

KAZ Minerals' tax strategy

Our vision for tax

The Group takes a responsible and transparent approach to the management and control of its tax affairs and related risks and has adopted a tax strategy that supports the delivery of its long-term business strategy. The tax strategy has been reviewed by the Audit Committee and approved by the Board. It is owned by the Group's Chief Financial Officer ('CFO'), who is supported by appropriately qualified employees in both the UK and Kazakhstan. In line with our transparent approach, we have historically disclosed our Total Tax Contribution voluntarily, which together with the Report on Payments to Governments, can be found in our 2017 Annual Report on pages 41-42 and on our website, respectively.

The Group's overall vision for tax is to ensure compliance with the applicable rules and regulations in the jurisdictions in which it operates whilst maximising shareholder value and be the leading natural resources company in Central Asia.

1. *Tax governance & risk appetite:*

The Group follows a risk based approach in the management of its taxes. This involves the regular review and update of its tax risk profile, including the identification of key risks that could affect the business. The Group's approach to risk management ensures that we have in place the appropriate processes and controls to identify, manage and monitor such risks.

The Group's risk management framework, which is reviewed by the Board, includes stated levels of acceptable risk given financial, social, reputational and other impacts. The key risks are identified as strategic, financial, compliance or operational, and in a tax context, the Group has a low risk appetite. The CFO regularly reviews the Group's key tax risks including those arising in the UK together with a review of the Senior Accounting Officer process, compliance and controls. The Group's material tax issues are reported periodically to the Audit Committee. With the assistance of external tax advisors, the Group monitors developing tax legislation and presents these developments with any significant tax-related issues to the Audit Committee at least twice a year.

2. *Attitude towards tax planning:*

The Group's attitude towards tax planning is consistent with the Group's overall aim of compliance with laws and regulation and maximising shareholder value. Any business transaction undertaken will be in accordance with the Group's strategy and underpinned by commercial objectives. We do not engage in aggressive tax planning that lacks commercial substance or may harm the Group's business operations, reputation or stakeholders and we seek external advice as required. The Group's approach to intercompany transactions requires that these are conducted on an arm's length basis and comply with the transfer pricing rules in the jurisdictions in which the Group operates and are in line with the OECD principles. We seek to benefit from government sponsored reliefs and incentives, where appropriate.

The Group may engage with external tax advisors where tax legislation is not clear or open to interpretation and to assist with tax compliance obligations in the jurisdictions in which we operate.

3. *Relationship with HMRC:*

We seek to build an equitable relationship with the tax authorities in the jurisdictions in which we operate. Where any disputes arise with regard to the interpretation and application of tax legislation, the Group is committed to addressing and resolving the matters promptly with the relevant tax authorities in an open and constructive manner. In the UK, the Group's approach to HMRC is consistent with the above, as we maintain an open, transparent and cordial relationship both with our Customer Relationship Manager and any other case officers we interact with. We continue to be proactive in our approach, and through regular interaction & dialogue, inform HMRC in advance

of any relevant issues wherever practical. We may seek external support from our advisors to confirm the appropriateness of tax positions and interpretations to minimise potential areas of disagreement with the tax authorities.

4. *Tax integrated into the business:*

Given the organisational structure and collaborative working culture within the Group, the tax team has built close relationships with the wider business such that tax is appropriately considered as an integral part of a relevant transaction or business decision. Members of the tax and finance teams are appropriately qualified and provided with relevant training opportunities to fulfil their role effectively and the relationship with external advisors ensures real time support is available on specialist technical issues that may arise.

Our published Tax Strategy, approved by the Board, satisfies Schedule 19 of the UK Finance Act 2016 in respect of our financial year ending 31 December 2018.