

GLORY GLOBAL SOLUTIONS

Business/Finance Policy and Guidelines

UK TAX STRATEGY

Applies to all UK Group Entities in Glory Global Solutions Group

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1. **Scope**

1.1 Glory Global Solutions (GGS) is the international business of Glory Limited, a Japanese listed company headquartered in Himeji, Japan. The GGS group of companies is headquartered in Basingstoke, UK. The UK tax strategy is aligned with the tax strategy of the wider GGS group, but this document relates to the UK group headed up by Glory Global Solutions Limited.

2. **Background**

2.1 The Glory Group is committed to obeying tax law and regulations, when undertaking its responsibilities regarding tax compliance and reporting. This includes paying the right tax at the right time and the right place. The UK Group takes account of changes in legislation and guidance and this document gives details of the UK Group's tax strategy, in accordance with the requirements of the 2016 Finance Act.

3. **Overview of internal governance**

3.1 Glory Global Solutions Limited (GGSL) is a UK holding company that indirectly owns the main trading company in the UK, Glory Global Solutions (International) Limited (GGSI). GGSL is directly owned by Glory Limited (Japan).

3.2 The principal activity of GGSI is to operate as a master distributor of cash management solutions, across multiple sectors including banking, retail and gaming. GGSI sells to related and unrelated parties.

3.3 GGSI also functions as the headquarters of the GGS companies worldwide, providing advice, guidance and instructions to group entities and consolidating GGS global financial results.

3.4 Key controls and processes are operated by the Glory Limited Board in Japan and the GGS Board in the UK, through which authority is delegated to local company boards and committees. The governance framework supports the management structure in the business and controls are embedded in key processes.

3.5 Sufficient assurance that the governance framework is operating properly must be provided to the key stakeholders in the business. This assurance comes from formal independent reviews (e.g. JSOX), regular internal and external audits, meetings with management and specific approvals of key operating policies and plans.

3.6 The Strategic Report in the statutory accounts of Glory Global Solutions Limited gives details of the overall strategy of the Glory Global Solutions UK Group and in particular refers to the GGS Group risk management policy that has been approved by the main board of Glory Global Solutions Limited. The strategy applies to the whole UK Group, in particular to all Tax, Finance and HR professionals involved in tax compliance, reporting and planning.

4. **Tax responsibilities**

4.1 As Chief Financial Officer (CFO), Michael Williams provides strong oversight of all tax and financial matters. The GGS UK Group has a dedicated tax team in the Basingstoke head office, comprising the Group Head of Tax, the Senior UK & International Manager

and the VAT accountant, who report to Michael Williams through the Group Finance Director.

4.2 The tax team is supported by other finance professionals and HR staff with knowledge of tax, who are responsible for such tasks as submitting VAT returns, preparing P11Ds, and overseeing the outsourced payroll process.

4.3 Tax governance and the management of risk is also achieved via close working relationships between the CFO, the Group Finance Director other commercial and operational teams based in Basingstoke, which enables knowledge sharing between all parties, including the tax team.

4.4 The tax team's roles are clearly defined, and performance reviews are held on a regular basis. As tax professionals, the tax team are aware of their responsibilities regarding tax compliance and the professional conduct required and comply with those responsibilities. In doing so, they:

- Manage risk by observing the appropriate guidelines and taking steps to assess and monitor new risks, as they arise
- Understand the commercial and economic activity of the business and provide advice on tax issues to the business as and when needed
- Observe all applicable laws, rules, regulations and disclosure requirements, keeping up to date with changes in finance and tax regulations by means of research, taking part in relevant tax seminars and webinars and communicating with tax advisers
- Use their experience and knowledge to arrive at well-reasoned and documented conclusions when considering tax compliance and day to day tax issues
- Ensure all tax decisions are taken at an appropriate level and supported with documentation that evidences the facts, conclusions and risks involved
- Seek certainty on the right tax positions to adopt, but where there is a "grey" area, e.g. if the tax law is unclear or subject to interpretation, consult professional advisers or HMRC directly for their opinions, or advice in writing
- If it is not possible to resolve the tax treatment of a certain item, because the position is too unclear or unquantifiable, choose the best way forward after assessing the risk of non-compliance, ensuring that the spirit of the law is observed as well as the letter of the law, and making full disclosure to the tax authorities of the position taken
- Work collaboratively with tax authorities to explore the correct tax treatment in circumstances where tax law is subject to interpretation, in order to agree tax liabilities that are fair and reasonable
- Ensure senior management are aware of any unforeseen issues and potential risks of exposure to interest and penalties.

5. HMRC relationship

5.1 The GGS UK Group is keen to maintain an open and transparent relationship with HMRC. In this respect, it is important for GGS to help HMRC to understand the business and the

economic and commercial environment in which it operates. This is the best way to ensure that HMRC takes the right risk-based approach towards the Group's tax affairs and the GGS tax team can operate and assess tax risks with confidence. We seek to adopt a tax policy that leads to a "low risk" assessment by HMRC.

5.2 GGS aims to pay the right tax at the right time and at the right place, and HMRC is crucial to this process. We seek to work positively, professionally and proactively with HMRC to minimise the disruption of audits and investigations and achieve certainty regarding tax positions. It also means that the Customer Compliance Manager and his team can support the GGS UK group by advising on areas of uncertainty or new tax requirements or issuing tax clearances.

5.3 The tax team holds regular meetings with the HMRC team, and an email protocol is in place for faster communication. At all times, Group Tax are aware of the need to maintain relationships with HMRC that are open, constructive and based on mutual trust.

6. Tax risk management

6.1 The general principle of tax risk management in GGS is to comply with all applicable tax laws and prevent any unnecessary tax disputes, without adopting an overly prudent approach that would damage shareholder value.

6.2 The GGS Group's appetite for risk is governed by its desire to have an honest and transparent working relationship with HMRC, complying with its legal obligations by ensuring that robust controls and well-defined policies and processes lead to accurate and complete tax returns. However, in areas of uncertainty due to conflicting tax legislation, or a difference in interpretation, GGS will assess the risk of pursuing a course of action and proceed accordingly, taking advice from professional advisers.

6.3 Prevention of unnecessary tax disputes will be achieved by:

- Maintaining strong tax compliance procedures
- Establishing strong technical positions
- Clearly explaining those positions to HMRC if challenged
- Thoroughly documenting the facts and the reasons for decisions
- Building on a well-established relationship with HMRC
- Assessing tax risks within the framework of an agreed tax strategy
- Continuing to assess risks in its tax accounting arrangements specifically for the purposes of the Senior Accounting Officer report, so that the certificate can be submitted with confidence each year by the CFO

7. Tax planning

- 7.1 As noted above, the GGS group seeks to demonstrate responsible tax management and closely follows developments in the areas of tax transparency and voluntary codes of conduct at HMRC.
- 7.2 The commercial rationale of business activities is paramount and tax planning is always aligned to economic activity. This means that tax considerations are one of the final tax aspects of the discussion around new projects or business plans, rather than the main focus of business developments.
- 7.3 As a business, the GGS Group has a responsibility towards its shareholders and Tax has a role in managing financial costs. The Group therefore has a duty to respond to any favourable tax incentives and exemptions granted by governments and has operations in other countries that offer favourable tax treatments where this is supported by sound commercial concerns.
- 7.4 Tax planning is driven by the transfer pricing (TP) model, which in turn is driven by the intellectual property owners in the group and the value drivers of the business. There is a recognition that TP is often the focus of UK and international tax authority and the group therefore ensures that it has sufficient documentation and benchmarking analysis to support its TP arrangements.
- 7.5 External tax advice is taken when any new initiatives or business activities are proposed, to ensure that Tax can assess any potential risks that are not immediately clear to the business. It is essential to the Board that tax decisions do not invite significant reputational risk or the risk of damaging relationships with fiscal authorities.

8 Influencing tax policy

GGS is aware of the increased focus on tax compliance in terms of continuing public interest. The tax team strives for best practice at all times, which encompasses keeping up to date with tax developments, observing core principles such as integrity and fairness, and considering the full range of possible tax interpretation outcomes when deciding on the way forward in “grey areas”.

The Glory group takes its corporate social responsibilities very seriously and has no appetite for aggressive risk-taking as far as tax is concerned. The framework of a tax risk strategy increased corporate governance and a commitment to transparency and objectivity ensures that the Group collaborates with fiscal authorities to agree accurate and fair tax liabilities.

All fiscal authorities, including HMRC, are looking for new ways to tackle tax evasion and increase tax collected. New consultations and guidance materials are being introduced all the time and GGS UK takes a part in forming tax policy by engaging with tax, HR and finance professionals, as well as HMRC, whenever possible.