

2019 Annual tax strategy

New Balance Inc. and Subsidiaries

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1 Overview

This document, approved by the Chief Financial Officer of New Balance Athletics, Inc. who is also the Senior Accounting Officer, sets out the strategy of New Balance Inc. and its subsidiaries (“New Balance” or the “Group”) and is effective for the financial year ending December 28, 2019.

New Balance 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 the current financial year and confirms that this strategy will apply to the following UK companies:

- New Balance Athletic Shoes (U.K.) Ltd
- New Balance Holding (U.K.) Ltd

New Balance aims to comply with tax law and practice in all of the territories in which it operates, including the UK. Compliance for New Balance means paying the right amount of tax in the right place at the right time and involves disclosing all relevant facts and circumstances to the tax authorities and claiming available tax reliefs and incentives where available.

New Balance has a strong focus on corporate responsibility and considers administration and payment of taxes as an important obligation of its business.

2 Tax risk management

Managing the Group’s tax affairs is a complex process across many functional areas of the business and as such there will inevitably be risks of error or omission within those processes which may result in the incorrect application or interpretation of tax rules. Eliminating tax risks entirely is impossible. Therefore, the Group’s attitude towards the level of control required within its processes designed to reduce these tax risks is driven by the likelihood of occurrence and scale of impact of each risk.

The identified tax risks are then assessed on a case by case basis, allowing the Group to arrive at well-reasoned conclusions on how each individual risk should be managed. Where there is uncertainty in how the relevant tax law should be applied, external advice may be sought to support the Group’s decision-making process.

When reviewing tax risks, the Director of Tax, Vice President of Treasury and Chief Financial Officer ensure that the following are considered:

- The legal and fiduciary duties of directors and employees.
- The requirements of any related internal policies or procedures.
- The maintenance of the Group’s corporate reputation, having particular regard to the way it interacts with the communities around us.

3 Tax planning

Tax decisions are taken by the internal Director of Tax ensuring consultation at an appropriate level within the wider finance team.

The Group’s tax planning strategy aims to support the commercial needs of the business by ensuring that the companies affairs are carried out in the most tax efficient manner while remaining compliant with all relevant laws. The tax function is therefore involved in commercial decision-making processes and provides appropriate input into business proposals to ensure a clear understanding of the tax consequences of any decisions made. Any tax

planning undertaken will have commercial and economic substance and will consider the potential impact on its reputation and broader goals.

In cases where the tax guidance is unclear, or the Group does not feel it has the necessary expert knowledge to assess the tax consequences adequately, external advice may be sought to support the decision-making process.

4 Tax risks

Given the scale of the Group's business and the volume of its tax obligations, on occasion risks will inevitably arise in relation to the interpretation of tax law. In such instances New Balance will ensure that the selected tax strategy is aligned with the Group's overall strategy and approach to risk management and is approved by the appropriate level of management.

New Balance has relationships with professional advisors that allow it to seek expert advice on specialized areas of tax. The Group's approach is to ensure it understands and is compliant in its responsibilities with regards to tax, rather than looking for ways to aggressively avoid payment of tax.

5 Tax authority relationships

New Balance is committed to working with tax authorities in a professional, open and honest manner, undertaken in a spirit of cooperation. New Balance aims to respond to information requests in a timely manner and ensure that access is given to all relevant information.