TAX STRATEGY OF METSA WOOD UK LIMITED

Metsa Wood UK Limited regards the publication of this tax strategy as complying with the duty under paragraph 16 (2) of Schedule 19 of the Finance Act 2016.

1. Tax Risk Management and Governance Arrangements

The ultimate responsibility of the general tax position within Metsa Group, including tax strategy, tax risk management and tax governance lies with Metsa Group's Chief Financial Officer (CFO). Day-to-day responsibilities for each of these areas lie with the Group Tax Director.

Each company CFO in every subsidiary has to ensure that there is adequate expertise in the group company for solving basic tax issues and recognising tax risks. Appropriate tax support and tax training is available from the Group tax department to employees managing and processing tax related tasks in their work.

Metsa Group's tax position including the overview on potential tax risks is reported to Group Audit Committee annually.

Tax is part of every important business decision within Metsa Group. Identifiable tax risks in business transactions often relate to complex tax laws and their interpretation. In addition to internal expertise, external professional advice can be utilised to recognise the most accurate and optimised interpretation of tax law. External tax advisors are always engaged with the prior consent of the Group Tax Director to ensure that the main principles of tax strategy are followed.

Risks can also be associated with late or inaccurate filing of tax returns, late payment of taxes or insufficient disclosure or reporting. By internal controls and internal training on regulatory compliance these risks are managed and mitigated.

2. Tax Planning and Tax Risk

For Metsa Wood, complying with tax laws and practices means that we pay the right amount of tax on a timely basis in the jurisdiction in which we operate. In our tax planning we respect the following principles:

- All tax related decisions and other measures and actions which affect taxation have to be legal and in accordance with the applicable tax laws and regulations.
- All tax decisions shall be based on business factors and they shall not weaken the management's ability to evaluate the results of the business activity of the units.
- Transfer prices, either relating to the sale of goods or services, shall be at arm's length.
- All tax related decisions and other actions have to be properly documented and, on demand, disclosed to the tax authorities.

- Corporate structures are practicable, simple and tax-appropriate and shall not be created only for tax reasons.
- Tax incentives or other opportunities may be utilised for obtaining tax efficiencies, if they are aligned with the intended objectives of the governments whom introduced them. They also have to be aligned with our business objectives and shall not carry any risk of endangering the constructive relationship with the tax authorities.

On the basis of our tax planning principles the potential occurrence or size of tax risks are minimised. Due to complex and rapidly changing tax laws it is, however, inevitable that tax risks relating to the interpretation of current or new tax legislation will occasionally arise. Different interpretations in applying the tax compliance obligations may also create tax risks. Immediate actions are taken to minimise and mitigate any harmful tax consequences and to rectify non-compliant structures or practices to an acceptable level.

3. Relationship with the Tax Authorities

We are committed to transparent and professional relationships with the tax authorities. We fulfill our filing and reporting obligations and react to all disclosure or correspondence requests provided to us by the tax authorities in a timely manner. Access to relevant information demonstrating the integrity of tax processes, tax returns and tax payments is always available. In matters of dispute, our aim is to provide resolution through active and transparent discussions with the relevant tax authority before escalating them to potential litigation.

This document is effective for the year ending 31 December 2017 and will remain in effect until any amendments are made to it as a result of periodic review.