

## **Nippon Yusen Kabushiki Kaisha UK Group Entities' (NYKK UK) Tax Strategy**

Taxation is an important issue for NYKK UK and for our stakeholders, including our shareholders, customers, suppliers, employees and the broader global communities which we operate in.

Our business accounts for a variety of taxes. We pay corporate income tax, employment taxes, stamp duties and other taxes. In addition, we collect and pay employee taxes as well as indirect taxes such as VAT and excise duties to HM Revenue and Customs. The tax we pay and collect form a significant part of our economic contribution to the UK exchequer.

NYKK UK regards the publication of this tax strategy as complying with its duty under paragraph 16(2) of Schedule 19 of the Finance Act 2016 to publish its group tax strategy in its financial year ending 31 March 2018.

Our commitment is underpinned by the following five principles:

1. **Approach of NYKK UK to risk management and governance arrangements in relation to UK taxation**
  2. **Attitude of NYKK UK to tax planning (so far as affecting UK taxation)**
  3. **Level of risk in relation to UK taxation that NYKK UK is prepared to accept**
  4. **Approach towards dealings with HMRC**
  5. People
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1. **Approach of NYKK UK to risk management and governance arrangements in relation to UK taxation**

### **1.1. Tax Risk Management**

The tax department at NYKK UK employs various risk management processes and systems to provide assurance that the UK's group tax risk is appropriately managed. This includes compliance and risk monitoring systems and processes, communication with businesses and JSOX reviews of compliance activity across the group. NYKK UK and the tax department of NYKK UK is supported by oversight functions of group internal audit.

When implementing business transactions, we aim to understand the tax implications and risks associated with it and to provide vital UK Tax group oversight. To the extent that there is uncertainty, we engage and work with local tax authorities in a timely manner and to disclose and resolve any tax uncertainties. The diverse nature of our business means that it is not possible to eliminate all tax risks but the tax risk management process employed ensures that tax risk is appropriately managed.

### **1.2. Compliance**

We seek to meet our tax compliance obligation by delivering our tax returns and tax payments on time and accurately. We have the appropriate resources, processes and controls in place to enable us to achieve this.

### **1.3. Governance and Accountability**

Responsibility for the tax strategy, the supporting governance framework and management of tax risk ultimately sits with the NYKK UK board. Key risks and issues to tax are escalated to the NYKK UK board and / or NYKK tax department.

The European Head of Tax owns and implements our approach to tax which is fully supported by the NYKK Tax Department based in Tokyo, Japan and by the NYKK UK Board. The European Head of Tax is also responsible for ensuring that policies and procedures that support taxes management are in place, maintained and adhered to across the European region.

NYKK code of conduct sets out what is expected of everyone at NYKK and our approach to tax aligns with that.

### **2. Attitude of Group to tax planning (so far as affecting UK taxation)**

The commercial needs of the group are paramount and all tax planning must have a business purpose. The objective of the group is the economic benefit of tax planning never overrides compliance with all applicable laws

We engage in efficient tax planning that supports our business and reflects commercial and economic activity. We do not engage in artificial tax arrangements.

We adhere to relevant tax law and we seek to minimise the risk of uncertainty or disputes.

We conduct transactions between NYKK group companies on an arm's length basis and in accordance with current OECD principles and UK legislation.

Tax incentives and exemptions are sometimes implemented by the UK government and fiscal authorities in order to support investment, employment and economic development. Where they exist we seek to apply them in the manner intended.

We establish entities in jurisdictions suitable to hold our overseas investments, giving consideration to our business activities, the prevailing regulatory environment available, and as appropriate in line with joint venture parties' requirements.

### **3. Level of risk in relation to UK taxation that NYKK UK is prepared to accept**

NYKK UK's tax risk appetite requires that, where tax law is unclear or subject to interpretation, its adopted tax position is at least more likely than not to be allowable under applicable tax laws. NYKK UK group will ensure that its tax arrangements are straight forward and well understood with paramount focus on the commercial needs of the group.

### **4. Approach towards dealings with HMRC**

We seek to build and sustain relationships with the UK government that are constructive and based on mutual respect.

NYKK UK is committed to the principles of openness and transparency in its approach to dealing with UK tax authorities wherever we operate. All dealings with tax authorities and other relevant bodies will be conducted in a collaborative, courteous and timely manner.

NYKK UK undertakes annual meetings with HMRC to discuss current and future business activities and fully informs HMRC on all significant activities. We seek guidance from HMRC on points of law where there is uncertainty.

NYKK UK is committed to complying with tax law in a responsible way and to having an open and constructive relationship with HMRC and with governmental bodies.

## **5. People**

The tax affairs of NYKK UK are managed by a team of suitably qualified tax professionals, supported where appropriate by external advisors, NYKK tax department and by NYKK UK board. Training is provided to staff to ensure that tax compliance is carried out with a suitable level of diligence and technical expertise.

### **Companies covered by NYKK UK Tax strategy**

1. NYK INTERNATIONAL CAR OPERATORS LTD.
2. NYK BUSINESS SYSTEMS EUROPE LTD.
3. NYK ENERGY TRANSPORT (ATLANTIC) LTD.
4. NYK FINANCE (U.K.) PLC
5. NYK GROUP EUROPE LTD.
6. NYK HOLDING (UK) LTD.
7. NYK INTERNATIONAL PLC
8. NYK LNG SHIPMANAGEMENT (UK) LTD.
9. NYK LNG TRANSPORT UK 1 LTD.
10. NYK LNG TRANSPORT UK 5 LTD.
11. NYK LNG TRANSPORT UK 6 LTD.
12. NYK REEFERS LTD.
13. NYK TRADING CO LTD
14. TRANSFREIGHT AUTOMOTIVE LOGISTICS EUROPE LTD.
15. YUSEN LOGISTICS (UK) LTD.