

## **TAX STRATEGY**

### **Context**

Brother Industries Limited (“Brother Group”) is a multinational electronics and electrical equipment company headquartered in Nagoya, Japan. Our products include printers, multifunction printers, scanners, industrial sewing machines, large machine tools, label printers, typewriters, fax machines, and other computer-related electronics. The Brother Group employs approximately 37,000 people worldwide and delivers products and services to customers all over the globe with manufacturing and sales facilities in over 40 countries and regions of the world.

This published Tax Strategy relates to the UK, including Brother Holding (Europe) Ltd which is the holding company for Brother Group’s European business, Brother International Europe Ltd (“BIE”) which acts as the European headquarters of the Brother Group and is responsible for the coordination of the sales operations within Europe for the Printing & Solutions and Labelling & Mobile divisions, Brother UK Ltd which supplies and supports Brother Group’s range of technologies and business solutions for these divisions for use in homes and workplaces across the UK, and all the other companies listed in Appendix A.

We are, however, committed to compliance with tax law in all of the territories in which we operate. We are committed to improving our communities and one measure of this impact is our tax contribution. Our business activities around the world incur a substantial amount and variety of business taxes. We pay corporate income taxes, customs duties, excise taxes, stamp duties, employment and many other business taxes in all jurisdictions where applicable. In addition, we collect and pay employee taxes and indirect taxes such as Value Added Tax (VAT). The taxes we pay and collect represent a significant contribution to the countries and societies in which we operate and we are proud of the significant tax contribution that we make in the UK. This strategy is owned and approved by the BHE Board, the most senior decision-making body in the European organisation. The publication of this UK tax strategy statement is regarded as satisfying the statutory obligation under Para 16(2), Schedule 19, Finance Act 2016.

### **Responsible attitude towards tax planning**

Our attitude to tax planning flows from our Global Charter and our Codes of Practice. Any tax planning undertaken will have commercial and economic substance and will have full regard to the

potential impact on our reputation and broader strategic goals. Establishment of overseas subsidiaries is driven by genuine commercial activity and not through tax planning opportunities. We do not engage in artificial tax planning arrangements. However, we are entitled to certain tax reliefs that the UK Government uses to encourage specific activities such as research & development and capital expenditure. We will explore our entitlement to such incentives in a responsible manner and claim them where they are appropriate and in line with substantive business activities. We apply OECD principles, UK and other national legislation in relation to transfer pricing, ensuring that documentation standards are adhered to and intercompany transactions are made on a supportable arm's length basis.

### **Level of tax risk accepted**

We seek to minimise tax risk wherever possible. However, given the scale of our business and the complexity of the UK and international tax system, risks will inevitably arise both in respect of the interpretation of tax law and the operational aspects of compliance. We proactively seek to identify, evaluate, manage and monitor these risks to ensure they remain in line with the Group's tax risk appetite. Where there is significant uncertainty or complexity in relation to a risk, external advice may be sought to obtain assurance.

### **Approach to engaging with HMRC**

We engage with HMRC with honesty, fairness and integrity and do so with a spirit of co-operative compliance. We are transparent in our tax affairs and seek to resolve HMRC queries in a timely manner.

### **Approach to tax risk management and governance arrangements**

We have an internal Tax Policy which is owned and approved by the BHE Board. This policy supports the effective implementation of our UK Tax Strategy. We have an established procedure for identifying, managing and evaluating significant risks including escalation mechanisms. Whilst tax is not considered a principle risk of the business, it is subject to the same robust structure of governance and risk management as the rest of our business. Additional assurance is gained from Internal Audit reviews of tax risk management processes from time to time.



We strive for responsible stewardship and application of this Tax Strategy will be overseen by the BIE Director of Finance & Administration and the BIE Board, who are responsible for ensuring that policies and procedures that support the Tax Strategy are in place, maintained and used consistently. All employees with responsibility for UK tax matters are expected to be familiar with and observe the standards contained within this statement.

## **Appendix A – UK companies**

1. Brother International Europe Ltd
2. Brother Holding (Europe) Ltd
3. Brother Industries UK Ltd
4. Brother UK Ltd
5. Brother Sewing Machines Europe GmbH UK branch
6. Brother Finance (UK) Plc