

Osaka Gas UK Tax Strategy

The nature of Osaka Gas UK, Ltd.'s (collectively known as "OGUK") business activities in the UK are relatively straightforward as is our UK tax affairs. As one of Osaka Gas ("OG") Group entities, OGUK seeks to manage its tax affairs in a manner that is consistent with the OG Group's Code of Conduct, which states for tax:

"Appropriate Payment of taxes and accounting practice: We will remain aware of the significance of paying taxes as a corporate entity, and that we will build up adequate knowledge on taxes, and make tax payments in an appropriate manner".

This document sets out OGUK's strategy towards its UK taxation matters and covers all of OGUK's operations in the UK.. This document is published in accordance with Schedule 19 Finance Act 2016.

Governance Framework

The OGUK's Board holds responsibility for the OGUK's tax affairs, including UK tax matters. The OGUK's Board has delegated the day-to-day responsibility to the General Manager (Finance, Accounting, General Affairs and Human Resources (HR)). The General Manager engages third party advisors to assist in:

- the management and preparation of all tax compliance activities;
- providing advice on complex UK tax matters; and
- providing advice on changes in UK tax legislation and how it may impact the business operations of OGUK.

Approach to risk management

OGUK (collectively known as "We") takes a conservative approach to tax risk management. We do not enter into transactions that are artificially led, and any tax planning undertaken, takes into account both the letter and the spirit of the law. We are commercially led, and each transaction we undertake has commercial and economic founding and we seek to maximise the use of incentives and tax reliefs available to us, as intended by Parliament. Ultimately, our focus is to protect our reputation from any negative publicity, to work within both the letter of the law and the intentions of Parliament and to ensure we comply with all tax obligations relevant to our business.

Our key tax risks include the failure to file accurate tax returns by the appropriate statutory deadline and to make the correct payment of tax on a timely basis. We mitigate these risks by engaging third party advisors and maintaining regular dialogue with our advisors in order to:

- assist us with ensuring we meet all our tax compliance obligations;
- provide us with advice on complex areas of UK tax; and
- bring to our attention new areas of, and changes in tax law, that are relevant to our operations in the UK.

Acceptable level of risk

We have a prudent approach to managing tax risk and do not seek to undertake any tax planning that is deemed to be aggressive by us or indeed by our shareholders, customers or the public at large. Therefore, we will not consider entering into any transactions or undertaking any activities with the sole purpose of minimising our tax liabilities.

We seek to maintain transparency within our UK tax filings and disclosures in order to minimise uncertainty and also queries from HM Revenue and Customs (HMRC), as well as mitigating any damage to our reputation.

Attitude toward tax planning

We have no appetite for entering into artificial tax arrangements aimed at avoiding tax. All transactions we enter into and activities carried out in the UK must be commercially led and all transactions above a predetermined threshold must be approved by OG.

We conduct our business and operations in a tax efficient manner in order to make use of the tax incentives and reliefs as intended by Parliament.

Relationship with HMRC

We seek to have an open and honest relationship with HMRC and aim to be transparent with HMRC in relation to all our tax affairs.

We seek to be seen as a responsible tax payer and maintain a good relationship with HMRC by:

- acting professionally and openly;
- responding to HMRC on a timely basis when matters arise and working collaboratively to resolve any areas of dispute; and
- making full disclosures in our tax returns.

In circumstances where an area of tax law is complicated and uncertain, we will seek to have real time discussions with HMRC in order to gain certainty over the relevant tax treatment and to avoid the potential for future disputes.