

Group Tax Strategy

Introduction

The Tax Strategy of Polymetal International plc (“Polymetal”) and its subsidiaries (together “the Group”, and each individually a “Group Company”) reflects the Group’s commitment to the principles of open and honest business, as well as the Group’s goal of promoting the highest standards of corporate governance and maintaining continued compliance with applicable global and local best practices.

Scope of the Strategy

This Tax Strategy applies to:

- Polymetal International plc;
- All other Group Companies.

Commitments and provisions

The Group is committed to maintaining the highest standards of corporate governance, sustainable development, continued compliance with global and local best practices and endeavor to create long-term value for stakeholders.

The Group’s tax strategy is aligned with the overall business strategy and approach to corporate governance, ethics and risk management.

The Group’s tax strategy is to fully comply with the requirements of applicable tax laws, treaties, regulations, and other tax guidance, provide adequate controls over tax accounting and tax reporting.

The approach of the Group is to interpret the tax legislation consistent with both the spirit and intention of the law.

The Group proactively monitors tax law changes to comply with the laws, regulations, disclosures, tax reporting, tax payments, and tax filing responsibilities to ensure that all taxes are correctly accounted for and that tax returns are completed accurately and on time and that any tax liabilities are paid.

The Group is building transparent relationships with the tax authorities, is maintaining open communication with all relevant tax authorities to ensure all information reporting required by applicable laws is available on a timely basis. We will always seek to disclose all relevant facts to the tax authorities to enable them to understand the tax position of the Group and to facilitate the correct tax treatment to be applied.

There are sufficient processes and controls in place to ensure that objective is met. We obtain advice from external advisors to supplement our internal expertise or resources where appropriate and to keep up to date with the changing tax regulations and environment.

Approach to tax risk management

We are focused on creating a robust culture to support risk management across all business units. We have a built-in process for regularly updating and reviewing the risk management policies and procedures to address new developments and introduce best practices.

We understand that the ongoing changes to international and local tax legislation, and evolving practice of the application of these laws in courts, could lead to tax disputes and potential additional tax liabilities.

Our approach includes continuous monitoring and analysing domestic and international tax legislation, case law, guidance, and practices. The Group regularly evaluates its tax positions to ensure they are adequately reflected in the consolidated financial statements.

To mitigate tax risk, we operate an effective tax control framework to identify key tax risks and to manage those risks through appropriately designed and operated processes. These controls and processes are subject to regular reviews by the Group's Internal Audit department and also by our external independent audit firm.

The Group timely engages the external advisors to help in dealing with uncertain tax positions, to manage the risk and ensure that the Group meets its tax obligations.

The Group conducts operations in several jurisdictions and is, therefore, subject to complex transfer pricing regulations, which may be associated with uncertainty and inherent subjectivity. The Group has implemented the transfer pricing methodology, which is compliant with OECD and local country guidelines. The Group updates the mentioned methodology on a yearly basis with the assistance of external advisers to ensure that the transactions between group companies are conducted on an arm's-length basis.

Attitude towards tax planning

Our tax payouts should be consistent with genuine commercial activity, comply with the laws and regulations of the jurisdictions in which we operate, and be consistent with our business strategy.

The Group does not pursue aggressive tax avoidance or evasion schemes. The Group is continuously monitoring its tax strategies and tax structures to comply with the new landscape created by BEPS without suffering unwarranted disruptions in business operations or incurring excessive costs.

Any tax planning undertaken has commercial and economic substance and considers the potential impact on our reputation and broader goals. We do not undertake transactions driven by tax avoidance or from which there is no economic benefit to the Group other than tax savings.

We ensure that the Group's tax affairs are arranged in an efficient manner and we aim to make use of tax incentives and exemptions intentionally provided by law. To the extent the Group obtains an incentive, we fully comply with the requirements of such incentives.

All tax planning is subject to a robust documentation exercise, review and approval process from multiple levels of expertise and diverse skillsets within the Group Companies and, typically, is undertaken with advice from external advisors.

Review and monitoring

The Group Tax Strategy has been approved by the Polymetal Board of Directors. The Audit and Risk Committee (hereinafter – the Committee) oversees the Group's compliance with the principles of the Tax Strategy and monitors Management's reporting.

The Group Tax Strategy is subject to regular review by the Committee to consider if it remains appropriate and consistent with the applicable standards and practices, and to recommend any changes it considers desirable to the Board for approval.

The Management of Group Companies shall conduct regular performance reviews against the principles of the Group Tax Strategy, as well as the relevant internal policies and procedures, to ensure that we are fulfilling our commitments. The Tax Department of each Group Company is responsible for monitoring the Group Tax Strategy implementation.

Contacts

We welcome any queries from our stakeholders. Questions regarding the content and application of this Policy can be forwarded to our specialists in any convenient form, including by phone or via e-mail. Our contact details can be found in the Contacts section on Polymetal's official website.