



TAX STRATEGY

Metalloinvest Group (“the Company”), Management Company Metalloinvest LLC and the companies with which it has the agreements on the exercise of the authorities of the sole executive body (Managed Companies), acting in accordance with the laws of the Russian Federation and other countries where the Company operates, corporate regulations and international best practices,
Confirming that sustainable development is among the main goals¹ and priorities of the Company,
Focusing on the strategic goals and the Company’s mission,
Guided by Sustainability Reporting Standards, in particular the GRI 207 Tax Standard², Responsible Business Conduct Standards, as well as the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises⁴,
Developed a tax strategy consisting of the following components:



I. Goals

- Maintaining high profits for the Company.
- Strengthening tax transparency, including through the mechanism of tax monitoring.
- Improving tax efficiency through the use of legally established incentives, mechanisms and opportunities.
- Ensuring stakeholder awareness about the Company’s taxes and enhancing confidence in tax practice.

II. Principles

- ✓ **1. Fulfilment of tax obligations in good faith**
 - 1.1. Timely payment of taxes in full**
The Company pays all applicable taxes, charges and duties established by the laws of the Russian Federation and the laws of the countries where the Company operates.
Being a responsible taxpayer and understanding the importance of tax revenues for the socio-economic development of the country’s regions, the Company pays taxes on time and in full.
 - 1.2. Legal compliance**
The Company’s transactions are economically justified and have a business goal. The Company does not use aggressive tax planning, artificial schemes for reducing tax burden or transferring profits to low-tax jurisdictions, international double taxation treaties for tax base erosion and profit shifting. Tax reasons are not used for making transactions or structuring a set of transactions, the key reason is that a transaction has a

business goal. Taxes are calculated and paid based on the actual economic rationale for business operations. The Company is committed to complying with the requirements of the legislation on transfer pricing and reporting for the international group, which are effective in the countries where the Company operates, and also takes into account OECD’s recommendations

- ✓ **2. Principle of tax transparency**
The Company interacts with tax authorities based on the principles of openness and transparency, including within the framework of tax monitoring. The Company assists the tax authorities in implementing tax control measures.
- ✓ **3. Preparation of quality tax reporting**
The Company uses a unified taxation methodology, model accounting policy. In addition, the Company has implemented an automated accounting system, which makes it possible to prepare tax reporting in a timely manner.

¹ <https://www.metalloinvest.com/en/about/development-strategy/>
² <https://www.globalreporting.org/media/sfcpct4/gri-207-tax-standard-2019-factsheet.pdf?id=1616>
³ https://www.economy.gov.ru/material/file/a3773afa7b2064c2ae833ec69f2ea2b4/standarti_oesr.pdf
⁴ <https://www.oecd.org/daf/ca/corporategovernanceofstate-ownedenterprises/45885495.pdf>



4. Effective tax risk management

In order to improve business efficiency and ensure manageability of cash flows, the Company manages tax risks by predicting, identifying, assessing, and developing measures to reduce their negative impact on the Company's activities. The Company applies common criteria for assessing tax risks.

In the course of analysis and forecasting, the Company takes into account both external (changes in tax legislation and law enforcement practice) and internal (changes in business processes, emergence of new business operations) risk factors.

The Company uses justified and consistent approaches and is focused on minimising the risks of emergence of disputes with tax authorities, including on transfer pricing issues.

The Company will interact with the tax authorities within the framework of the procedures provided for by the legislation if, due to the uncertainty of transfer pricing legislation and/or insufficient law enforcement practice, the tax authorities take a position that differs from that of the Company and will challenge the prices applied in the controlled transactions of the Company or profitability received from such transactions.

The Company reviews changes in legislation and law enforcement practice on an ongoing basis in order to adjust the applied approaches to taxation in a timely manner.

The Company regularly informs the senior management about the tax risks identified and the measures taken to reduce them.



5. Interaction with authorities in the area of legislative initiatives

The Company actively participates in public discussions and in the work of business associations to develop the business community's position on the important issues of legislative regulation. The Company's experts make proposals aimed at legislation improvements including tax legislation.



6. Planning and control of pricing in intragroup transactions, taking into account the principles of transfer pricing

In the normal course of business, the Company enters into transactions with related parties, including cross-border transactions. When making transactions between the Company's enterprises, prices for these transactions are set in accordance with the laws of the Russian Federation and the countries where the Company operates, as well as the principles of the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations aimed at preventing the artificial shift of profits between jurisdictions. Intra-group transactions are valued as if they were made between non-related parties (independent parties), each acting in its own interests.

The Company's management has implemented internal control procedures to comply with the requirements of Russian transfer pricing legislation, including identifying transfer pricing-controlled transactions and testing the price/profitability level.

III. Tax function

- Taxes paid by the Company are subject to a detailed review by stakeholders and by the regulatory authorities, as well as by the public interested in ensuring the socio-economic development of the country and regions.
- The goal of the Company's tax function is to improve tax management efficiency, including informing the Company's senior management about potential challenges and risks.
- Tax function of the Company is built into the general business goals and objectives of the Company and is integrated with the functions of internal control, corporate governance, finance and others.
- The Company provides the tax function with access to resources needed for its effective activity.
- The Company has accumulated impressive expertise and experience in resolving tax issues of any complexity. At the same time, to confirm its position on individual taxation issues, the Company engages independent external consultants possessing the necessary experience.