



Tax Strategy

PURPOSE AND SCOPE

This document sets out the tax strategy of Sumitomo Mitsui Trust entities in the UK (collectively the sub-group will be known as “SuMi TRUST UK”), which is part of Sumitomo Mitsui Trust Group, Inc. (“SuMi TRUST Group”). This strategy specifically covers the following UK entities:

- Sumitomo Mitsui Trust Bank, Limited – London Branch (“SMTB London”) [with FY ending 31 March];
- Sumitomo Mitsui Trust International Limited (“SMTI”) [with FY ending 31 December];
- STB AM Investment (UK) Limited (“STB AM”) [with FY ending 31 March];
- SMT Nominees (UK) Limited – [Dormant company with FY ending 31 July];
- Nikko AM Global Holdings Limited [with FY ending 31 March]; and
- Nikko Asset Management Europe Ltd (“Nikko AM Europe”) [with FY ending 31 March]
- Nikko AM Global Cayman Limited (“Nikko AM Cayman”) [with FY ending 31 March]
- SMTBUSA Nominees (UK) Limited (“SMTBUSA”) [with FY ending 31 December]

The tax strategy is in line with SuMi TRUST Group general business strategy and the strategy covers UK taxation (including corporation tax, bank surcharge, bank levy, indirect taxes (e.g. VAT), remuneration taxes and other operational taxes such as stamp duty and withholding taxes).

The tax strategy will apply for the financial year ending 31 March 2024 and will remain so until it is superseded.

INTRODUCTION

SuMi TRUST Group operates globally and has a number of subsidiaries and a branch in the UK. The UK activities cover banking, investment management and custodian services.

SMTB London is regulated by Prudential Regulation Authority and Financial Conduct Authority. SMTB London is involved in banking business – under Wholesale Total Solution Business and Global Markets Business divisions and custodian services.

SMTI and Nikko AM Europe are regulated by the Financial Conduct Authority. SMTI, Nikko AM Europe and Nikko AM Cayman are involved in investment management services.

GOVERNANCE IN RELATION TO UK TAXATION

SuMi TRUST Group has a policy on tax compliance for the entire group which stipulates corporate responsibility on compliance of laws, managing tax risks and building relationship of trust with tax authorities.

The principle of strict compliance with applicable laws and regulations is encapsulated in SuMi TRUST Group’s code of conducts.

In the UK, board of directors of the subsidiaries (listed above) and General Manager of SMTB London are ultimately responsible for the UK tax strategy and management of the tax risks. The responsibility to manage the day-to-day tax affairs is delegated to the respective finance departments of SMTB London and the UK entities.

RISK MANAGEMENT

SuMi TRUST UK adopts a framework that enables senior management to exercise strategic oversight on tax matters in all investments and significant business decisions.

SuMi TRUST UK actively seeks to identify, monitor and manage tax risks through a system of tax risk assessment and controls as part of overall control framework.

When considering a new products or business, SuMi TRUST UK analyse the relevant risks (including tax, legal, regulatory, accounting risks) and minimise the risks through effective internal management and controls.

This framework for new products/business approval consists of the following components:



- New products/business consideration/checklist and due diligence;
- Relevant committee/relevant reporting and authorisation process; and
- Approval.

Appropriate training is given to staffs to ensure they have adequate knowledge to understand relevant risks. When new products, transactions or business proposals are considered to be outside of SuMi TRUST UK's risk appetite, SuMi TRUST UK consults with HMRC and/or external adviser where necessary.

TAX PLANNING

SuMi TRUST UK's activities are driven by the commercial needs of the business, its clients, and its anticipated future development within the confines of the law. Although UK taxes are taken into account in achieving these objectives, SuMi TRUST UK does not structure its affairs nor undertake transactions that are contrived, artificial, or based solely on tax merits. SuMi TRUST UK only enters into tax planning that has genuine commercial substance.

SuMi TRUST UK's culture and internal code of conduct rules do not permit aggressive tax planning in any aspects of the business including:

- its own tax affairs;
- products and services; and
- remuneration packages for employees.

SuMi TRUST UK seeks to take advantage of available tax incentives, reliefs and exemptions in accordance with, and in the spirit of, tax legislation. SuMi TRUST UK is committed to comply with not only the letter of the tax law but also to ensure the interpretation of the law is aligned with the intentions of the UK Parliament. Where there is an uncertainty in the interpretation or an application of tax law, advice is sought from external tax advisors.

SuMi TRUST UK's procedures ensure intra-group transactions are priced on an arm's length basis and thereby support policies that ensure there are no artificial diversion of profits between high and low tax countries.

SuMi TRUST UK's commitment to tax transparency and Global initiatives is demonstrated in its adherence to information classification requirements under Common Reporting Standards (CRS) and The Foreign Account Tax Compliance Act (FATCA).

LEVEL OF ACCEPTABLE RISK

SuMi TRUST UK has a low tax risk appetite, and it doesn't involve in transactions, structures or arrangements that are complex and carry a material degree of reputational risk.

SuMi TRUST UK recognises tax risk as one of the important governance issues in its broader business risk management framework and makes decisions, in relation to tax giving due regard to its reputation as a Trust Banking Group. For this reason, Sumi Trust UK is committed to conduct its affairs in a way that produce low tax risk.

RELATIONSHIP WITH HMRC

SuMi TRUST UK is committed to have a transparent and constructive relationship with HMRC based on mutual trust and cooperation. All members of SuMi Trust UK engage with HMRC with openness, honesty and in the spirit of cooperative and proactive compliance.

SuMi TRUST UK seeks to resolve issues with HMRC in a timely manner, and when there are differences in approaches or opinions, SuMi TRUST UK works with HMRC to resolve them by mutual agreement.

SuMi TRUST UK makes fair, accurate and timely disclosures of all relevant facts in the returns and correspondence. SuMi TRUST UK makes full disclosures of any inadvertent errors in the submissions made to HMRC as soon as reasonably practicable after they are identified.

SuMi TRUST UK regards this tax strategy as complying with its duty under paragraph 19(2) of Schedule 19 of the Finance Act 2016.