

# DOF Group Tax Strategy

DOF ASA - Adopted by the Board of Directors on 24 February 2021

The DOF Group aims to achieve excellence in all its operations in every jurisdiction in which it operates. By providing a Tax Strategy, the DOF Group aims to ensure that all tax obligations are complied with in a timely, efficient and cost-effective manner, in all project locations.

The Tax Strategy is effective for the year ending 31 December 2020 and will remain in effect for the income year 2021 until any amendments or changes are approved by the Board of Directors of DOF ASA.

## DOF Group Tax Strategy

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### **Our approach to tax**

The DOF Group aims to achieve excellence in all its operations in every jurisdiction it operates. By providing a Tax Strategy, the DOF Group aims to ensure that all tax obligations are complied with in a timely, efficient and cost-effective manner, in all project locations.

The DOF Group is mindful of its responsibility and committed to paying the amounts of tax legally due in any country in which it operates, in compliance with applicable laws and conventions and in accordance with DOF's Code of Business Conduct.

We believe that this strategy will demonstrate good corporate practice in the area of tax management and tax transparency, balancing the interests of the various stakeholders, including customers, shareholders, employees and society at large.

We obtain advice from appropriately qualified external advisors on specialist tax matters in the relevant jurisdictions, and we see the input of external

advisers as a key source of specific tax expertise to supplement the skills of our own finance- and tax team in appropriate cases.

The DOF Group Tax Strategy applies to the group of companies within the DOF ASA Group.

Our approach to tax is complying with all obligations under paras 19 and 22 of schedule 19, Part 2, UK Finance Act 2016, and is covering the following UK entities: DOF Subsea UK Limited, DOF Subsea Chartering AS (UK Permanent Establishment 2020), DOF Subsea Norway AS (UK Permanent Establishment 2020) and DOF (UK) Limited.

The Tax Strategy applies from the date of publication until it is superseded. It is effective for the year ending 31 December 2020 and will remain in effect for the year ending 31 December 2021 until any amendments or changes are approved by the Board of Directors in DOF ASA.

### **The DOF Group shall:**

- Show respect to tax authorities in all jurisdictions it conducts operations in, and comply with any applicable tax legislation;
- Promote tax guidelines to cover taxes in all jurisdictions that it conducts operations, to endeavour to ensure compliance and that tax risks are identified, minimised, and addressed efficiently;
- Aim to ensure that our intercompany transactions are based on arm's length terms, in accordance with guiding principles such as the OECD Transfer Pricing Guidelines, and that our Tax Strategy is aligned with our business strategy;
- Co-operate with tax authorities to ensure that the Group respects applicable local, regional and international tax law and be open and transparent with tax authorities about our tax affairs and provide all relevant information that is necessary for those authorities to review possible tax risks;

- Require our employees worldwide to adopt best practice in relation to declaring taxes on personnel income earned whilst working for the DOF Group anywhere in the world.
- Only engage in tax planning where it is aligned with the business activities and not artificial in nature.

The DOF Group may respond to tax incentives and exemptions, such as the Norwegian tonnage tax regime available for the shipping industry and similar shipping taxation arrangements in other European countries.

#### Tax Risk Profile

The DOF Group takes a conservative approach to tax risk and acknowledges that a certain level of risk is inherent in all taxation matters. We shall not use tax structures that are meant for tax avoidance.

Tax risk is, in the context of this Tax Strategy, defined as follows:

*“Any event, action, or inaction in tax strategy, operations, financial reporting, or compliance that either adversely affects the DOF ASA Group’s tax or business objectives or results in an unanticipated or unacceptable level of monetary, financial statement or reputational exposure.”*

A conservative tax risk profile is adopted based on the following principles:

- Strong technical positions, considering that the level of certainty required for tax positions taken will vary depending on the nature and size of the underlying issue. However, no tax position is to be taken unless it is more likely than not to be correct (Reasonable Arguable Position)
- Clear understanding and explanation of the facts, and proper and valid documentation of the facts
- Well established relationships with tax authorities
- Engage in open and early dialogue with the relevant tax authorities in any enquires they might have
- Strong compliance procedures and routines aiming to ensure accurate and complete tax returns, as well as timely filing of all tax returns

#### How we manage risk

Before entering into a new project/jurisdiction the relevant legal entity in charge of the project shall conduct a tax study of the potential tax reporting obligations, subject to scope and duration of project, area of operation etc. This study shall as a main rule be performed with assistance from external professional tax advisors and shall clarify both the reporting obligations as well as the potential tax burden. Such study shall cover both corporate tax and personnel tax reporting obligations, as well as any other applicable taxes, fees, duties etc.

The regions in the DOF Group shall report on a regular basis to the head office on any significant tax issues as well as providing a quarterly status on all ongoing tax compliance and other significant tax matters.

The DOF Group will as a main rule employ Tax Managers/Tax Advisors in all regions, to establish a strong tax function worldwide and to enhance and ensure compliance with the Tax Strategy.

The tax risk shall ideally be managed by the prevention of unnecessary disputes. We seek to minimise the risk of a dispute with the taxing authorities by being open and transparent about our tax affairs.

The tax consequences of significant commercial transactions are considered by the Board of Directors as part of its deliberations on the transactions in question.

In cases of significant uncertainty, we would generally seek advance clearance from the relevant tax authorities.

We have a published Code of Business Conduct, which sets out our commitment to, and how we maintain, high standards of conduct, including in maintaining integrity in financial reporting.

### Transfer Pricing

The DOF Group aims to comply with the requirements set out by the OECD in the BEPS Action 13 report to document the transfer prices of the intercompany transactions between related entities in the Group. The transfer pricing report consists of a Masterfile providing information about the DOF Group's business and Local files providing information about the local business. Relevant transaction files are formally part of each Local file. The Masterfile and Local files are subject to annual revision and updating in accordance with the at any time prevailing local and international tax regulations relevant to the DOF Group's business.

### Country by country reporting

The Norwegian Government adopted the OECD's Base Erosion and Profit Shifting recommendations requiring multinationals to submit country by country tax reports to tax authorities. We shall comply with this obligation by submission of country by country tax reports to the Norwegian tax authorities within the applicable deadlines.

### Responsibilities

**The Board of Directors** in DOF ASA is ultimately responsible for the DOF Group Tax Strategy.

**The Chief Executive Officer** of the DOF Group is accountable to the Board of Directors for ensuring that this Tax Strategy is implemented.

**The Management** at all organisational levels within the DOF Group is responsible for ensuring the success of the Tax Strategy through the provision and availability of the necessary resources.

**The Tax Function** will robustly defend tax positions taken in the Group's tax returns. The tax function will proactively pursue any tax timing benefits within the context of the tax risk strategy. The tax function should monitor changes in relevant tax law and practice and undertake regular training in order to assess any consequences for the DOF Group, with the minimum aim of mitigating any adverse impact. The tax function will manage its compliance affairs aiming to minimise the risk of any adverse public comment.

**All DOF Group employees and subcontractors** have an individual responsibility to ensure that they and their colleagues co-operate with the Group to achieve its quality objectives.

**The Tax Strategy applies to all DOF business units and operations.**