



UK Tax Strategy of NIHON SHIPYARD UK LTD.

Introduction

The operations of Nihon Shipyard UK Ltd. ("NSYUK") are relatively small and straightforward in nature. NSYUK's principal activity is to provide a liaison service with customers in the European area on behalf of Nihon Shipyard Co., Ltd.

Our overall vision for tax is to uphold our ethical values and manage taxes in a compliant way, ensuring we fulfil our legal and regulatory obligations. Abiding by this vision supports NSYUK in meeting our commitment to contribute to society and achieving our business objective of development through sustainable growth and to become the leading company in the shipbuilding industry.

The tax strategy and objectives set out below are built upon our ethical values which determine the way we conduct ourselves in our daily operations.

Tax Strategy statement

Approach to tax risk management and governance: The effective management of tax risk ensures that we both comply with all relevant tax laws and regulations, and operate in accordance with our ethical values. We seek to proactively mitigate tax risks to acceptable levels by monitoring the key risks our business faces, and the processes and controls we operate to ensure their sound and robust operation. Through the establishment of a clear reporting line at a global level, we ensure that key tax risks and issues arising from business transactions and operations in the UK are monitored. Any material issues are escalated as appropriate to our Head Office Tax Team in Japan. We ensure that we are compliant with our tax filing and reporting obligations in the UK through ongoing engagement with, and support from, external advisers.

Attitude towards tax planning: All business transactions are undertaken in accordance with our ethical values and NSYUK's business objectives, with the primary focus to act in the best interests of our stakeholders. We make use of legislated tax incentives and exemptions to support the long-term development of our company. We do not participate in any aggressive tax planning, or transactions which do not have a commercial purpose as their primary driver. All transactions with group companies are made in line with our Transfer Pricing policies which are strictly aligned with the principles established by the OECD, and in particular the arm's length principle. Furthermore, in line with our ethical values, we are committed to acting in line with both the letter and spirit of the law.

Level of risk in relation to taxation that we are prepared to accept: In supporting our business objective of sustainable growth, we operate effective internal control systems, including appropriate processes and frameworks to minimise risks from adversely impacting our business. We acknowledge the risks that inevitably arise with organisational complexity and our group risk management framework includes prescriptive definitions for our risk tolerance levels. In relation to our UK tax affairs, we have a low risk appetite and will not engage in any operations that would compromise our ethical values, business objectives, NSYUK's reputation and the reputation of our wider stakeholders.

Approach towards dealings with HMRC: We seek to maintain an open and transparent relationship with HMRC. This is achieved by maintaining pro-active full and timely disclosure of necessary information as required by law, wherever possible. In situations where tax law is unclear, we will seek relevant advice from external tax advisers, and discuss any issues upfront with HMRC. Should any disputes arise, we will maintain our honest and constructive manner with a view to achieving early agreement and resolution.

Our published UK tax strategy, which has been approved by the Board, satisfies Schedule 19 of the UK Finance Act 2016, in respect of our financial year ending 31 March 2024