

## **NSK Europe group tax strategy – 31 March 2023**

This document sets out the tax strategy of NSK Europe Ltd and its UK affiliates, in accordance with its obligations under Schedule 19 Finance Act 2016. The document is approved by the Board of Directors of NSK Europe and will apply until it is superseded. This document applies equally to all UK entities of the NSK group as listed below:

- NSK Europe Ltd
- NSK Bearings Europe Ltd
- NSK UK Ltd
- NSK Precision UK Ltd
- NSK Steering Systems Europe Ltd
- AKS Precision Ball Europe Ltd

### **Background**

NSK is a Bearing, automotive components and precision machinery and parts manufacturer and supplier with a long history of investment and manufacturing in the UK, as far back as 1900. NSK has 3 manufacturing plants in the UK located in Newark and Peterlee employing 1,100 people. As well as being a responsible and compliant tax payer NSK has made a significant contribution to the UK economy for many years.

### **Approach to Risk Management**

NSK is committed to adhering to all applicable tax laws and regulations, in each of the jurisdictions in which it operates. NSK implements a robust internal control framework which is reviewed annually to ensure that any risks are identified and managed. In the context of taxation, the objective of our risk management framework is to reduce tax risk to a materially acceptable level, ultimately ensuring that we meet all filing and payment obligations.

Tax forms part of the finance function at NSK and the ultimate responsibility lies with the CFO. Day to day tax matters and compliance are handled by the Head of Tax. The management of NSK Europe ensure that relevant tax professionals input into all key commercial decisions so that any tax risks can be identified and managed as early as possible. NSK's ethics principles of fairness, honesty, respectfulness and loyalty demand that tax risk is regularly monitored and kept to a materially acceptable level.

### **NSK's attitude to tax planning**

NSK is a compliant tax payer which does not seek to engage in artificial transactions that lack commercial substance. All projects and transactions are underpinned by sound commercial rationale and the appropriate tax advice is sought in relation to such transactions be it from in house or external experts. NSK is committed to delivering value to its shareholder, and, as such, is willing to take advantage of appropriate reliefs and allowances that tax legislation in the country of operation allows.

NSK has no desire or history of implementing aggressive tax structures that seek to minimise the group's tax liabilities which is consistent with its corporate values.

### **NSK's attitude towards tax risk**

NSK aims to minimise tax risk to a materially acceptable level by complying with all relevant legislation and dedicating adequate resources to the provision of tax advice internally and where required through the use of advisors. All transactions and projects are assessed by the Head of Tax and where there is uncertainty about the tax position written external advice is obtained.

Management believes that through a combination of our internal control framework, in house tax counsel as well as external advisors NSK keeps tax risk at a materially low level.

NSK has benefitted from a low risk rating from HMRC for a number of years and it is the desire of management for this to continue.

**Working with HMRC**

NSK has an open and transparent relationship with all tax authorities and jurisdictions in which it operates including HMRC. NSK is committed to an open, collaborative and professional relationship with HMRC whilst meeting all filing and payment obligations and providing any additional information on a timely basis. NSK wishes to avoid any unnecessary disputes with HMRC and welcomes any dialogue such that issues may be resolved before any dispute arises.