

Tax strategy

Scope

This strategy applies to Nipro Medical UK Ltd. and Nipro Diagnostics UK Ltd., both of which are limited companies registered in England and the only UK subsidiaries of the Nipro Medical Europe N.V. Group. Group policies referred to in this strategy are applicable to both UK companies who fully adopt the group wide policies. This tax strategy has been published in accordance with both UK companies' duties under paragraph 16(2) of Schedule 19 of the Finance Act 2016 to publish their tax strategy in the current financial year ending 31 December 2018.

This strategy applies from the date of publication until it is superseded. References to 'UK Taxation' are to the taxes and duties set out in paragraph 15(1) of the Schedule which include Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax, and Stamp Duty Land Tax. References to 'tax', 'taxes' or 'taxation' are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which Nipro Medical UK Ltd. and Nipro Diagnostics UK Ltd. have legal responsibilities.

Taking each of the requirements of paragraph 16 (2) of Schedule 19 in turn:

1. Approach of the Group to risk management and governance arrangements in relation to UK taxation

Governance

The Group's tax strategy aligns to the Group's wider risk and control framework. Key risks and issues related to tax are escalated to and considered by the Group's Board on a regular basis. The Group wants its tax affairs to be transparent and compliant with tax legislation and recognizes that managing tax compliance is increasingly complex.

Therefore, ultimate responsibility for the tax strategy and compliance for the Group, rests with the Board, which understands the importance of (tax) compliance and how it is achieved. Executive management of the tax strategy and supporting governance and compliance framework is delegated by the Board to the Group Chief Financial Officer (CFO) who is in a constant dialogue with the Board and CEO. Day-to-day responsibility for each of these areas sits with the Group Tax Director, who reports directly to the CFO.

Tax Strategy

Overall the Group's tax strategy is to:

- Meet all legal requirements and to make all appropriate tax returns and tax payments;
- Seek to utilize available tax reliefs and incentives where available in a manner which is consistent with the (Tax) Authority's policy objectives;

- Consider the tax impact in its business decisions, especially in case of major/complex decisions (e.g. acquisitions)
- Operate in an environment where tax is considered in the context of the Group's reputation and brand.
- Comply with appropriate tax risk processes and ensure there is Board oversight into this compliance.

Tax risk management

The Group operates presently in 21 countries and is exposed to a variety of tax risks as follows:

Tax compliance and reporting risks

Risks associated with compliance failures such as submission of late or inaccurate returns, the failure to submit claims and elections on time or where systems and processes are not sufficiently robust to support tax compliance and reporting requirements.

Transactional risks

Risks associated with undertaking transactions without appropriate consideration of the potential tax consequences or where advice taken is not correctly implemented.

Reputational risks

Non-financial tax risks that may have an impact on the Group's relationships with shareholders, clients, tax authorities and the general public.

The Group aims to manage tax risk in a similar way to any area of operational risk across the Group. The business is supported by oversight functions, including Group Tax and Group Internal/External Audit.

The Group has looked at the activities and responsibilities of the Group Tax function and increased the level of resources available to it over the course of 2018. The Group will continue to look at resourcing and will assess headcount within the function as the scale and complexity of the business evolves. Based on the assessment made, the Group may, if deemed necessary, seek external tax advice, invest in tax staff training.

Where appropriate, the Group looks to engage with tax authorities to disclose and resolve issues, risks and uncertain tax positions. The subjective nature of global tax legislation means that it is often not possible to mitigate all known tax risks. As a result, at any given time, the Group may be exposed to financial and reputational risks arising from its tax affairs, in spite of the Group's transparent approach. Nevertheless, the Group ensures to have an adequate control framework in place to minimize the tax risk.

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

The Group recognizes it has a responsibility to pay an appropriate amount of tax in each of the principal jurisdictions in which it operates. Professional advice (internal/external) is sought on a transactional basis, with the depth of such advice being driven by the Group's assessment on

the risk presented by each business opportunity. The Group aims to balance this with its responsibility to its shareholders to structure its affairs in an efficient manner.

The commercial needs of the Group are paramount, and all tax planning must have a business purpose. The economic benefits associated with tax planning must never override compliance with all applicable laws. Group Tax will ensure that tax arrangements are simple, well-understood and based on soundly researched techniques. The Group does not undertake aggressive tax planning, the sole purpose for which would be obtaining a tax advantage as this would have an adverse effect on the tax risk and associated negative publicity in case of non-compliance.

3. Level of risk in relation to UK taxation that the Group is prepared to accept

The Group'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.

4. Approach towards dealings with HMRC

The Group seeks to comply timely with its tax filing, tax reporting and tax payment obligations globally, both in terms of filing and payment. Group tax is required to foster good relationships with HMRC, in particular Group Tax will:

Pro-actively manage relationship with HMRC with the aim of minimizing the risk of challenge, dispute or damage to its credibility, either directly or via professional tax advisors to act as our agents in which they will liaise with the HMRC on our behalf.

Participate in any tax authority formal consultation process where it is expected that the matter under consultation will have a material impact on the Group's liability or the Group's tax compliance management

This tax strategy was approved by the Board of Nipro Medical Europe N.V. on 20 December 2018.