

APPROVED

by Resolution of the Board of Directors
of JSC INK-Capital
Minutes No. 117 dated December 9, 2021

**TAX POLICY
OF JSC INK-CAPITAL**

Revision 1

Irkutsk

2021

I. GENERAL PROVISIONS

1.1 Joint Stock Company INK-Capital owns the legal entities (including through its subsidiary companies) (hereinafter collectively referred to as the Group) that perform geological study, exploration, production, and processing of hydrocarbons in Eastern Siberia and neighboring regions, and which are also engaged in the implementation of promising projects, including in the field of gas chemical production.

1.2 The Group contributes to the budget system of the Russian Federation, as well as contributes to the development of the territories in which it operates.

For many years in a row, the Group has been the largest taxpayer in the Irkutsk Region.

The Group is a responsible and bona fide taxpayer.

1.3 The Group pays a wide range of taxes and fees due on the territory of the Russian Federation, including but not limited to: income tax, value added tax, mineral extraction tax, transport tax, property tax, land tax, export customs duty, just to name few, as well as fees for compulsory state medical and pension insurance, etc.

1.4 This Policy is binding upon:

- all management bodies of the Group;
- all employees of the Group.

1.5 No administrative documents, local regulations and internal acts and regulations of the Group shall contradict this Policy.

II. TAX POLICY OF THE GROUP

2.1 The tax policy of the Group is aimed at achieving full compliance with the norms and requirements of the applicable tax laws, international tax treaties to which the Russian Federation is a party and is also guided by the provisions of applicable international legislation and directives, to the extent that they are in line with the laws of the Russian Federation.

2.2 In its activities the Group neither carries out transactions (operations) aimed at obtaining unjustified tax benefits (tax savings), nor uses any illegal or aggressive tax planning or optimization practices. Furthermore, the Group does not use any global offshore tax schemes to avoid taxation.

2.3 One of the Group's current goals is a gradual transition to tax monitoring, which allows the tax authorities to check in real time mode the correctness of calculation, completeness, and timeliness of payment of taxes and fees stipulated by the laws of the Russian Federation.

2.4 The internal control system of the Group includes certain control procedures, integrated risk management system (including tax risks), aimed at their timely, complete identification and development of measures to manage tax risks, which together ensures completeness and timeliness of tax commitments to the budgets of all levels by the companies of the Group.

III. PRINCIPLES OF THE GROUP

Tax policy of the Group is based on the following principles.

3.1. **Legality.**

In its activities, the Group strictly abides by the norms and requirements of the applicable tax laws.

Along with that, as part of production and economic planning of the Group's activities, current positions formed by the competent Russian authorities in the field of economics and taxation, as well as approaches proposed by the law enforcement agencies of different levels of jurisdiction, are taken into account.

3.2. **Justification.**

The Group operates on the basis of a comprehensive analysis of applicable laws, all available and relevant information, as well as best Russian and international practices.

The Group deliberately does not carry out transactions (operations), the sole purpose of which is tax savings or optimization.

The Group operates using the measures of fiscal stimulus of the industry, applied in the Russian Federation, which are in strict compliance with the laws of the Russian Federation.

3.3. **Good faith.**

In carrying out its activities, the Group, in addition to the norms and requirements of the applicable tax laws, is guided by the general requirements (principles) of good faith and due diligence of a taxpayer, formed by law enforcement practice.

The Group undertakes all the necessary efforts and measures to comply with the limits of the exercise of rights to determine the tax base and calculate taxes in concluding transactions with its counterparties. The Group has established the system and procedures of internal control in concluding transactions with counterparties.

3.4. **Openness.**

The Group discloses tax information in accordance with the applicable laws. The Group complies with the requirements for the provision of financial statements along with the auditor's opinion to the tax authorities.

In its interaction with the tax authorities, the Group ensures to provide full and reliable disclosure of information stipulated by the applicable laws.

The Group maintains an open dialogue with the tax authorities and with the competent authorities that form the fiscal and regulatory policy in the territories in which the Group operates, in order to create a favorable environment for the functioning and development of its business and support of social infrastructure in the regions of its operation through the active use of tools increasing tax transparency, including a tax monitoring mechanism.

3.5. **Control and prevention of risks.**

The Group constantly monitors the efficiency of its internal control system, updates the Risk Management Policy, which is based on the best national practices, including the recommendations of the Federal Tax Service.

In case of uncertainties and (or) contradictions on the application and interpretation of tax legislation, the Group makes every effort to minimize tax risks, which includes obtaining written explanations from relevant governmental authorities. In exceptional cases, like cases above, the Group engages competent counsels in the field of taxation and audit (including the Big Four companies) to minimize tax risks.

To assess and prevent potential tax risks arising in the course of business, the Group constantly monitors changes in the applicable tax laws.

3.6. Compliance with the applicable transfer pricing laws.

In intra-group transactions (operations), the Group adheres to the “arm's length” principle, with no purpose to dilute or otherwise reduce the tax base and profit transfer.

IV. FINAL PROVISIONS

4.1 This Policy is approved by the Board of Directors of JSC INK-Capital.

4.2 The Group undertakes to improve this Policy, taking into account new tax standards in the Russian and international practices, interests of the shareholders, the Group and other stakeholders, and amendments of the applicable laws.

4.3 This Policy, its Russian and English versions, are disclosed on the website of the Group: www.irkutskoil.ru - Russian version and www.irkutskoil.com -English version.

4.4 Development of the Group's tax strategy, including a preliminary review of this Policy, its update and general monitoring of its implementation, is carried out by the Audit Committee under the Board of Directors of JSC INK-Capital.