

Tax Strategy

Our tax vision

Daifuku implements fair and transparent corporate activities, including managing its tax affairs in compliance with the relevant laws and social principles, both foreign and domestic, while taking fully into consideration international standards and rules in a global perspective. To achieve this we will pursue the below tax objectives which are underpinned by our six business strategy initiatives and our Value Innovation 2020 philosophy of treating our stakeholders with trustworthiness, confidence and respect.

Our strategic tax objectives

Creating good relations - (maintaining an open and honest relationship with HMRC): Daifuku strives to nurture relationships of trust. We engage with HM Revenue and Customs with honesty, integrity and transparency in respect of all tax matters. In this respect, we maintain a proactive relationship with HMRC, encouraging open dialogue on a timely basis. Where any tax law is unclear or subject to interpretation, we will engage with external tax advisers to ensure we remain compliant in all aspects of our operations. Building trust is part of Daifuku's corporate DNA, and first key to sustainable growth.

Strengthening risk management – (tax governance and risk management arrangements, and tax risk appetite): Daifuku strives to build a corporate culture that is resilient. For significant matters, the group will consult the board and gain approvals as required, to ensure the tone from the top is applied in practice. We monitor tax risks within our UK operations and have implemented robust controls as part of a tax control framework to minimise any adverse impact, in accordance with our management policies and corporate code of conduct. The Global Headquarters of Daifuku ('GHQ') have appropriate oversight over UK tax affairs and ensure that tax risk appetite is understood within the business and remains low. UK tax personnel are ultimately responsible for escalating any material tax related issues to GHQ, where applicable. We have a dedicated team of experts with the appropriate qualifications and experience, supported where necessary by external tax advisers.

Fostering commitment to sustainable growth – (Attitude towards tax planning): In balancing our stakeholders' needs with the customer at the heart, we will not consider any tax planning which is aggressive or that may harm our business operations, reputation and stakeholders. We do see tax as a cost to our business which we seek to minimise, but any tax planning undertaken is by way of HMRC-approved tax incentives and exemptions. Furthermore, to ensure our low risk appetite is applied in practice, all major transactions are discussed and approved at Board-level, taking into account the group's wider risk appetite and business ethics, and supported by commercial substance.

Contributing to the wider business through collaboration – (Partnering with the wider business on Tax): In order to become a truly global leader, we encourage collaboration with subsidiaries and affiliates and this is especially important in relation to tax. Our UK Tax and Finance personnel are provided with structured training and development opportunities, and hold the required knowledge to support the business in real time from a tax perspective or identify where outside assistance is required. Where specialist input is required to better understand areas of risk or new legislative requirements, external advice will be requested by our people.

Our published UK tax strategy, which has been approved by Daifuku GHQ satisfies Schedule 19 of the UK Finance Act 2016, in respect of our financial year ending 31 December 2017