

Nikkei Europe Limited: Tax Policy: Financial Year ended 31 December 2017

This Policy applies to Nikkei Europe Ltd

In September 2016, new HMRC legislation came into force requiring large businesses to publish their approach to the management of UK taxes.

Nikkei Europe Tax Policy covers the core business principles we operate in relation to the management of UK and worldwide taxes.

Nikkei Europe was incorporated in London in 1987 as a wholly owned subsidiary of 'Nikkei', a Japanese corporation. Nikkei is currently Japan's largest and most authoritative source for news, data and commentary on business and economy.

Nikkei Europe's principal business activities are the printing and sales of newspaper and periodicals published by Nikkei and its affiliates, advertising liaison services to Nikkei with which we share Nikkei's Corporate Creed 'Fair and Impartial' and we intend to ensure these corporate identity remain constant into the future.

The principles that guide us in managing taxes at Nikkei Europe Ltd are:

1. To comply with all relevant tax laws, regulations and tax reporting requirements in all jurisdictions in which we operate, including claiming generally available tax incentives, reliefs and exemptions. If we discover instances of non-compliance we actively seek to resolve them with the appropriate tax authority.
2. To manage our tax affairs in accordance with Nikkei's Corporate Creed.

Our people are the most visible representation of our values and their behaviour must reflect Nikkei & Nikkei Europe Ltd.'s position as a premium, trusted source of information. Whether it's how we engage with each other, clients, sources or the wider community – our employees' actions directly impact the reputation and standing of our brand.

The Nikkei's Code of Conduct provides guidance on what is expected of each of our employees in and outside the workplace.

3. To pay the right amount of tax, in the right place, at the right time. We seek to ensure that an appropriate amount of tax is paid according to where value is created within the normal course of commercial activity. Our approach to transfer pricing follows the "arms-length" principle as outlined in the OECD Transfer Pricing Guidelines i.e. cross border transactions take place as if the parties were unconnected.
4. To undertake only transactions that are aligned with business activities and business objectives and not to seek tax advantage as a primary objective. In structuring our business, we will not put in place any arrangements that do not have commercial substance, or arrangements that are contrived or artificial. We will seek to achieve a more favourable tax outcome where a genuine choice exists between different options. In considering and deciding between different options, the factors we consider include commercial, strategic and reputational impact. Where there is significant uncertainty or complexity involved, external tax advice may be sought.

5. To have an open and honest working relationship with HMRC and other tax authorities. Where necessary, to discuss and consult on our interpretation of the law with HMRC and other tax authorities as issues arise. Where appropriate, we will use tax clearances to obtain agreement in advance from HMRC prior to undertaking transactions.
6. To assess and document all known risks within the business, including tax risks. It is inevitable, given the scale of our business, the complexity of tax laws and the volume of tax obligations associated with conducting our business, that tax risks will arise from time to time. Nikkei Europe actively seeks to assess, on an ongoing basis, all mitigating actions that can be taken to reduce and minimise risk, including tax risk, where appropriate.
7. Nikkei Europe has a zero-tolerance policy towards the facilitation, or failure to prevent the facilitation, of tax evasion by anyone associated with, or acting for or on behalf of, Nikkei Europe.
8. To continually review and assess tax risk and compliance issues, in view of changing legislation and new business activities.

These principles, which are approved and owned by Nikkei Europe's Management Board, guide us in delivering our two overriding objectives for tax management:

- a. To protect value for our ultimate parent company and its shareholders, in line with our broader fiduciary duties;
- b. To comply fully with all relevant legal and regulatory obligations, in line with our ultimate parent company and its stakeholders' expectations.