

Cengage Learning UK Holdings Ltd – 2018 Tax Strategy

Cengage is a leading provider of high quality content, innovative print and digital teaching and learning solutions, software and associated educational services, archives and databases.

Cengage Learning UK Holdings Ltd sells into the Europe, Middle East and Africa regions via its principal operating company, Cengage Learning (EMEA) Ltd.

In compliance with section 161 and paragraph 19(2) of schedule 19 Finance Act 2016, the company is publishing its tax strategy for the year ending 31 March 2018. As the head company of the UK group, we confirm that this strategy will apply to the following UK companies:

- Cengage Learning UK Holdings Ltd
- Cengage Learning (EMEA) Ltd.

Our business has a strong focus on corporate responsibility, and we see administration and payment of taxation as a responsibility of our business.

Our overall tax strategy is to:

- Meet all legal requirements and to make all appropriate tax returns and tax payments.
- Seek to utilise available tax reliefs and incentives where available in a manner which is consistent with the government's policy objectives.
- Consider the tax impact in major or complex business decisions, for example acquisitions.
- Operate in an environment where we consider tax in the context of our reputation and brand.
- Comply with appropriate tax risk processes, and ensure there is Board oversight into this compliance.

Risk management and governance arrangements

We want our tax affairs to be transparent and compliant with tax legislation, and recognise that managing tax compliance is increasingly complex. Identification, mitigation and management of risks are central to our strategy.

The Board of directors understand the importance of tax compliance, and sets and oversees the risk management strategy and the effectiveness of related controls.

There is a constant dialogue between the Board and those individuals tasked with the operation of our finance function, regarding the way our business manages its tax risk.

Tax risk arises due to the complexity of tax legislation and potential differences in interpretation. We keep under review how we manage that risk and meet our tax obligations in the UK and internationally, by seeking external tax advice, investing in tax training for our staff and, also, in how we manage our relationship with tax authorities.

Tax planning

We will not engage in tax planning that lacks commercial substance and which does not support our business activities. We seek to balance shareholders' interests with ensuring that any arrangements comply with current tax legislation and underlying commercial substance.

Intercompany transactions are conducted on arm's length principles, in accordance with OECD guidelines.

Attitude towards risk

The Board sees compliance with tax legislation as key to managing our tax risk. Our policies and controls operate to ensure compliance with tax laws and regulations, both in the UK and internationally, and to ensure that we identify and mitigate tax risks.

On a quarterly basis, we evaluate the acceptable levels of risk of our tax positions. It is our intention to only take tax positions that, if challenged, are more likely than not to prevail on their technical merits

We have relationships with professional advisers that allow us to seek expert advice on specialist areas of tax or where uncertainty exists, to ensure we are compliant and understand our responsibilities with regards to tax.

Relationship with HM Revenue & Customs (HMRC)

Our communication with HMRC is focused around timely tax compliance, for example meeting relevant filing and payment deadlines for taxes the company pays.

We employ the services of professional tax advisers to act as our agents, and in a number of cases they liaise with HMRC on our behalf. This is seen by the Board as a way to ensure we achieve an effective relationship with HMRC, thus reducing our tax risk.