

# TAX POLICY

OF KGHM POLSKA MIEDŹ S.A.



KGHM Polska Miedź S.A. (hereafter: KGHM) is a company in the KGHM Group with over 60-years of traditions, involved in the mining and processing of precious natural resources. KGHM's actions on highly-competitive international markets includes being engaged in new business initiatives, which are based on building trust in relations with external stakeholders. We achieve such goals among others by defining the below-mentioned principles, which guide us in our approach to tax questions.

## The management of tax issues

- Whilst engaged in the process of managing tax-related issues we continually seek a balance between our business activities, which are conducted with respect for the law and following due diligence procedures, and the expectations arising from ethical, social and sustainability considerations.
- We achieve the aforementioned goal with the aid of implemented procedures, established operating principles and modern IT solutions, which describe the processes connected with collecting data and calculating and paying taxes, as well as methods for their control.
- The principles set forth in this Policy as well as the procedures and solutions in force in KGHM are regularly monitored and updated to ensure operational conformity in this area with changes in the legal environment and with the strategy of KGHM.
- Whilst the task of managing tax-related issues in KGHM has been delegated to a team of experienced tax specialists, the ultimate responsibility for overseeing this process lies solely with the Management Board.

## Compliance

- The ultimate goal in the process of managing tax-related issues is to adhere to the letter and spirit of tax laws and to pay our tax obligations in the correct amounts and in the appropriate timeframe, in compliance with due diligence principles.
- Due to the high degree of complexity and variability of tax laws, we determine the tax consequences of significant or unusual transactions with the support of qualified external advisors or by obtaining the written opinion of the appropriate tax bodies.
- In terms of our business operations, all transactions between KGHM and its subsidiaries are carried out under arm's-length conditions, in accordance with domestic and international price transference standards.
- We do not engage in actions involving attempts to evade taxation, avoid taxation, the transference of profits between jurisdictions, transactions of a non-business nature or other forms of aggressive tax planning.

## Transparency

- We maintain an ongoing relationship with tax authorities aimed at building solid, long-term relations, based on trust and transparency. In the case of tax bodies which have designated so-called taxpayer guardians, we engage in our relationship through them.
- We actively participate in public consultations on tax legislation, with particular regard to the possibilities afforded by membership in corporate and employer organisations.
- All declarations, tax returns, lists, summaries, reports and information which KGHM as a taxpayer or payer is obliged to submit, are prepared and submitted on time, in compliance with due diligence principles.
- We are open and prepared for cooperation. We willingly and promptly respond to all requests by tax authorities to provide information related to the tax functions carried out by KGHM.

## Management of tax risk

- We monitor questions related to the control and management of tax risk by creating systemic solutions which in a holistic way treat the identification, analysis and assessment of risk, as well as appropriate responses to potential threats.
- We carry out the control function additionally with the aid of audits, assigned to specialised external entities, aimed at verifying the accuracy of tax calculations.
- In order to minimise tax risk, we also apply systemic solutions independent of the human factor, such as obligatory split payments (also in the case of the voluntary application of the split payments mechanism), making payments to accounts within the VAT taxpayers list maintained by the Head of the National Treasury Administration, and applying audit algorithms implemented in the utilised financial and accounting software.
- We continually enhance the qualifications of staff responsible for carrying out tax functions.

This Policy was adopted by the Management Board of KGHM, is widely distributed and has been presented to all employees and other persons working on behalf of the Company.

Tomasz Zdzikot



President of the Management Board  
of KGHM Polska Miedź S.A.