

## Tax Strategy



### Agenda

- 1. Main objectives
- 2. Tax principles
- 3. Our tax management
- 4. Tax contribution 2016 (Tax footprint) statement –



### 1. Main Objectives

#### Business

Tax opportunities for enhancing the company's agility and flexibility

#### **Shareholders**

Secure a stable and attractive cash return with a higher profit after tax

Neste's tax strategy is to support the Group's long-term business strategy by providing feasible solutions for business decisions

#### Society

- Open, accurate, and timely reports filed
- Statutory taxes paid in every country in which Neste operates



### 2. Tax Principles

- We follow all relevant local laws and regulations, as well as the OECD Transfer Pricing Guidelines
- The material business decisions take into account the feasible tax solutions
- We do not use tax havens to avoid taxes
- We ensure a high level of tax compliance in every jurisdiction in which we operate
- We maintain open and honest relationships with the tax authorities
- We publish a Tax Contribution (Tax Footprint) statement annually



### 3. Our Tax Management





# 4. Tax Contribution (Tax Footprint) statement

- Increases interest in taxes both internally and externally
- Provides a deeper understanding of statutory taxes and charges, as well as their magnitude
- Provides accurate input for tax solutions
- Keeps us focused and helps prioritization
- Provides valuable benchmarking data on tax management
- Increases useful tax discussion based on detailed facts



### 4. Tax Contribution 2016 (Tax Footprint)

Revenue Earnings before taxes Personnel (on average)	2016  Finland 6 682 544 3 428	2016 Other countries 5 007 531 1 585	2016 Group in total 11 689 1 075 5 013	2015 <u>Finland</u> 6 740 293 3 354	2015 Other countries 4 391 341 1 553	2015 Group in total 11 131 634 4 907
Taxes borne, MEUR						
Corporate income tax	122	30	152	20	35	55
Real estate tax	2	6	8	2	6	8
Employer's charges	51	8	59	49	8	57
Environmental taxes	9	0	9	21	0	21
Customs duty	2	-1	1	2	6	8
Total taxes borne, MEUR	186	43	229	94	55	149
Taxes collected, MEUR						
VAT/GST, remitted	787	188	975	830	172	1 002
Excise taxes	1 917	372	2 289	1 782	279	2 061
Withholding taxes	82	12	94	82	10	92
Employee's social security	15	4	19	15	3	18
Total taxes collected, MEUR	2 801	576	3 377	2 709	464	3 173
Total taxes borne and collected, MEUR	2 987	618	3 605	2 803	519	3 322

