



UK Tax Strategy

This document sets out the strategic tax objectives of Petro-Canada Europe Lubricants Limited.

This document details HollyFrontier Corporation's ("HollyFrontier") UK tax strategy with respect to its operation of Petro-Canada Europe Lubricants Limited ("PCE"), and has been published to comply with the duty under paragraph 22(2) of Schedule 19 of the UK Finance Act 2016 in respect of our current financial year ending December 31, 2019. The UK tax strategy applies to all UK taxation and has been reviewed and approved by the Board of PCE.

HollyFrontier is principally an independent petroleum refiner that produces high-value light products such as gasoline, diesel fuel, jet fuel, specialty lubricant products and specialty and modified asphalt. HollyFrontier owns and operates refineries located in Kansas, Oklahoma, New Mexico, Wyoming, and Utah and markets its refined products principally in the Southwest U.S., the Rocky Mountains extending into the Pacific Northwest and in other neighbouring Plains states. In addition, HollyFrontier produces base oils and other specialized lubricants in the U.S., Canada, and the Netherlands, and exports such products to more than 80 countries.

Our longstanding commitment to ethical behaviour is inherently tied to how we do business and forms the basis of our tax strategy. In managing tax, we strive to do what is right for our employees, investors, and communities. Our mission statement and core values have their basis in honesty, openness and integrity, and our Code of Business Conduct and Ethics (the "Code") was written with those commitments in mind which underpin our tax strategy. The below strategic tax objectives articulate our UK tax strategy and will help us achieve our business mission.

Approach to tax risk management and governance

HollyFrontier actively maintains and monitors its compliance with our internal risk management policies, guidelines, procedures, processes, limits, and internal controls, which are put in place to identify, measure and control various risks, including taxation risk. A dedicated, in-house tax team (the "Team") is responsible for the day to day management of HollyFrontier's global tax liability and compliance, including its obligations in the UK. The Team utilizes external tax specialists to advise on specific matters of UK taxation, and tax risks and mitigating controls are documented in risk and control matrices prepared through a formal process undertaken in consultation with the external specialists. The Team reports through to the Vice President of Tax, who serves as a director on the Board of PCE. The Board of PCE has adopted the tax strategy and has ultimate responsibility for governance arrangements.

HollyFrontier's tax risk appetite is aligned with its Code and business values and is consistent with the business objective to ensure the commitment of HollyFrontier to conduct business with unquestionable integrity and promote sustainable social and economic benefits. We have rigid levels of acceptable tax risks. Failure to mitigate tax risks could pose reputational risks to the larger HollyFrontier group and hinder sustainable growth and development. HollyFrontier takes on a prudent approach in managing risk and is

focused on all directors, executives, and employees complying with all applicable tax legislation (including the UK). We obtain certainty of compliance, where required, through the engagement of qualified external tax advisers and Her Majesty's Revenue and Customs ("HMRC").

HollyFrontier's primary aim is to maintain an inclusive and stimulating work environment that enables each employee to fully contribute to and participate in our company's success. To that end, we provide relevant personnel in our business sufficient tax training to effectively manage tax risk within our organisation.

Attitude to tax planning

HollyFrontier is committed to being a responsible corporate citizen. HollyFrontier does not enter into any artificial transactions with the intention of saving tax or structure commercial transactions in a way which may cause reputational damage or negatively impact its stakeholders. All directors, executives, and employees that work with HollyFrontier are required to comply with the Code which requires that each individual has a responsibility to preserve the company's reputation for integrity. This applies equally to tax and behaviours that might be viewed unfavourably by current or potential customers or by the public at large are expressly prohibited.

Only commercial business transactions are undertaken and tax planning is considered in the context of the Code to support business objectives. HollyFrontier seeks the advice of qualified external tax advisers in situations where the application of tax legislation is unclear or where it is apparent that there is a skill/resource gap in the Team so that statutory and legislative tax obligations are met. Any advice received is reviewed and approved by the Vice President of Tax, or equivalent, for its compliance with this tax strategy.

Any material transactions between HollyFrontier and other group companies are undertaken in line with the OECD's Arms Length principles and are generally supported by third party studies performed by external specialists.

Approach toward dealing with tax authorities

We believe that having engaging conversations with our various stakeholders is essential to promoting sustainable social and economic benefits wherever we operate. We apply this approach with our communication with Tax Authorities and seek to communicate with HMRC in a clear and professional manner to develop a transparent, professional relationship. In the event of uncertainty over the interpretation of tax law, we will proactively engage in a constructive dialogue with HMRC and external tax advisors to attain clarity.