

Tax strategy of SCM Group

I. Preamble. Mission Statement

1. This Group Tax Strategy (“**Strategy**”) applies to UK-based entities belonging to System Capital Management (SCM) group of companies (“**SCM Group**” or “**Group**”). SCM Group is an international diversified business group, which includes assets operating in Metals & Mining, Energy, Heavy Engineering, Transportation, Agriculture, Telecommunications, Media, Finance, and other sectors.
2. The purpose of this Strategy is to set out SCM Group’s goals in handling tax matters:
 - ✓ Compliance with tax laws and regulations by all SCM Group companies;
 - ✓ Adherence to arm’s length standards in dealing with related parties; and
 - ✓ Open and transparent relationships with tax authorities.
3. Ensuring compliance with applicable tax laws and regulations is an integral part of corporate governance and controls system of SCM Group.
4. SCM Group’s mission statement in the area of Tax is as follows:

“To deliver a sustainable and optimal tax position of the Group through compliance with tax laws, while making and implementing decisions that are in line with the Group’s long-term strategic goals.”
5. The publication of this Strategy statement is regarded as satisfying the statutory obligation under Para 19(2), Schedule 19, Finance Act 2016 (UK) in respect of the period ended 31 December 2019.

II. Tax compliance

6. SCM Group is committed to compliance with applicable laws and regulations in all jurisdictions in which the Group operates. In the area of Tax, this commitment includes the following:
 - a. To pay all legally required taxes in a timely manner;
 - b. To fully comply with tax laws and regulations applicable to the Group entities in relevant jurisdictions (including the UK); and
 - c. If a particular tax regulation is unclear or contradictory, to make all reasonable efforts to establish its proper meaning and comply with it as deemed appropriate.
7. Tax compliance by SCM Group means that applicable tax law requirements are fully complied with in terms of:
 - a. Correct amounts of taxes paid;
 - b. Meeting filing and tax payment deadlines; and
 - c. Timely consideration of changes in tax legislation.
8. Tax compliance is ensured by management of relevant entities of SCM Group, including in-house tax specialists. SCM also engages services of multiple external tax advisors to ensure compliance.

For the year ended 31 December 2019, the tax advisors to SCM Group's UK entities were members of the 'Big 4' group of leading accounting firms or recognized experts in taxation area.

9. To ensure ongoing compliance, SCM Group regularly conducts tax compliance audits by its own tax specialists and external tax advisors.

III. Risk management and tax planning

10. SCM Group avoids aggressive tax planning, in particular when planning material transactions ("low risk appetite"). Tax risk management includes proactive identification, evaluation, control and monitoring of tax risks and mitigation options.
11. Significant tax matters and relevant managerial judgments are regularly presented to the Group's management for review in order to ensure that relevant tax planning is in line with SCM Group's corporate principles.
12. As a rule, where there is uncertainty on any material tax matter due to vagueness or gaps in the law, the Group seeks professional external tax advice to clarify the position.
13. Inter-company transactions between entities of SCM Group are normally entered into at arm's length.

IV. HM Revenue and Customs (HMRC)

14. SCM Group UK entities' dealings with HMRC are based on the following principles:
 - a. Compliance with applicable UK tax laws and regulations; and
 - b. Maintaining transparent and constructive relationship and dialogue with HMRC.

Where disputes arise the Group may seek to litigate as necessary to defend its position.

This Strategy was approved by the directors of SCM (System Capital Management) Limited (Cyprus) on 06 November 2019.