

MEMO

To:

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From: Norske Skog (UK) Ltd. Board of Directors

Date: Approved by the BoD on 21 March 2019

Subject: **Norske Skog (UK) Ltd. Tax Strategy**

Purpose of Document

In making this strategy document publicly available the company is fulfilling its responsibilities under Schedule 19 Para 19(2) of the UK Finance Act 2016. This document applies to all taxes as applicable to the company, including Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance premium tax, stamp duties, customs and excise duties and withholding taxes. References to "tax" are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which the UK business has legal responsibilities.

Legal Entities Covered

Norske Skog (UK) Ltd is a UK established company which is part of a non-UK headed Multi-National Enterprise group. The group files Country-by-Country reports according to the OECD and EU guidelines. Filing is performed by the Norwegian established and resident company Norske Skog AS.

Several group entities have VAT registrations in the UK, however no other group company than Norske Skog (UK) Ltd. has an establishment in UK.

Thus, this tax strategy document is applicable to the business of Norske Skog (UK) Ltd.

Financial Year Covered

This document covers the financial year of 2018, ending on 31 December 2018.

Management of UK Tax Risks and Acceptable UK Tax Risks

Norske Skog (UK) Ltd. is committed to comply with all relevant laws, rules, regulations, reporting and disclosure requirements wherever we operate. Compliance to us means paying the right amount of tax at the right time and satisfying applicable reporting requirements. We shall apply professional diligence and care in the management of all risks, including tax matters, and shall ensure governance and assurance procedures are appropriate to the risk being managed.

According to the Group tax transfer pricing policy all transactions with related companies shall be on arm's length pricing in accordance with the OECD guidelines. Regular reviews of this are performed by the Norwegian parent company and documentation will be made available to HMRC on request. Because of this, the Norwegian parent company influences the tax compliance of the UK company.

Reviews of transfer pricing is performed by the Group Tax Department in Norway. The Group Tax Department can audit the company's tax compliance and may request additional

MEMO

documentation regardless of any ongoing external audits. Any HMRC enquiries shall be immediately reported to the Group Tax Department, which will assist as needed in any responses to HMRC. The Group Tax Department may report any tax risks and applicable remedial actions directly to the Managing Director or the Board of Directors. Notwithstanding the above, the responsibility for tax compliance for the UK company rests with the UK company itself.

Day-to-day follow up of the tax policy is by Norske Skog (UK) Ltd.'s own in-house accounting function, which is accountable to the Managing Director of the company. The responsibility for the tax risk management rests with the Managing Director of the company. The Board of Directors is responsible for setting and monitoring the strategy. Only the lowest level of tax risk is acceptable for the company.

External advice shall be taken as deemed necessary on a case-to-case basis.

Attitude to Tax Planning

The business strategy of the company is driven by commercial objectives and whilst the tax consequences are considered, tax planning does not dictate the business strategy of the company. No artificial arrangement shall be put in place in order to reduce UK tax. The company does not have any APA's or similar as this is not deemed necessary for the business operation.

External advice for tax planning is not required, as the tax affairs of the UK company are straightforward. External review may be taken for the purposes of benchmarking inter-Company transfer pricing.

Working with HMRC

We file timely, accurate and complete tax reports to HMRC. If we discover errors in our reporting, these shall be reported to HMRC as soon as reasonably practicable. We will act in a timely manner to provide additional information and documentation upon request and shall co-operate fully in order to clarify the facts of the relevant case.