

LONGBOAT ENERGY PLC

ANTI-FACILITATION OF TAX EVASION POLICY (“AFTE” or “Policy”)

- 1.1 Longboat Energy plc (“**Longboat**” or the “**Company**”) expects the highest standard of behaviour and conduct of its directors, officers and employees, together with all agents, co-venturers, contractors, suppliers and other third parties acting or purporting to act on its behalf or on behalf of any member of the Company.
 - 1.2 The Company's policy is to conduct business in an honest way, and to seek to prevent, where practicable, the use of corrupt practices including tax evasion. Tax evasion is the use of illegal means to attempt to minimise tax liability through fraudulent techniques to circumvent or frustrate tax laws.
 - 1.3 The Company takes its AFTE responsibilities seriously, will not tolerate tax evasion practices in any form and wherever they may occur, and will seek to prevent such occurrence if it can reasonably do so. This duty extends to Longboat’s employees.
 - 1.4 The implications of being found guilty of failure to prevent tax evasion pursuant to the Criminal Finances Act 2017 (the “**Act**”) include confiscation of revenues earned, fines of up to four times the benefit derived, extensive investigation and remediation costs and reputational damage. Additionally, the Company recognises that tax evasion can cause serious damage in the societies within which it is conducted, can fund organised and other crime, and can cause irreparable damage to its reputation and business.
 - 1.5 This Policy sets out the main policies, procedures and mechanisms adopted by the Company following appropriate risk assessment that are intended to enable Longboat to fulfil its AFTE obligations in the course of the Company’s business and ensure compliance with applicable tax laws in those countries where the Company conducts business.
2. **Board Responsibility**
 - 2.1 The board of directors of Longboat (the “**Board**”) has responsibility for promoting and enforcing this Policy to ensure that AFTE obligations are fulfilled.
 - 2.2 At Board level, the CEO has responsibility for ensuring that senior management and key individuals involved in business decisions on behalf of the Company are aware of this Policy and will promote the principles underpinning it and any policies adopted in support of it. The CEO retains primary responsibility for making clear statements of the Company's culture and the standards expected of its people.
3. **Compliance**
 - 3.1 The Company Secretary shall have delegated responsibility for overseeing the operation of this Policy.
 - 3.2 Compliance with this Policy shall be monitored and assessed as part of the Company’s internal risk management programme.

4. **Risk Management**

Risks of tax evasion arising shall be monitored and assessed as part of the Company's internal risk management programme.

5. **Employee Procedures**

5.1 Recruitment practices and employment terms and conditions shall reflect the Company's Policy including provision for:

5.1.1 vetting or the taking of references to confirm an individual's suitability for given roles (where appropriate);

5.1.2 briefing and agreement to this Policy; and

5.1.3 clear disciplinary procedures which entitle Longboat to take appropriate disciplinary action against employees who are involved in any conduct in breach of this Policy.

5.2 The Company's personnel handbook will include general AFTE guidelines.

6. **Communication & training**

6.1 Company employees shall be made aware of this Policy and training on AFTE matters shall be provided to Company employees as considered proportionate and appropriate to their function and role within the business.

6.2 Company employees shall be made aware of how they may properly report instances of tax evasion including, for example, pursuant to the Company's rules and guidelines on whistleblowing.

6.3 Company employees shall be made aware of:

6.3.1 the meaning of the term 'tax evasion' and associated fraud;

6.3.2 an employee's duty under the law;

6.3.3 the penalties, relating to the person and corporate entity, for committing an offence under the Act; and

6.3.4 the social and economic effects of failing to prevent tax evasion.

7. **Due Diligence**

7.1 Before entering into any business relationship, Longboat shall, where appropriate, conduct due diligence on:

7.1.1 the country in which the business is to be conducted,

7.1.2 its potential business partners or agents; and

7.1.3 the proposed project or business transaction,

in order to assess the risk of tax evasion issues. The level of due diligence, if any, required in any given instance shall be proportionate to the location of the business, the relevant counterparty/ies and the relevant transaction. Particular care is to be taken when dealing with a corporation, body or individual not based or registered in an OECD country.

- 7.2 Appropriate due diligence may involve taking legal and/or accounting advice from one or more competent local advisers who shall be engaged via the CFO.

8. **Decision making process**

Having identified a significant level of risk pertaining to a particular project or proposed business transaction, the decision as to whether to proceed shall be referred to the Board by the CEO, following consultation with the CFO and the Company Secretary.

9. **Financial Controls and Procedures**

- 9.1 The Company's financial controls and procedures help minimise the risk of acts of tax evasion occurring whether within the Company or by individuals or organisations (e.g. employees, clients, business partners, sub-contractors or suppliers) with whom the Company deals in the course of its business.

- 9.2 The Company's financial controls will be reviewed regularly via the Audit Committee and also as part of the Board's annual review of internal controls.

10. **Supply Chain Management**

- 11. Longboat shall utilise appropriate procurement and contract management procedures with a view to minimising, so far as reasonably practicable, the opportunity for tax evasion by contractors, sub-contractors or suppliers in relation to their dealings with the Company.

- 12. Longboat will, so far as reasonably practicable, seek to ensure that its co-venturers, suppliers and other third parties with which it does business, have in place policies relating to AFTE which reflect the requirements of the Act.

13. **Queries, reporting suspicions and investigating**

- 13.1 Longboat has procedures in place to enable employees to report instances of suspected tax evasion in a safe and confidential manner as described in the Company's rules and guidelines regarding whistleblowing.

- 13.2 Longboat shall ensure that allegations of tax evasion are properly investigated by appropriately qualified individuals following consultation with the CEO, the Commercial Director & Company Secretary and the CFO and where appropriate results of such investigations are reported back to the individual who made the original complaint.

- 13.3 Any questions in respect of this Policy may be directed to the CEO and CFO.

- 13.4 All allegations of tax evasion involving Longboat shall be directed to, and reported in confidence to, the CEO.

14. **Monitoring and review**

- 14.1 The nature of the risks faced by the Company will change and evolve over time. This may be as a natural result of external developments, the failure to prevent an incidence of facilitation of tax evasion by an associated person, or as a result of changes in the location or nature of the Company's activities. The Company will therefore need to amend its procedures in response to the changes in the risks that it faces.
- 14.2 The CFO will initiate a review when he considers it appropriate based on a perceived change in the relevant risks. For example, should the Company commence oil and gas activities in higher risk non-OECD locations.