible for formulating the tax strategy and approving investments and transactions that are particularly important from a tax standpoint because of the high amount or special characteristics thereof. In fulfilling these responsibilities, and within the framework of the law, the guidelines for conduct that take shape in the Purpose and Values of the Nicholl group, and its sustainable development strategy, the Board of Directors hereby approves this Corporate Tax Policy (the "Policy").

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1. Purpose

This Policy is intended to set forth the Company's tax strategy, based on excellence and a commitment to the application of good tax practices within the framework of the corporate and governance structure of the Group. The Company's tax strategy consists basically of ensuring compliance with applicable tax laws and regulations and seeking to establish an appropriate coordination of the tax practices followed by the companies of the Group, all within the framework of fulfilling the corporate interest and supporting a long-term business strategy that avoids tax risks and inefficiencies in the implementation of business decisions. To that end, the Company takes into account all legitimate interests, including public interests that converge in

its business. The company has identified the following broad categories of its obligations as a taxpayer:

- registration in the system;
- timely filing or lodgement of requisite taxation information;
- reporting of complete and accurate information (incorporating good record keeping); and
- payment of taxation obligations on time.

2. Risk Management and Governance.

The Company complies with tax law and practice in the United Kingdom and Ireland, where it operates. Compliance means paying the right amount of tax in the right place at the right time and involves disclosing all relevant facts and circumstances to the tax authorities and claiming reliefs and incentives where available. Compliance is underpinned within the Company by ensuring that it has systems and processes in place to produce figures for its tax returns, which are accurate in all material aspects.

The Company carefully manages the tax risks and costs inherent in every commercial transaction, in the same way as any other cost. Therefore, tax will follow the commercial outcomes, taking account of the need for tax efficiency and our understanding of the currently applicable laws and practice.

The Company is committed to the principles of openness and transparency in its approach to dealing with tax authorities wherever it operates. All dealings with the tax authorities and other relevant bodies will be conducted in a collaborative, courteous and timely manner. The aim would be to strive for early agreement on disputed matters, and to achieve certainty wherever possible.

Responsibility for tax governance and strategy lies with the Senior Accounting Officer, with oversight of the Board of Directors. Reliance is placed upon external tax advisers where there is a need for specialist guidance and support. However, responsibility for tax and decisions around tax remain with the Senior Accounting Officer.

The company employs diligent professional care and judgment to assess tax risks and to arrive at well-reasoned conclusions on how the risks should be managed. Where uncertainty exists as to the interpretation of the tax law, appropriate third-party advice may be sought to support the

decision-making process and the Company seeks to resolve the uncertainty by dialogue with tax authorities.

The OECD defines a Tax Control Framework simply as *'the part of the system of internal control that assures the accuracy and completeness of the tax returns and disclosures'*. The Company is aware that tax authorities are expecting businesses to have considered this definition and be able to demonstrate the steps they have undertaken to operationalise their own Tax Control Frameworks.

The Company has adopted the OECD's six building blocks which underpin good practice in a Tax Control Framework. These can be summarised as follows:

- Tax procedures that support the Tax Strategy and Tax Policy are in place and embedded in the company's everyday operations
- An established Tax Strategy
- A Tax Policy that sets out expected standards of conduct in how the Company wants tax managed in the business
- An effective Tax Risk Management framework
- Governance as it supports tax is documented, including assigning accountabilities and responsibilities for the management of tax
- Testing is performed and assurance is provided.

The Company is committed to effective tax risk management that this does not have to be complex. The Company believes a simple, but structured approach to managing tax risk can demonstrably improve the organisation's identification, assessment and management of tax risk and create an environment of 'no surprises' around the delivery of tax. The company's approach has three elements:

- (1) Carrying out a tax risk review to identify any immediate risk areas and to undertake an assessment of the strength of tax risk and control framework.
- (2) Remediation of any identified high risk areas.
- (3) Building blocks to strengthen tax risk and control framework.

Tax risk is the risk of:

- Financial loss in the form of increased tax costs, interest and penalties;

- Suboptimal commercial outcomes due to missed opportunities to structure arrangements in an efficient manner; and
- Restricted ability to achieve goals due to damaged reputation and relationships with stakeholders (e.g., tax authorities)

There are two key drivers of tax risk:

1. Judgemental – relates to understanding and interpretation of tax law and manifests itself as tax planning and advisory risk; and
2. Operational – relates to the processes, people and systems in place to manage tax risk and manifests itself as tax compliance risk.

The company's approach to the management of tax risk which can be summarised as follows:

Tax Risk Appetite - The Company takes a conservative approach to managing its tax affairs which includes complying with all tax laws in the jurisdictions in which the Company and its subsidiaries operate, and includes ensuring that all tax payments, reporting, disclosures and other obligations are adhered to. The Company is committed only enter into transactions with clear business rationale, before taking into account any tax consequences

Relationship with tax authorities - The Company aims to maintain transparent and collaborative relationships with all tax authorities.

3. Scope of Application

This Policy applies to all companies of the Group, over which the Company has effective control. At those companies, such as joint ventures, in which the Company has an interest and to which this Policy does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the Company.

4. Main Principles of Conduct

Compliance by the Group with its tax obligations and its relations with tax authorities shall be governed by the following main principles of conduct, the application of which corresponds to each of the companies of the Group in accordance with the standards set out in section 5 below:

- a. compliance with tax rules in the United Kingdom and Ireland in which the Group operates, paying all taxes due in accordance with the legal system;

- b. the making of decisions on tax matters by the companies of the Group based on a reasonable interpretation of applicable legal provisions and in close connection with the activities of the Group;
- c. the prevention and reduction of significant tax risks, ensuring that taxes bear an appropriate relationship to the structure and location of activities, human and material resources, and the Group's business risks;
- d. the strengthening of the relationship with tax authorities based on respect for the law, fidelity, reliability, professionalism, cooperation, reciprocity and good faith, without prejudice to the legitimate disputes that, observing the aforementioned principles and in the defence of the corporate interest, may arise with such authorities concerning the interpretation of applicable legal provisions; and
- e. the provision of information to the relevant tax authorities on the main tax implications of the transactions or matters submitted to them for approval, when they are a significant factor in making a decision; and

5. Good Tax Practices

Applying the foregoing principles, the Group assumes the following good tax practices:

- a. not to use artificial structures unrelated to the Group's business for the sole purpose of reducing its tax burden nor, in particular, enter into transactions with related entities solely to erode the tax basis or to transfer profits to low-tax territories;
- b. avoid opaque structures for tax purposes, which are understood as structures calculated to prevent knowledge by the competent tax authorities of the party ultimately responsible for the activities or of the ultimate owner of the assets or rights involved;
- c. not to create or acquire companies resident in countries or territories that the UK legal provisions deem to be tax havens or that are included in the EU blacklist of non-cooperative jurisdictions.
- d. follow the recommendations of the good tax practices codes implemented in Ireland, in which a subsidiary operates, taking into account the Group's specific needs and circumstances. The Group is also committed to compliance with the OECD Guidelines in the area of taxation;
- e. cooperate with the competent tax authorities in the detection of and search for solutions for fraudulent tax practices of which the Company is aware that may be used in the markets in which the Group has a presence;

- f. provide significant tax-related information and documents that may be requested by the competent tax authorities in the exercise of their powers, as soon as practicable and with the required scope;
- g. notify the appropriate body of the tax authority and sufficiently discuss therewith all significant issues of fact of which it has notice, in order to commence the appropriate investigative proceedings, if any, and to promote agreements and consents during the course of inspection proceedings, to the extent reasonably possible and without impairing good corporate management; and

6. Application of the Policy within the Framework of the Corporate and Governance Structure of the Group.

The application of this Policy shall be governed by the following principles in accordance with the provisions of the Group's corporate and governance structure:

a. With respect to the Company

The Board of Directors of the Company is responsible for the coordination of the overall management strategies and guidelines of the Group, acting in furtherance of the interests of each and every one of the companies forming part thereof. In accordance with the foregoing, the Board of Directors of the Company shall promote due observance of the principles and good tax practices set forth in this Policy by the companies forming part of the Group with significant activities in the tax area. In addition, the company shall promote full understanding and adherence to the provisions of the Criminal Finance Act 2017.

b. With respect to non UK subsidiary companies

As regards the principles and good tax practices set out in this Policy, the subsidiary company located in Ireland shall assume the responsibilities of determining, coordinating and supervising compliance, in Ireland, with the standards that must be followed in the application of those taxes in Ireland.

Without prejudice to the provisions of law and the provisions set forth above in this section, the management body of an Irish subsidiary shall be responsible for ensuring that the information such company provides to comply with the tax obligations of the tax group to which it belongs complies with applicable tax provisions as well as the principles and rules set forth in this Policy. Said information shall in all cases be prepared in accordance with the standards set by each country subsidiary company pursuant to the provisions established by the tax divisions of each country and/or business.

7. Monitoring and Control

The Company and its subsidiaries shall adopt the control mechanisms necessary to ensure compliance with the tax laws and regulations, as well as the principles and good practices set forth in this Policy, as part of proper business management. They shall also use proper and sufficiently qualified human and material resources for such purposes. The Board of directors shall approve and periodically review guidelines for the evaluation and management of tax risk applicable to all companies of the Group, which shall include objective standards to classify transactions based on the tax risk thereof, as well as different procedures for the approval thereof, and shall act as the body responsible for tax compliance within the Company proactively endeavouring to ensure compliance with tax provisions as well as with the principles and good practices contained in this Policy.

The publication of this strategy statement is regarded as satisfying the statutory obligation under Para 16(2), Schedule 19, and Finance Act 2016 for all group companies.