



Aozora Group UK subsidiaries Tax Strategy

This document, approved by the Board of Directors of Aozora Europe Limited, sets out the UK subsidiaries of Aozora Group's approach to managing their tax affairs and tax risks.

Introduction to Tax Strategy

UK subsidiaries are committed to:

- Remaining compliant with all applicable UK laws, rules and regulations;
- Paying the right amount of tax at the right time;
- Applying diligent care in tax related decision making processes and procedures;
and
- Maintaining open, honest and transparent relationships with tax authorities.

Tax Governance

The Board of Directors of each entity are ultimately responsible for the compliance and risk management of UK Tax and the principal tax risks are monitored and reviewed on an ongoing basis.

Governance around tax matters follows formal procedures which are in line with other approved governance procedures implemented across the wider business.

Each entity has appropriate internal systems and controls in place to ensure that all financial transactions are accurately recorded and the tax is calculated correctly and compliance requirements are met.

Tax Planning

We aim to carry out our financial affairs in the most tax efficient manner while ensuring full compliance with UK tax law and making accurate and timely tax returns and payments. We will only enter into tax planning that has commercial and economic substance and will not undertake any structuring that is contrived or artificial to reduce our tax liabilities.

Tax Risk Management

Given the scale and nature of the business, we consider the tax risk of UK subsidiaries to be relatively low, however we constantly seek to identify and deal with such potential risks when they arise. Our approach to tax risk is aligned to our tax governance and internal policies.

Where there is uncertainty as to application of complex tax law, external advice is sought from the major accounting and legal firms to address this uncertainty and significant risks if they arise will be escalated to the Board.

Relationships with Tax Authorities

We seek to maintain transparent and mutually respectful relationships with HMRC and to make honest and timely disclosure in communications and returns.

When there are disagreements with HMRC on issues, we attempt to resolve the issues in an open and timely manner.

This statement is intended to meet the requirements of Section 22 (2) of Schedule 19 of the 2016 Finance Act, in respect of the group's financial year ended 31 March 2021.