



# FISCAL COMPLIANCE APPROACH CMPC

**2023**



CMPC's tax strategy is based on strict and timely compliance with all tax obligations, in accordance with the applicable and current tax legislation in each jurisdiction where CMPC operates, as well as the guidelines of the Organization for Economic Cooperation and Development (OECD).

At CMPC, we work with clear commitments for the future, and in tax matters we have four key pillars:

- Commitment to comply with all tax laws and regulations in all countries where we operate.
- Commitment to not transfer any value created to low or no-tax jurisdictions without a solid and legitimate business reason.
- Commitment to not use tax structures without a solid and legitimate business reason.
- Commitment to perform all intra-group operations under transfer pricing standards, using the Arm's Length principle as the baseline.

This approach describes the General Tax Principles and guidelines on which CMPC's tax operations, processes, and decisions are based, structuring these guidelines into the following axes:

- **Tax Compliance.**
  - Strict and timely compliance with all tax obligations, in accordance with the applicable tax legislation in each jurisdiction where CMPC operates, without exceptions of any kind.
  - All tax and transfer pricing declarations will be managed, filed, and paid on time and accurately.
- **Transfer Pricing.**
  - Ensuring compliance with Transfer Pricing rules in all CMPC group entities, through adopting a homogeneous approach applicable to their intercompany transactions in line with OECD practices.
  - Establishing a unique standard of rules, support, and controls for intercompany operations.
  - The methods and/or models for determining Transfer Prices in intercompany transactions will be established by CMPC's Transfer Pricing team, based on solid technical analyses.
  - Establishing and ensuring that CMPC group entities obtain compensation per the "Market Value" principle based on the functions performed, the assets they possess, and the risks they assume.

- **Risk Management.**
  - Tax processes must be determined and calculated with solid support in each country, with established and precise controls.
  - Operations and contingencies related to tax and related companies must have a solid risk analysis, assessing their impact on CMPC, which for its execution must have the approval of the Accounting and Tax Manager, and, depending on their materiality, with the approval of the Administration and Finance Management.
  - Globally, compliance and relevant operations related to tax and related companies will have the vision of external advisors to the organization who ensure an adequate compliance standard.
- **Operation structure.**
  - Criteria of professional diligence, risk analysis, and good judgment will be applied to support tax decisions based on solid analyses and supports.
  - No value created will be transferred through operations or investments to non-cooperative jurisdictions for tax purposes, low or no-tax jurisdictions, with the sole purpose of reducing the tax burden.
- **Transparency and continuous improvement.**
  - Present all relevant information to tax authorities or similar organizations for the correct tax treatment of operations.
  - Disclose all necessary information to meet current legal requirements and CMPC's transparency objectives, and Report tax information under the Global Reporting Initiative (GRI 207) standards.
  - Apply a Continuous Improvement approach to all tax processes, transactions between related companies, and tax structures.
  - Leverage the tax processes of the area through the use of technology with technological tools that generate value for CMPC.
  - Maintain a collaborative relationship with the various tax authorities, based on respect for the law, transparency, and good faith, without prejudice to the legitimate controversies that, respecting the above, may arise.

When there are different options, the most efficient approach in tax terms should be chosen, always maintaining the criterion of due prudence and strict compliance with current tax regulations. The facts and circumstances must be documented in detail, and a record of the conclusions and associated risks at the time of the transaction will be kept.

**Our team:**

CMPC's tax approach concerns all employees who carry out activities and/or operations that could have a tax impact. The tax team has a solid structure and is highly technical and qualified in tax matters in each of the different jurisdictions.

The Accounting and Tax Management has permanent instances of internal training as part of the tax updating process that allow us to be reasonably up-to-date in tax matters, as well as to encourage connection with the environment, responding to the creation of value for different stakeholders.

The tax team has technology, established processes, and a governance model that ensures a high standard of operation for the development of its functions.



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