

## **Bridgestone UK tax strategy**

This tax strategy applies to Bridgestone Europe NV/SA, UK Branch including ETB Limited and Bulldog Remoulds Limited, collectively 'BSUK companies', that are wholly owned subsidiaries of Bridgestone Europe NV/SA, based in Brussels. Bridgestone Europe is part of the Bridgestone Corporation Group, based in Japan and listed on the Tokyo Stock Exchange, which is the world's largest manufacturer of tyres and other rubber products.

This document has been prepared in accordance with the provisions of Paragraph 22 of Schedule 19 to the Finance Act 2016 in respect of the year ended 31 December 2018 and applies from the date of publication until it is superseded. References to tax or tax matters refer to UK taxes including corporation tax, capital gains tax, indirect taxes, employment taxes, property taxes and other taxes.

BSUK companies are committed to full compliance with all statutory obligations and full disclosure to tax authorities in the UK. The companies tax affairs are conducted with integrity and in such a manner as to protect the group's reputation in the global market place.

### **Tax risk**

There are a number of risks which can arise from tax e.g. compliance risk, reputational risk, operational risk, strategic risk and financial reporting risk. Transactions and business activities can have unforeseen adverse tax consequences and risks can arise from both existing tax laws and changes to tax laws and practice.

### **Tax risk management and governance**

The corporate philosophy of the Bridgestone group world-wide, the 'Bridgestone Essence', refers to four principles of conducting business:

Seijitsu-Kyocho	integrity and teamwork
Shinshu-Dokuso	creative pioneering
Genbutsu-Genba	decision making based on verified, onsite observations and
Jukuryo-Danko	decisive action after thorough planning.

These principles are the foundation of the Bridgestone approach to corporate governance and social responsibility. In 2017, 'Our Way to Serve' was launched, centred around three priority areas: mobility, people and environment. Our Way to Serve also includes the management fundamentals of governance, compliance and behavioural principles that ensure Bridgestone operates with the level of integrity expected of a global company. Together, the priority areas and management fundamentals highlight the company's commitment to operating with integrity, transparency and ethics while delivering the highest quality products and services.

In July 2018, Bridgestone introduced a new global code of conduct with which all employees must comply. The principles of the Code of Conduct, which cover the elements of a comprehensive compliance and business ethics programme, are reflected in BSUK companies' tax strategy.

Tax risk of BSUK companies is managed at the Bridgestone Europe, Middle East and Africa level (BSEMEA). A Centre of Excellence for tax has been established and the Head of Tax EMEA is responsible for developing and maintaining tax policies and procedures. Staff at the Centre of Excellence promote the tax policies and procedures throughout EMEA and offer guidance to staff in operations and finance in relation to tax issues which may arise. BSEMEA is developing a mission and vision statement, an EMEA tax governance policy and a tax risk management policy for the region.

Tax matters are reviewed by the Vice President Finance and potential tax risks are reported periodically to the Bridgestone EMEA Governance and Risk Management Committee. EMEA tax matters are also subject to statutory audit, internal audit and J-Sox reviews.

BSEMEA recognises that it is not possible for internal tax staff to become experts on all tax matters in all jurisdictions in the region. Accordingly, for complex tax matters where there may be the potential for uncertainty, personal opinion or judgement, internal evaluation is supported by independent professionally qualified tax specialists.

### **Tax planning**

BSUK companies engage in tax planning when it is aligned to commercial and economic activity and does not infringe on either the letter or the intent of legislation.

As businesses aiming to create sustainable value for shareholders, BSUK companies seek to manage costs, including tax. BSUK companies may take advantage of opportunities provided by government in the form of tax incentives, reliefs and exemptions where it is appropriate to do so, if they align with the companies' business activities. Independent professional tax advice is obtained if there is any doubt about the tax position.

BSUK companies do not engage in artificial tax arrangements ie tax planning that is not underpinned by commercial and economic substance.

### **Level of risk**

In line with BSEMEA, BSUK companies accept a level of risk which is consistent with the objective of achieving certainty in tax and minimising unforeseen tax outcomes.

BSUK companies avoid entering into transactions which could immediately lead to the creation of a tax provision.

### **Relationship with HMRC**

The BSUK companies' relationship with HMRC is governed by the Business Conduct guidelines. Staff are expected to behave in an ethical manner and must be open and honest in their dealings with all third parties, including HMRC. BS staff must seek a constructive relationship with staff of the tax authority.

The BS EMEA tax policy states that all relevant facts must be disclosed to tax authorities and issues where the tax treatment is uncertain are highlighted. Any errors in submissions made to HMRC are fully disclosed as soon as is reasonably practical.

In the event of tax uncertainty, the Head of Tax EMEA together with the tax team will identify possible solutions to mitigate the risk. Tax rulings may be requested from HMRC where uncertain tax positions lead to the creation of tax provisions eg Advance pricing agreements.