

Tax Statement

1 Our approach

As a global corporate citizen, we are fully committed to report and pay taxes in a timely manner, in compliance with local regulations in the countries where we create value.

All transactions must have a solid business rationale in accordance with the corporate strategy. Our objective is to ensure predictability in all tax matters. We support competitive business growth in a tax efficient manner without compromising on tax compliance principles.

Outokumpu acknowledges that aggressive tax planning and artificial arrangements purely aiming at achieving tax benefits are not in line with good corporate citizenship and constitutes a direct threat to the company's brand and reputation. Such arrangements are therefore strictly prohibited. No transaction is to be executed solely based on tax planning schemes. Tax is an integrated part of business processes.

Double taxation, i.e. when the same income is taxed in more than one country, is costly. If it occurs, mutual agreement procedures and other legal proceedings are used in order to eliminate double taxation.

2 Roles and Responsibilities

Outokumpu tax function (Group Tax) is part of the Finance function, reporting to the Chief Financial Officer.

Group Tax is overall responsible for the Group's tax matters and group-level tax planning, as well as setting tax policies, controls and instructions on tax matters and managing and mitigating tax related uncertainties. Group Tax is also responsible for the Outokumpu transfer pricing model globally and, together with Legal and Treasury, responsible for the Group's legal and internal capital structure. New material business transactions are subject to tax review involving Group Tax before launched / implemented to ensure tax compliance.

Each legal entity is responsible for its tax compliance, disclosure requirements, the quarterly financial tax reporting and adherence to Group's tax policy and guidelines.

Tax coordinators / Country tax responsible are appointed to ensure efficient tax handling and optimization.

3 Compliance, Transparency and Efficiency

Taxes are always a consequence of business operations. All responsible parties must ensure that all business decisions also consider the tax impact as well as potential tax and reputational risks.

Outokumpu has implemented a global transfer pricing model according to the OECD guidelines. Group Tax is continuously evaluating the transfer pricing model, to ensure its alignment with the business model.

Compliance with all relevant disclosure requirements according to local regulations as well as bodies such as OECD, EU, IFRS is to be ensured.

The Group has a tax control framework to identify key tax risks and to manage those tax risks through appropriate policies, controls and processes, ensuring compliance with all relevant laws and regulations and maintaining accounting systems and processes to support tax compliance.

Transparency and enhanced co-operation/horizontal monitoring arrangements with authorities are encouraged. We deal transparently, professionally and appropriately with all tax authorities. In case of uncertainty we seek advance rulings. This way of working helps us with our goal of reaching predictability on tax matters.

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