

UK Tax Strategy

Introduction

This UK Tax Strategy applies to the UK entities and the permanent establishment of the Hitachi Zosen Group (hereinafter referred to as "Hitz UK entities") in accordance with Schedule 19 of Finance Act 2016. A list of the Hitz UK entities to which it applies is set out below in this document.

This strategy shall come into effect from the date of publication until it is superseded. This strategy applies to the taxes and duties set out in paragraph 15(1) of the Schedule, including, but not limited to, Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax, and Custom Duties. References to 'tax', 'taxes' or 'taxation' are to UK taxation and to all corresponding worldwide taxes and obligations to which Hitz UK entities have a legal responsibility.

This strategy describes general policy, the approach to governance of taxation in the UK, tax risk management, attitude to tax planning and relationship with HMRC. It should not be considered as a detailed explanation of daily tax processes, but rather as an outline of our approach to the tax obligations.

General Policy

As part of a multinational Group, Hitz UK entities are committed to managing all of our tax affairs based on the wider Hitachi Zosen Group's guiding philosophy, management stance and standards of business behaviour. We seek to enhance the satisfaction of shareholders, customers and employees complying with UK laws and ethics as well as those of other countries.

Governance of Taxation in the UK

The managing board of each Hitz UK entity has responsibility for this tax strategy, tax risk management and compliance. The day to day operations in regards to tax affairs are handled by each Hitz UK entity's managers and tax affairs and risks during the year are reported to its managing board. The managing board of each Hitz UK entity ensures that this strategy will be considered in all investments and significant business decisions taken.

Tax Risk Management

Hitz UK entities' appetite for tax risk is determined by a desire to achieve certainty in their tax affairs. Hitz UK entities always seek to reduce the level of tax risk arising from its operations as far as is reasonably practicable by monitoring the main tax risks which may lie with the interpretation of tax laws or transactions across borders, and changes in business and

legislation. External advice is sought from accounting firms and/or legal firms to support the decision-making process where appropriate in order to fulfil its responsibility as a corporate citizen. In order to reduce tax risk, Hitz UK entities also take appropriate advice and/or training on UK taxation to its staffs and managers who manage or process matters which have tax implications when necessary. Furthermore, the Hitachi Zosen Group has established the Hitachi Zosen Group Charter of Ethical Behaviour as ethical behaviour guidelines to be observed by all the directors and employees of the Group. By educating all directors and employees, the Group is aiming to improve awareness of legal compliance and promote the maintenance of a high standard of corporate ethics.

Our Attitude to Tax Planning

Hitz UK entities structure tax affairs in compliance with legal requirements in a manner which ensures payment of the right amount of tax. Hitz UK entities do seek to take advantage of tax incentives, reliefs and exemptions available in accordance with tax law, but do not undertake aggressive tax planning or engage in artificial transactions. Some advice may be sought externally for the purpose of obtaining guidance on taxation issues and support of preparing tax computations and returns in a timely and accurate manner.

Relationship with HMRC

It is the common policy of all Hitz UK entities to comply with HMRC regulations and to act in an open, honest and transparent manner towards HMRC. Hitz UK entities are committed to the timely and accurate submission of tax computations and returns to HMRC and endeavour to disclose any relevant facts where it considers that there is potential for the tax treatment to be uncertain in the current, future or retrospective years. Hitz UK entities always seek to interpret the HMRC regulations and guidance correctly and will seek advice from accounting firms and/or legal firms as appropriate to ensure that the tax law has been interpreted correctly.

List of entities covered by this Tax Strategy

- Hitachi Zosen Europe Limited
- H&F Europe Limited
- Hitachi Zosen Inova UK Limited
- HZI-PJD Limited
- A permanent establishment of Hitachi Zosen Inova AG, headquartered in Switzerland

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