

Tax Strategy

Introduction to our tax strategy

Electric Glass Fiber UK, Ltd. (“EGFU”) is the UK entity of the group headed by the Japanese glass manufacturer Nippon Electric Glass Co., Ltd (the “NEG Group”). Nippon Electric Glass Co., Ltd (“NEG”) is responsible for the management of the entire NEG Group. Based in Wigan, Lancashire, EGFU manufactures fiber glass products which are sold to third party customers. Our operations are limited to manufacturing and sales.

The NEG Group sees compliance with all domestic laws, foreign laws, and international rules and regulations as key to its corporate activities, and has set out this philosophy in its corporate values to which Group members are to adhere. Our overall tax strategy is therefore to ensure we uphold such values, ensuring that we fulfil all of our legal and regulatory obligations. In fulfilling our corporate values, we ultimately work to achieve sustainable growth and produce profit through sound corporate activities, contributing to the sustainable development of society (<https://www.neg.co.jp/en/company/charter/>).

The tax strategy and objectives listed below builds upon these values, which are the foundation for the daily operations of EGFU.

Statement on our tax strategy

Approach to tax risk management and governance: Proper tax management is key to ensuring we uphold our ethical values of adhering to all laws, government regulations, company rules and principles, and conducting all corporate activities in conformity with fair business practices and public ethics. In order to ensure our values are kept to, the NEG Group has well-documented corporate values, a code of conduct, and list of principles of activities. Tax, as part of a wider focus on overall compliance, is a key priority for management, and we have appointed external tax advisers to ensure that we remain compliant with all relevant regulations and disclose all information necessary in a timely manner. Any material issues or significant risks identified are raised escalated to the accounting division at the Global Headquarters (“GHQ”), NEG. Through effective communication in this way between the local business team at EGFU and the accounting division at GHQ, our tax affairs are managed in line with global NEG Group policy.

Attitude towards tax planning: All activities at EGFU are undertaken in line with the NEG Group Code of Conduct, and as such we pursue fair, transparent, and competitive commercial transactions, conducting appropriate trade practices. At EGFU, we make use of recognized tax incentives and exemptions to support our business activities and thus deliver on our philosophy of contributing to the development of society. We do not participate in aggressive tax planning of any kind, or transactions which are not of a primarily commercial purpose. If we were to engage in any intercompany transactions of stock or services, we would do so in line with the Arm’s Length Principle and OECD guidelines. EGFU is committed to fulfilling its legal and regulatory obligations, doing so by conducting business activities conducted in good faith that not only comply with laws and regulations but also with the spirit behind such laws (<https://www.neg.co.jp/en/company/compliance/>).

Level of risk in relation to taxation that we are prepared to accept: In relation to our UK tax affairs, EGFU has a low appetite for risk. Our affairs and business activities are based on sound commercial principles, and we operate in accordance with both our ethical principles and relevant tax legislation. We do not proactively consider any form of aggressive tax planning, nor do we engage in any activities that would compromise our ethical standards, business objectives, reputation, or that of our wider stakeholders.

Approach towards dealings with HMRC: We are committed to maintaining an open, transparent relationship with HMRC based on proactive communication and the timely disclosure of any information required by law. If any uncertainty should occur, or the law may be open to interpretation, we seek advice from external tax advisers, and look to discuss issues directly with both them and HMRC. Should any disputes arise, we will approach the situation in an honest, open manner. Our first priority in such a situation would be to reach an agreement and resolution at the earliest possibility.

Our published UK tax strategy, which has been approved by the board of directors of EGFU, satisfies Schedule 19 of the UK Finance Act 2016, in respect of our financial year ending 31 December 2021.