

# Olympus KeyMed Group of Companies UK Tax Strategy

## Introduction

The Parliament of the United Kingdom, in Finance Act 2016, has implemented a requirement that certain companies, including Olympus, publish annually a statement of their tax strategy. This strategy has been published in accordance with paragraph 19(2)<sup>1</sup> of Schedule 19 to the Finance Act 2016. This tax strategy applies to the companies of the UK sub-group listed in the footnote which are UK subsidiaries of Olympus Corporation, Tokyo.

This strategy, reviewed by the Board of Directors, sets out Olympus's policy and approach to conducting its tax affairs and dealing with tax risk, and is made available to all Olympus stakeholders. The strategy will be periodically reviewed by the Group tax function, and any amendments will be approved by the Board of Directors. It is effective for the year ending 31 March 2024.

The Olympus KeyMed group of companies in the UK comprises UK companies and operations that are part of Olympus Corporation's group of companies, headquartered in Tokyo. Our business activities generate a substantial amount and variety of taxes. We are subject to and pay Corporation Tax, PAYE, NIC, VAT, Customs Duties, Insurance Premium Tax, and Stamp Duty Land Tax. The taxes we pay and collect form a significant part of our economic contribution to the UK.

### 1. Group Tax Function

The Group tax function works with our businesses to ensure that:

- 1.1. The strategy is adopted and followed consistently across the Group, with clear lines of responsibility and accountability
- 1.2. There is alignment of the strategy with Olympus's overall approach to corporate governance and risk management, and
- 1.3. Olympus pays the right amount of tax required of it under the laws and regulations of the UK.

### 2. Group Tax Conduct Code

This Group Tax Conduct Code (GTCC) outlines the principles of how Olympus people are expected to operate with respect to tax matters. Non adherence to this GTCC could constitute a disciplinary matter, potentially leading to sanctions up to and including dismissal. The GTCC is set out in detail below.

#### 2.1. *Compliance with laws, rules and regulations:*

First and foremost, Olympus is committed to observing all applicable tax laws, rules, regulations, and reporting and disclosure requirements, wherever there is a requirement to do so as a result of our business presence and transactions, in line with 'Our Core Values', 'Integrity', as described in the Corporate Philosophy and Global Code of Conduct.

A dedicated tax function (Group Tax) collaborates with the Group's businesses to provide advice and guidance necessary to ensure compliance, obtaining external advice where necessary. There are clear management responsibilities, backed up by regular monitoring and review, carried out by members of Group Tax with the necessary experience and skill set and where necessary support is provided by external professional advisors.

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### 2.2. Consistency with Group strategy:

Tax decisions are made at all times in a manner which is consistent with and complements the Group's overall business strategy. Key business decisions are made cognisant of the tax consequences. Group Tax partners with the businesses to ensure there is consistency.

### 2.3. Governance, Assurance and Tax Risk Management:

Responsibility and accountability for the Group's tax affairs is clearly defined in accordance with a Tax Responsibility Matrix, and decisions are taken at an appropriate level, determined by formal Group Delegation of Authority including Board approval.

Diligent professional care and judgement are employed to assess tax risks in order to arrive at well-reasoned conclusions on how the risks should be managed. Olympus has a conservative approach to tax risks and seeks to mitigate tax risks as far as possible. Where there is uncertainty as to the application or interpretation of tax law, appropriate written advice evidencing the facts, risks and conclusions may be taken from third party advisers to support the decision-making process and/or consideration may be given to using HMRC's Non-Statutory Clearance Service.

In reviewing the risks of a tax action or decision, the following would be considered:

- The legal and fiduciary duties of directors and employees,
- The requirements of our Group compliance and ethics policies,
- The maintenance of corporate reputation, having particular regard to the principles regarding the way we interact with the stakeholders around us, embodied in the Group's approach to the stakeholders as described in the corporate Philosophy of Olympus, 'Empathy',
- The tax benefits and impact on the Group's reported result comparative to the potential financial costs involved, including the risk of penalties and interest,
- The wider consequences of potential disagreement with tax authorities, and any possible impact on relationships with them.

Group Tax employs various risk management processes and systems to provide assurance that the requirements of the Group Tax Policy are being met. This includes compliance and risk monitoring systems and internal audit reviews of tax compliance activity across the Group.

### 2.4. Relationships with Tax Authorities:

Olympus is committed to the principles of openness and transparency in its approach to dealing with tax authorities wherever we operate around the world. All dealings with the tax authorities and other relevant bodies are conducted in a collaborative, courteous and timely manner. The aim would be to strive for early agreement on disputed matters, and to achieve certainty wherever possible.

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## 2.5. Tax Planning

Olympus pays its fair share of taxes in the countries where it operates, and considers this a part of its contribution to community. Olympus does not undertake aggressive tax planning or artificial tax arrangements such as profit allocation to low tax jurisdictions or tax havens or restructuring schemes without economic reason for tax avoidance. Olympus maintains and follows a transfer pricing policy that is based on OECD Transfer Pricing Guidelines and the Base Erosion and Profit Shifting ('BEPS') Action Plan which is the international framework to prevent cross-border tax avoidance activities. Also, Olympus applies intragroup transaction pricing, or Transfer Pricing, which complies with the Arm's Length Principle. In particular, Olympus adheres to the principle that profits should accrue where economic value is created and that tax follows business reality and is underpinned by business substance.

## 2.6. Incentives and Reliefs:

Olympus believes that it should pay the amounts of tax legally due in any territory. There will, however, be circumstances where this amount may not be clearly defined, or where alternative approaches may result in differing tax outcomes. The Group uses its best judgement in determining the appropriate course of action, using available reliefs and incentives where possible.

1 The members of the UK sub-group are

Olympus KeyMed Group Limited

KeyMed (Medical & Industrial Equipment) Limited

Olympus KeyMed International Limited

Algram Group Limited

Arc Medical Design Limited

Odin Medical Limited