

MET Commodities London Limited - UK Tax Strategy

Introduction

MET Group is an innovative group of companies focused on multi-commodity wholesale and trading. We are headquartered in Zug, Switzerland, and are represented in 15 European countries, with almost 500 permanent staff in Austria, Bulgaria, Croatia, Hungary, Italy, Lithuania, Romania, Russia, Serbia, Slovakia, Spain, Switzerland, Turkey, Ukraine and the United Kingdom. Our businesses span natural gas, power, oil, LNG/LPG and power generation, with commercial activity focused on commodity and capacity sales, wholesale and trading. MET Commodities London Limited is part of the MET Group.

Our international business activities incur a substantial amount and variety of taxes, including corporate income taxes, stamp taxes, business rates and, in the UK, employer's national insurance. In addition, we collect and pay employment taxes and indirect taxes such as VAT.

Managing tax risks

The Group's tax situation is reviewed annually by the Group CFO together with the Group Chief Accountant in accordance with the Group's overall commercial and risk appetite. At MET Commodities London Ltd. the key in-house roles involved in managing the tax risks are the Controller, who reports to the Chief Financial Officer and Chief Executive Officer who are ultimately responsible for setting and implementing tax policies. MET Commodities London Ltd. uses external tax advisors in order to ensure the adequate knowledge and experience of each type of tax liabilities. External tax advisors report to the Controller and the Chief Financial Officer.

Tax risk can arise due to the complexity of tax legislation, potential differences in interpretation, and in relation to our business operating model. In order to manage this, management-approved processes have been established to ensure the integrity of our tax filings and other tax compliance obligations in the UK and worldwide, and our tax processes are subject to the same level of internal controls, review and external audit as the rest of the business.

Tax Planning

With the complexity of tax legislation increasing especially for businesses which operate in multiple jurisdictions with the introduction and implementation of the Actions of the OECD's "Base Erosion & Profit Shifting" project ("BEPS"), there is an increased risk for all businesses of non-compliance with new legislation.

In order to ensure we fully comply with new and existing tax legislation, we seek external tax advice to help us correctly interpret new technical and complex laws as well as confirming we are complying with all relevant statutes

We make operating decisions purely on a commercial basis and only after this consider how these transactions can be implemented in a way which maximises shareholder value whilst adhering to the Group's overall low-risk tax policies. We sometimes seek external views, especially with complex transactions as to whether our interpretation of legislation is correct, or if there are other considerations which will help increase shareholder value whilst achieving our commercial aims in a low-risk manner.

Tax Risks

We have board-led internal tax policy processes throughout the business which detail the low-risk approach to tax. This is rigid, and does not change depending the situation. This is partially influenced by our stakeholders who demand that the business maintain a reasonable approach to tax and don't take undue risks in an attempt to increase profitability.

Working with HMRC

We seek to ensure that our engagement with HMRC is professional, open and honest, and undertaken in a spirit of cooperation. We aim to respond to information requests in a timely manner and ensure that access is given to all relevant information.