



KANEMATSU

UK Tax Strategy

This document sets out the strategic tax objectives of Kanematsu Europe Plc (“Kanematsu”).

Tax Strategy

Overview

This document sets out the UK tax strategy of Kanematsu Europe plc ("Kanematsu") and has been published to satisfy Schedule 19 of the UK Finance Act 2016 in respect of the financial year ending 31 March 2022. The UK Tax Strategy has been approved by the Board of Directors of Kanematsu.

Kanematsu is a member of the Kanematsu Group, headed by the Kanematsu Corporation and headquartered in Japan. The Kanematsu Group provides a broad array of products and services through extensive business operations centred on Electronics & Devices, Foods & Grain, Steel, Materials & Plant, and Motor Vehicles & Aerospace. We aim to become a "Value Creator" by continuing to build new business together with our customers.

Our strategic tax objectives set out below support our business objectives and define how we manage our tax affairs in line with Our Beliefs: Kanematsu's Guiding Principles and Kanematsu's Code of Conduct.

To achieve sustainable growth, we seek strong corporate governance ensuring compliance with laws and regulations and minimising business risk (Approach to risk management and governance and tax risk appetite)

We understand the importance of operating an effective corporate governance and risk management framework in order to help us create a more equitable, efficient and sound company. As we look to maintain an environment for sustainable growth, we exercise appropriate governance in our corporate activities to ensure compliance with relevant legislation. Kanematsu have a Group wide internal control and risk management system which includes tax risk. This framework allows us to monitor, identify and mitigate potential risks whilst ensuring compliance with relevant legislation and tax filing obligations.

The Internal Control and Compliance Committee are responsible for the Group wide implementation, review and improvement of the risk management systems and frameworks in place. For Kanematsu day to day responsibility for the operation of the risk management system rests with the CFO who is supported in the identification and assessment of tax risks through periodic meetings with external tax advisers.

There is a defined corporate governance structure with a clear reporting process and escalation lines, ensuring that tax information is reported appropriately and in a timely manner both within Kanematsu and the wider Group. The Board of Directors of Kanematsu are accountable for the operation of the risk management system within Kanematsu, including tax risk, and have oversight of any tax risks which are material to Kanematsu through reporting by the CFO.

Whilst we do not currently have rigid levels of acceptable tax risk defined, our approach to risk is always in keeping with our wider business strategy and our Code of Conduct to uphold our commitment to ethical business principles and corporate responsibility.

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We strive to carry out corporate activities to serve our various stakeholders whilst fulfilling our responsibilities as a corporate citizen, contributing to society (Attitude towards tax planning)

We are aware of the importance of our social responsibility as good corporate citizens and strive to make continued contributions to society by complying with all relevant tax legislation.

The way we do business is defined by Our Beliefs: Kanematsu's Guiding Principles and Kanematsu's Code of Conduct. In order to maintain sustainable growth we always seek to balance being a 'Value Creator' for our shareholders with our commitment to ethical business principles and corporate responsibility. To support value creation for our shareholders we make use of legislated tax incentives and exemptions. We will only enter into commercial transactions and do not enter into any transactions with the sole purpose of achieving a tax advantage.

All transactions with group companies are made in line with Kanematsu's Transfer Pricing policies which are strictly aligned with the principles established by the OECD, and in particular the arm's length principle.

In the instance of a resource gap or uncertainty as to the tax treatment in a particular area, we will look to our external advisors to seek relevant tax advice.

We strive to establish mutual trust, and maintain a high level of transparency with all relevant stakeholders, including HMRC (Approach to dealing with HMRC)

We strive to meet the needs and expectations of many stakeholders, including those of HMRC. We seek to maintain a proactive and open relationship with HMRC and disclose information in a timely and proper manner, to establish mutual trust and a high level of transparency between Kanematsu and HMRC .

Should any uncertainty over the interpretation of legislation arise, we will seek guidance from external tax advisors or HMRC, where appropriate. Should any dispute arise in relation to our tax affairs, we will endeavour to work collaboratively with HMRC to reach an early agreement and obtain certainty.