



NIBE Tax Strategy 2017

Background

NIBE is a global industrial Group contributing to a sustainable world with solutions for indoor climate and comfort, as well as components and solutions for measuring, controlling and electric heating. NIBE was founded in Sweden over 60 years ago and today, has operations and sales in Europe, North America, Asia and Australia with over 14,000 employees. NIBE has a culture of entrepreneurship and a passion for conducting business. Investments in sustainability-oriented product development and corporate acquisitions have led to a significant expansion of the Group.

Scope of the Tax Strategy

This document regulates the NIBE Group Tax Strategy (“the Strategy”). The Strategy applies from the date of publication until it is superseded.

The Strategy applies to all companies and employees of the NIBE Group and specifically, companies listed in Appendix 1.

The Strategy is reviewed and approved by the NIBE Board of Directors annually.

NIBE’s Approach to Tax

NIBE’s approach to tax is to be fully compliant with all relevant tax rules in all jurisdictions where NIBE operates. The Group does not engage in aggressive tax planning and Group companies should not enter into high risk transactions where the interpretation of the tax rules is uncertain.

NIBE follows the OECD Transfer Pricing Guidelines and profits are allocated and taxed where value is created.

Tax Governance

NIBE has a decentralized business model and each local Group company is also fully responsible for all tax compliance, tax payments and communication with tax authorities in the respective jurisdiction in which the Group company operates. The CFO of each Group company bears this responsibility and manages taxes for the respective Group company.

The local Group companies may use external tax advisors to be compliant with local tax rules, and each company decides when external advice is needed. For larger and uncertain tax questions, the parent company NIBE Industrier AB and its Board of Directors, may be involved and decide if additional external advice is needed.

NIBE Industrier AB, the Group’s parent company, is responsible for the consolidation of the NIBE Group accounts and the NIBE Group Controller has an oversight role where the local Group companies’ accounts, including tax payments, are reviewed annually as an internal

control function. Moreover, potential Group contributions between the Group companies are largely managed by the NIBE Group Controller.

Regarding transfer pricing, NIBE Industrier AB is responsible for the Group's Country-by-Country Reporting as well as for the Group's transfer pricing Masterfile. Each local Group company is responsible for preparation of its local transfer pricing file, if required, and to ensure that its transfer prices are in line with the arm's-length principle.

Moreover, major tax issues are considered at Board level by NIBE, and the Group Board of Directors.

Tax Risk Profile

NIBE has a low tax risk appetite and a conservative view on tax planning. NIBE does not seek to avoid taxes by entering into artificial tax arrangements without substance.

The Group companies are mainly measured on profits before tax (EBIT) which minimizes the Group companies' incentives for aggressive tax planning. However, NIBE conducts conservative tax planning by utilizing available tax reliefs, exemptions and incentives such as Group contributions, utilization of tax losses, use of tax incentive zones available to all companies and available country specific tax reliefs.

NIBE Group is growing through acquisitions and as part of the Group's overall risk management process, taxes are included in the financial due diligence which is performed before an acquisition is completed. The due diligence is performed by external consultants.

Tax Communication

Each separate NIBE Group company is responsible for its local external tax communication with tax authorities, courts or other governmental institutions.

Internal tax communication is managed by the NIBE Group Controller.

Relation to Tax Authorities

All NIBE Group companies should have a transparent and cooperative relationship with tax authorities, which includes but are not limited to: meeting statutory deadlines, making full disclosures where required and answering questions in a timely and professional manner.