South Hook LNG's approach to tax

Introduction

South Hook LNG Terminal Company Ltd ("South Hook") operates one of Europe's largest Liquefied Natural Gas ("LNG") receiving and regasification Terminals at Milford Haven, West Wales, UK. LNG is shipped to our facility, where we receive and regasify the LNG on behalf of our Customers. The safe and reliable regasification of natural gas is our primary purpose.

Our business activities generate a variety of taxes, contributing to both the UK and local economy. We pay corporate income taxes, employment taxes, business rates and other taxes. We also collect and pay employee taxes, and other indirect taxes such as VAT and excise duty.

South Hook's overall objective is to minimise the risk of dispute with the tax authorities through timely payment of the correct amount of tax due, compliance with all applicable laws and regulations and full disclosure with tax authorities.

Our Code of Business Ethics policy provides guiding principles and behaviours expected of everyone at South Hook. Honesty, integrity, respect, reliability, fairness and openness are amongst our ethical principles. Our approach to tax matters follows the same policy, with everyone expected to uphold the highest ethical standards in all business activities.

Our approach to tax is underpinned by the following:

1. Tax planning

We will only engage in efficient tax planning that fits with the commercial substance of our business activities and is permitted by the applicable laws and regulations. Where alternative routes exist to achieve the same commercial result, South Hook aims to take the most tax-efficient option to maximise after-tax returns for its Shareholders.

Transactions with related parties are executed on an arm's-length basis, in accordance with the Organisation for Economic Co-operation and Development ("OECD") principles.

2. Governance

The South Hook Board of Directors has overall responsibility for our tax strategy, and will review and approve all business events that may lead to a significant tax risk. Overall tax compliance is monitored through normal reporting cycles. Where tax treatments are uncertain, professional advice is sought from appropriately qualified external tax advisors.

Our Senior Accounting Officer ("SAO"), with the support of an internal tax committee, is responsible for ensuring the tax strategy is embedded within our management system, and is applied and maintained consistently across the organisation.

3. Tax risk management

South Hook has implemented an internal control and risk management system to manage the risk of failure in achieving business goals and objectives. We utilise the same systems to proactively identify, assess and manage tax risks. We implement control risk management measures over our processes, ensuring compliance with all applicable laws and regulations.

We monitor and report on the effectiveness of these internal controls and risk management systems, providing timely information to our Board and Audit committee, who provide governance and oversight for risk management.

4. Working with the tax authorities

South Hook maintains a transparent and constructive relationship with the tax authorities through regular meetings and communication in respect of South Hook's business, current, future and retrospective tax risks, as well as interpretation of the law in relation to all relevant taxes.

South Hook ensures that the tax authorities are kept aware of significant transactions and changes in the business and seeks to discuss any potential tax issues at an early stage. When submitting tax computations and returns to the tax authorities, South Hook discloses all relevant facts and identifies any transactions or issues where it considers there is a potential for the tax treatment to be uncertain.

Further information

This document is on behalf of South Hook LNG Terminal Company Ltd, pursuant to Paragraph 19(2) Schedule 19, Finance Act 2016 and is intended to comply with all other obligations within Schedule 19 Finance Act 2016. This document has been published in relation to the financial year ended 31 December 2026.

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