

UK Panasonic Group Tax Policy

Purpose of this document

This document sets out the tax policy of the Panasonic Group in relation to UK taxation, which is approved by the Board of Panasonic Europe Limited. 'Panasonic Group' and 'Group' refer to the worldwide group headed by Panasonic Corporation, Japan.

This policy applies to all Panasonic Group companies that have a UK presence except for certain UK companies recently acquired by the Group¹ (hereinafter the 'UK Group').

The publication of this policy is regarded as complying with the requirements of Part 2 Schedule 19 Finance Act 2016 in relation to the period ending 31 March 2018.

Overview of the Panasonic Group in the UK

The Panasonic Group has a number of companies and branches operating in the UK, including the European regional holding company, a factory, and several sales companies aligned to different global business divisions of the Group.

Each business has autonomous management and with it has responsibility for ensuring its own tax compliance in each country in which it operates, subject to following mandatory group policies and with appropriate oversight from senior management in Japan, the region and the local territory.

Approach of UK Group to risk management and governance arrangements in relation to UK taxation

The UK Group is committed to complying with all tax laws. The Group views compliance with all laws, regulations and business ethics in its business activities as essential.

The Board of Panasonic Europe Limited oversees the UK tax affairs of its subsidiaries and monitors the UK tax affairs of other Panasonic Group companies. The Chief Financial Officer of Panasonic Europe Limited is the owner of this policy document, which has been prepared in conjunction with the global and European tax teams and the local management of each UK Group company and branch.

This policy complements existing internal tax policies and procedures at the global, regional and local level.

¹ The UK Panasonic Group Tax Policy does not cover any recently-acquired companies until post-merger integration.

UK tax governance by the regional Board is supported by:

- Local management of each UK Group business, which is required to maintain local tax compliance and report any potential tax issues to the European tax team, and communicate with global business division finance functions typically based in Japan, and
- The European tax team, with members based in the UK, which advises and supports the Board and individual UK Group businesses on UK tax obligations and monitors local tax compliance.

Although there is no prescriptive level of 'acceptable' UK tax risk for internal governance purposes, the UK Group's tolerance for tax risk is considered to be low.

UK tax risks are identified and monitored by the responsible finance teams of each Group company or branch. Any significant UK tax risks are reviewed by the tax team and reported periodically to the Chief Financial Officer of Panasonic Europe Limited.

Each decentralised business monitors its own accounting controls and these are subject to formal internal audits from time to time. The UK Group companies are within the scope of the 'Senior Accounting Officer' legislation under which steps are taken to establish and maintain appropriate tax accounting arrangements.

Attitude of the UK Group towards tax planning and the acceptable level of risk

Every UK Group business and employee is expected to adhere to the Group's Basic Business Philosophy and Code of Conduct, which emphasise values such as fairness and honesty, the Group's mission to contribute to society, and a policy of conducting business with integrity, a law-abiding spirit and the highest ethical standards. The tax affairs of the Group are required to be managed in accordance with these values and policies.

As noted above, the UK Group is considered to have a low tolerance for tax risk.

The UK Group will seek to utilise all tax incentives and reliefs available under UK domestic legislation, European law and other international instruments to which it is entitled, in compliance with the law and respecting the underlying policy intention.

In addition, the UK Group will seek to minimise double taxation (payment of tax on the same profits in more than one country) by entering into Mutual Agreement Procedures between tax authorities whenever it is economic to do so.

Any business planning undertaken by the UK Group is aligned to commercial substance. Business intentions are the key driver for any planning that has tax implications. The UK Group does not enter into transactions without any commercial substance in order to achieve a tax objective.

Illegal tax evasion is fraudulent and not tolerated, and any employee found to be engaged in, or facilitating, tax evasion will face disciplinary action.

The UK Group may seek an opinion from a tax adviser in instances of material business restructurings, tax law changes or lack of clarity regarding the appropriate interpretation of tax law, to manage its tax risk. In addition, in instances of merger and acquisition activity, HMRC would be contacted in advance in case of uncertainty, if this is appropriate.

Approach of the UK Group towards its dealings with HM Revenue & Customs ('HMRC')

The UK Group aims to maintain an open, transparent and professional working relationship with the UK Group's allocated Customer Relationship Manager at HMRC.

The UK Group will respond to queries from HMRC in a timely and complete manner. In case of any instance of UK tax error being identified, the UK Group will notify HMRC at the earliest reasonable opportunity with a full disclosure.