

Metso

Metso Group Tax Strategy

1. Overall

Metso Group's (Metso) overall strategy is to establish itself as an economically and socially sustainable corporate citizen, to increase shareholder value and to ensure efficient support to business operations. These objectives are achieved through full compliance with regulatory requirements in all countries where Metso operates open, accurate and in-time reporting and solutions, that allow effective execution of business decisions and provide predictability for Metso and its customers.

Metso has a strong focus on corporate responsibility, and Metso sees the responsible administration and payment of taxes as a responsibility of our business. These strategy principles apply to Metso's operations in all countries.

2. Risk management and governance arrangements

Metso's Chief Financial Officer (CFO) has the overall oversight of tax issues in Metso. The CFO reports annually on the execution of this strategy and when any material tax related matters would arise to the Metso Board's Audit Committee, which provides long term guidance and direction in relation to tax strategy and tax risk management. Operational day to day responsibility for implementing tax strategy and tax risk management measures sit with the Metso Corporate Tax Management function, headed by Group Head of Tax, who reports to the CFO. Each legal company in the group has a director who is responsible for the tax position of the group company in line with local legislation and within the limits set by Metso Tax Policy.

The subjective nature of global tax legislation means that it is often not possible to mitigate all known tax risks. Where appropriate, Metso looks to engage with tax authorities to disclose and resolve issues, risks and uncertain tax positions. Metso keeps under review how tax obligations are met, by seeking external tax advice and by investing in tax related trainings for our personnel. Metso aims to adopt a systematic approach to the management of tax risk that involves the conscious acceptance of tax related risk and the proactive monitoring and mitigation of identified risks.

3. Tax Planning

Metso recognizes it has a responsibility to pay an appropriate amount of tax in each of the principal jurisdictions in which it operates. Metso aims to balance this with its responsibility to its shareholders to structure its affairs in an efficient manner.

Metso's approach is to manage tax matters in a tax efficient manner as part of the overall business strategy to achieve optimized book and cash tax cost to shareholders and to maintain stable and predictable tax costs. Metso does conduct business in a tax optimized way and may take advantage of tax incentives where business operations are in alignment with the goals and spirit of the incentive scheme. Metso does not undertake any tax planning schemes with artificial tax driven structures for aggressive tax planning or for the purpose of tax avoidance.

Professional advice is sought on a transactional basis, with the depth of such advice being driven by assessment of the risk presented by each opportunity.

4. Attitude Towards Risk

Metso's risk management policy acknowledges that due to the broad scope of Metso's global operations and its technology and industry diversity, risk is inherent in all of Metso's activities. Metso's approach to tax risk is consistent with its business risk policy and reflects a willingness to accept only controlled and well understood risks in relation to the management of taxes. In particular, Metso is to ensure that tax related risks are acceptable relative to the associated value or financial return and that, where available, further risk reduction measures are taken in relation to significant risks where they arise.

5. Working with Tax Authorities

Metso's communication with tax authorities is based on honesty and focused around timely tax compliance, for example meeting relevant filing and payment deadlines for taxes the company pays. When submitting tax computations and returns to tax authorities, Metso discloses all relevant facts and identifies any transactions or issues where it considers that there is potential for the tax treatment to be uncertain. In the unlikely event an issue in a submitted tax return was identified, Metso would seek to voluntarily disclose it to tax authorities.

6. Country Specific Considerations

6.1. United Kingdom

This Metso Group Tax Strategy applies also to Metso Group's operations in the United Kingdom and thus fulfills the requirements set in section 161 and section 19 (2) of schedule 19 Finance Act 2016.

The Tax Strategy applies to following UK companies:

- Kiln Flame Systems Enterprises Limited
- Kiln Flame Systems Limited
- McCloskey International Ltd
- Metso Outotec UK Ltd
- Outotec (UK) Limited
- Tesab Engineering Ltd

When it comes to United Kingdom, any reference to tax authority in Section 5 refers to HRMC.

7. Updating the Strategy

This Metso Group Tax Strategy is valid 1.1.2023-31.12.2023. Group Head of Tax is responsible for maintaining and reviewing this document and for proposing changes for approval when deemed necessary.