

Socionext Europe GmbH – UK Tax Strategy

The nature of Socionext Europe GmbH – UK branch's (collectively known as "SNEU UK" or "We") business activities are relatively straightforward as is our UK tax affairs. As one of Socionext Inc ("Socionext") Group entities, SNEU UK seeks to manage its tax affairs in order to comply with applicable laws, regulations and social standards.

This document sets out SNEU UK's strategy towards its UK taxation matters and covers all operations of Socionext carried out in the UK. This document is published in accordance with Schedule 19 Finance Act 2016.

Governance Framework

The Finance Manager for Socionext Europe GmbH is responsible for the tax matters relevant in the UK, and reports to the President of Socionext. The Finance Manager has delegated the day-to-day management of tax matters relevant to the UK, to appropriately qualified employees.

At times it is necessary to engage third party advisors when further resource and / or capability is required. The areas of support we seek from advisors include:

- assisting in the management and preparation of all tax compliance activities;
- providing advice on complex areas of UK tax matters and clarity on any key areas of uncertainty; and
- providing insights into changes in UK tax law and regulations how they may impact the business operations in the UK.

Approach to risk management

We take a conservative approach to tax risk management. We are a commercially led organisation and as such do not enter into or undertake any non-commercial led transactions. Each transaction we undertake therefore must have commercial and economic founding.

Ultimately, Socionext aims to uphold the highest standards of ethical conduct while maintaining sustainable growth and profitability. This includes compliance with laws, regulations and social standards.

Our key tax risks include the failure to file accurate tax returns by the appropriate statutory deadline and to pay the right amounts of taxes in a timely manner, in compliance with the pertinent laws and ordinances on national and local taxes. We mitigate these risks by engaging third party advisors and maintaining regular dialogue with our advisors in order to ensure we meet all our tax compliance and reporting obligations accurately and on a timely basis.

Acceptable level of risk

We have a low tolerance for tax risk and we therefore take a prudent approach to managing tax risk and do not seek to undertake any tax planning that is deemed to be aggressive by us, any tax authority or our stakeholders, customers and the public at large. Therefore, we will not consider entering into any transactions or undertaking any activities with the sole purpose of minimising our tax liabilities.

We operate in accordance with internal policies and procedures. We seek to maintain transparency within our UK tax filings and disclosures in order to minimise uncertainty and

also queries from Her Majesty's Revenue and Customs (HMRC), as well as mitigating any damage to our reputation.

Attitude toward tax planning

We have no appetite for undertaking any transaction aimed at avoiding tax. As noted above, all transactions we enter into and activities carried out in the UK must be commercially led.

That said, we do conduct and organise our business and operations in a tax efficient manner in accordance with not only the letter of the law but also as intended by Parliament and in doing so, we make use of all tax incentives and reliefs as they are intended.

Relationship with HMRC

We seek to maintain a professional, open and collaborative relationship with HMRC.

We want to be seen and viewed as a responsible tax payer and thus maintaining a good relationship is important to us. We therefore aim to:

- act professionally and openly with HMRC at all times;
- make full disclosures in our tax returns;
- respond to any HMRC audit and enquiry on a timely basis; and
- work collaboratively with HMRC to resolve any areas of dispute.

In circumstances where an area of tax law is complex and may have a material impact to our financial position, we will also seek to have real time discussions with HMRC in order to gain certainty over the treatment for tax purposes and to avoid the potential for any future dispute.