IHI Europe Limited – Our approach to tax in the UK

IHI Europe Limited is a subsidiary of the Japanese-headquartered IHI Corporation. IHI Corporation is a comprehensive heavy-industry manufacturer working to create value for customers in four main areas—Resource, Energy and Environment; Social Infrastructure; Industrial Systems and General-purpose Machinery; and Aero Engine, Space and Defence.

IHI Europe Limited is IHI Group's main European sales and procurement base, handling IHI Group's procurement from European suppliers for projects across the world, as well as supporting IHI's sales and business development for customers throughout Europe and Africa.

IHI Group believes that compliance provides a foundation for operating within a society, and our compliance policies are based on the following philosophies:

- Observing strictly all laws, company rules, and other regulations
- Acting in a fair and responsible manner as business people

IHI Group provides compliance training to employees and has established a compliance committee within the business.

Our approach to tax in the UK is aligned to the IHI Group's basic code of conduct (available here). The basic code of conduct provides that we must strictly observe laws and ordinances based on a clear understanding of their meaning. It also outlines that we must act sincerely and fairly and in accordance with high ethical standards. IHI Group believes that to enhance its corporate value in future years, the company must satisfy society's expectations, create value for the benefit of society, and earn society's trust.

Our approach to tax risk management and governance

The governance of our business is led by the Board of Directors of IHI Europe Limited. The Board is also responsible for our tax affairs, and they have delegated authority to the Accounting Manager for the company's day to day tax compliance matters. Roles and responsibilities are clearly defined within our business in respect of tax and there is a segregation of duties to reduce the likelihood of tax risks arising.

The Accounting Manager works closely with the directors so that they are aware of tax developments and their impact on the business, and to discuss tax consequences of any significant business transactions or changes to the business.

The business's tax affairs are relatively straightforward, and our key objectives are to correctly calculate taxes in accordance with the law, pay the taxes before the deadlines, and file tax returns on time. We engage with external tax advisors to assist us to achieve our objectives, and we consult with them if any tax risks are identified.

The level of tax risk we are prepared to accept

Our attitude towards tax risk is governed by our commitment to act in accordance with the relevant laws and based on our high ethical standards. We have a low tax risk tolerance, and we strive to achieve accuracy and correctness in all of our tax filings.

IHI
Realize your dreams

Our attitude to tax planning

We will take advantage of tax incentives which are offered by government as intended by the law. We seek advice from external tax advisors to ensure that the tax incentives are claimed appropriately.

Our tax planning is aligned with the true nature of our commercial transactions and we do not participate in any structuring which may be perceived contrived or artificial for tax purposes.

Our approach to dealings with HMRC

We maintain an open, honest and transparent relationship with HMRC. Whilst our interaction with HMRC has been limited in the past due to the relatively small scale of our business and the simplicity of our tax affairs, we will always seek to work with HMRC in a collaborative manner.

IHI Europe Limited

This tax strategy is published in accordance with paragraph 22 of Schedule 19 to the Finance Act 2016.

This tax strategy was approved by the Board and applies to the year ended 31 March 2027.