

Tax Strategy

Prepared in accordance with the requirements of the Finance Act 2016

KASAI UK LTD supplies car interior components to Nissan through the plant in Washington and to Honda & Jaguar Land Rover through the Merthyr plant. The Company is consolidated in the financial statements of its parent, KASAI KOGYO CO., LTD., which is located in Japan.

Our business activities generate a substantial amount and variety of taxes. We pay Corporation Tax, and employment and other taxes. In addition we collect and pay employee taxes and VAT.

Summary of KASAI UK LTD's approach to tax

- Our approach to tax risk is led by our UK Board of Directors which is committed to implementing a low-risk tax profile.
- Tax decisions are appropriate to and consistent with commercial transactions which have been approved by our UK Board of Directors.
- Please refer to the link <https://www.kasai.co.jp/en/company/precepts/> (the Kasai Group corporate philosophy site), we feel that the group corporate values are aligned with the UK Company's tax profile.

Governance

Tax is part of the Finance function of our Company and is the ultimate responsibility of the UK Board of Directors with operational responsibility being delegated to the Finance Manager.

Monthly meetings are held between the Managing Director and the Senior Finance Team to discuss in detail the financial results and policies of both UK Plants. Also monthly Management Team meetings are held in both Plants, where the financial results are discussed in depth with the Senior Management Teams.

A specific example of the company's responsibilities towards key business tax risks is that Transfer Pricing is regularly reviewed in conjunction with external specialists to ensure arm's length pricing and consistency with latest best practice.

Day-to-day tax matters are delegated to a team of in house professionals who hold accounting qualifications with the advice from large accounting firms, legal firms and/or tax counsel as appropriate.

KASAI UK LTD

Tax risk management

The Company aims to ensure that all personnel with tax responsibilities or whose business activities may have a tax impact have a consistent understanding of how tax risk is identified, assessed and managed.

Material tax risks are considered by the board as necessary, in line with the wider business approach to managing risk.

Code of Conduct towards tax planning

This Code of Conduct endeavours to guide the role of finance professionals within the Company, their key responsibilities, their professional conduct and their approach to working relationships with external parties.

KASAI UK LTD believes its obligation is to pay the right amount of tax, at the right time and in the right place, as defined by UK law and international tax and transfer pricing guidelines. We will also legitimately look to claim relevant government reliefs and incentives, in particular, R&D reliefs.

KASAI UK LTD will aim to:

- Observe all applicable laws, rules, regulations and disclosure requirements.
- Apply diligent professional care and judgment to arrive at well-reasoned conclusions.
- Ensure all decisions are taken at an appropriate level and supported with documentation that evidences the facts, conclusions and risks involved.
- Seek certainty on tax positions it adopts but where tax law is unclear or subject to interpretation, written advice or confirmation will be sought.
- Ensure that all information is clearly presented to the tax authorities or other relevant bodies, as appropriate.

The following outlining factors will be considered in planning and structuring transactions e.g. technical support, risk of challenge, commercial substance and reputational risk.

Relationship with HM Revenue & Customs

In line with the code of conduct requirements to foster good relationships with tax authorities, governments and related third parties and to undertake all such dealings in a professional, courteous and timely manner.

It is KASAI UK LTD's general policy to be transparent in all interactions with tax authorities and our team is encouraged to proactively foster this principle