



CONTEXT

The publication of the UK Tax Strategy statement is regarded as satisfying the statutory obligations under Paragraph 19(2), Schedule 19, Finance Act 2016. The Kemira UK Tax Strategy (“Tax Strategy”) is aligned with the principles of the Kemira Global Tax Policy and Transfer Pricing Policy (“Global Tax Policies”), which were approved in December 2014.

This Tax Strategy is not designed to be an operational manual with detailed instructions of the execution of the processes.

The purpose of this Tax Strategy is to set standards to the way Kemira’s tax matters are managed and executed in the Kemira UK. This Tax Strategy follows the principles set in the Global Tax Policies. More information on the key aspects of Kemira Group’s global tax policy and the key figures can be found in the annual Tax Footprint Report.

The Tax Strategy is aligned also with other internal key policies, manuals and instructions related to the tax management, e.g. Kemira Group Financial Manual.

The scope of this Tax Strategy covers:

- All corporate income taxes;
- Indirect taxes (VAT, Stamp Duty)
- Customs duties
- Employment taxes (PAYE / National Insurance)
- Property taxes

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- Other applicable tax matters

The Tax Strategy is approved by the Head of Tax of Kemira Group.

TAX MANAGEMENT AND GOVERNANCE

The Global Tax Policies and the UK Tax Strategy are based on our corporate strategy, values and the Kemira Code of Conduct. Kemira Group is a responsible corporate citizen in all its operating countries. Kemira's approach to tax is to support responsible business performance. These principles demonstrate our commitment to conduct our business in compliance with all applicable laws and regulations, and according to high ethical standards.

For Kemira, corporate responsibility means both being responsible throughout our own operations and contributing to sustainable development all along our value chain.

As a subsidiary of Kemira Group, Kemira Chemicals (UK) Ltd follows Kemira Group's strategy in tax matters and is obliged to comply the group's tax strategy and policies.

FOUR KEY ELEMENTS OF KEMIRA UK'S TAX STRATEGY

Tax Compliance

We are committed to full compliance with all statutory obligations. Our target is to comply with the applicable tax rules in the UK for all the tax filing, tax reporting and tax payment obligations. Kemira is committed to react to all tax authorities' requests in a timely manner.

We apply the OECD standards in cross-border transactions and ensure that the transfer pricing is according to "arm's length principle".

Our target is to have high-class tax compliance process (i.e. high quality, correct amounts, right timing). In cases of errors in submission of tax returns and tax computations to HMRC, we disclose corrections as soon as reasonably practical after errors have been identified.

Sustainable Approach to Tax Planning and Risk Level

We create value to our stakeholders by maximising the tax efficiency of business operations including applying tax incentives and exemptions. We seek to do this in a way that is aligned with our commercial objectives.

We do not operate in tax haven countries for tax reasons. Kemira's appetite for tax risk is low and therefore it does not engage in artificial arrangements.

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Tax Risk Management and Tax Risks

Tax risks are managed in alignment with Kemira's enterprise risk management system. Kemira's objective is to communicate general tax related principles within the group in order to harmonize practises and working methods for tax matters.

The day to day Kemira UK tax affairs are managed by the global tax team with aid of the UK finance team according to the principles of the Global Tax Policies.

Processes relating to different taxes are allocated to appropriate specialists within the global tax team who carry out a review in order to identify key risks and to set mitigating controls in place. Kemira seeks to reduce the level of tax risks by implementing various internal processes, tools and analytics.

Kemira UK does not engage in artificial tax arrangements and ensures that the outcomes are consistent with commercial realities.

Our target is to mitigate tax risks with aid of the following rules:

- observe all applicable laws, rules and regulations, case law and disclosure requirements;
- ensure that all decisions are taken at an appropriate level and supported with documentation evidencing the facts, conclusions and risks involved;
- seek professional advice and opinions from independent external advisors in complex and uncertain tax matters; and
- aim to certainty on tax positions.

Transparency and Relationship with HMRC

We are transparent and proactive in all interactions with HMRC.

We have open and positive working relationship with HMRC. We are committed to prompt disclosure and transparency in all tax matters with HMRC. In cases of different interpretations between ourselves and HMRC, Kemira aims to resolve such differences in a constructive and professional way with the intention to bring matters to a swift conclusion.

We seek to develop and maintain good working relationships with the tax authorities and aim at open and constructive dialogue with them.

2020-Dec-31, Marika Nordlund, Head of Tax, Kemira Oyj

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