

Keihin Europe Ltd

Our Tax Strategy

Keihin Europe Ltd (“Keihin”) is a wholly owned subsidiary of Keihin Corporation of Japan.

This document sets out the strategic tax objectives of Keihin.

The principal activity of Keihin is that of the import, promotion and distribution of automotive products and services.

In the operation of their business, Keihin strives to be responsible corporate citizens, and good employers.

Keihin conducts business activities that result in the reporting and payment of a variety of taxes, including corporate income taxes, employer and employee taxes, as well as indirect taxes such as excise duties and VAT. The taxes that Keihin report and pay form a significant part of the company’s economic contribution to the United Kingdom.

Keihin also pays some indirect taxes in foreign jurisdictions, and these are managed in the same strategic manner as UK Taxes.

Before any action (including any action having tax implications) is undertaken by Keihin or any of their employees, three questions are to be asked:

- Is my action the right thing to do?
- Could my action or decision withstand public scrutiny?
- Will my action or decision enhance Keihin's ethical reputation?

Consistent with this, Keihin adheres to the following Tax Strategy, which is being published in accordance with Paragraph 19(2), Schedule 19, Finance Act 2016:

Attitude towards Tax Planning

Keihin is committed to paying the right amount of tax required under the principles of UK tax legislation and practice. It takes a conservative approach to tax planning and does not pursue aggressive tax planning arrangements. The group uses third party advisors to provide advice and guidance necessary to assess the tax risks and ensure its compliance with applicable laws, rules, regulations, and reporting and disclosure requirements.

Keihin adheres to all relevant tax law and seeks to minimise the risk of uncertainty or disputes.

Keihin undertakes transactions with other group companies on an arm's-length basis and in accordance with current OECD principles.

Tax incentives and exemptions are sometimes implemented by governments and fiscal authorities to support investment, employment, and economic development. Where such

incentives and exemptions exist and when relevant to Keihin's business, Keihin may seek to apply them, with the intent to implement in the manner intended by the governments and fiscal authorities.

Relationships With Taxing Authorities

Keihin is committed to maintaining an open, transparent and collaborative approach in our dealings with taxing authorities in all jurisdictions in which the company operates.

Keihin will avoid unnecessary time-consuming disputes wherever possible.

Keihin are committed to working in a collaborative, transparent and proactive way with HMRC at all times. Keihin has adopted the principles of openness and transparency in its approach to dealing with HMRC and believes in engaging in full, open and early dialogue with HMRC to discuss all tax affairs. Keihin is committed to making fair, accurate and timely disclosure in correspondence and on returns, and respond to queries raised by HMRC promptly with the aim to work together to resolve issues quickly and efficiently, with certainty wherever possible.

Keihin monitors its tax reporting on an on-going basis. If incorrect reporting is identified, then amended reporting or voluntary disclosure would be made to the taxing authorities. Keihin is committed to remitting the right amount of tax in the UK, as well as interest and penalties that may become due as a result of incorrect reporting.

If there are any control visits or assessments from the taxing authorities, Keihin strives to work collaboratively wherever possible with them to resolve disputes, and to achieve early agreement and certainty.

Tax Risk Management

Keihin has a low tolerance to tax risk. Transactions undertaken by Keihin are motivated by business reasons, not tax planning. If there are tax implications to such transactions, those implications are thoroughly vetted.

Keihin's aim is to minimise the level of risk in relation to UK taxation at all times. Keihin is not prepared to accept a level of risk that exposes it to reputational harm or which could adversely impact its relationship with HMRC. However, given the scale of Keihin's business and the complexity of tax legislation, it is inevitable that tax risks will arise. To ensure that the level of risk is kept as low as possible, a number of risk management policies and governance arrangements are in place, including controls over compliance systems, are maintained and monitored for their effectiveness.

As Keihin does not engage in tax planning arrangements where there is considered to be a significant risk of challenge by HMRC, the group does not maintain any form of risk register.

Any matters where there is considered to be an unexpected, previously unidentified, or unprovided tax exposure are discussed between the Managing Director and the Board of Directors as may be appropriate.

In cases of uncertainty, matters will be referred to the Managing Director or Group Compliance Officer who may seek advice from external professional advisors, or seek advice from HMRC direct, for assistance in interpretation of application of tax rules.

The group has a regulatory risk team that continually monitors world-wide group risk, including tax. It periodically reports to the parent company board of directors on how regulatory risks are managed and monitored and how improvements are being made. Keihin board of directors provides governance and oversight of such regulatory risks arising in the UK.

Governance

The UK Board of Directors acknowledges that it has responsibility for fully complying with the tax laws in all relevant jurisdictions.

The Board of Directors is responsible for establishing the overall governance and approving the tax strategy. However, management authority for the day to day operation of the business is delegated to the Managing Director. Tax is considered as part of the overall governance framework

The parent company COO of Business Administration Operations owns and implements the approach to tax, which is adopted by all international subsidiaries, including Keihin. The approach is continually monitored by the parent company board audit committee. The group COO of Business Administration Operations is also responsible for ensuring that policies and procedures that support the approach are in place, maintained and used consistently around the world by all subsidiaries, including Keihin.

Further Information

The Tax Strategy is reviewed and updated annually, or when relevant developments require an earlier amendment. It was last approved for the fiscal year ending 31 March 2018 by the Managing Director.

31st March 2018