

SmartestEnergy

UK Tax Strategy

1. Introduction

SmartestEnergy is a next generation energy company. Established in 2001, we are the UK's leading purchaser of independent generation, supplier of renewable energy, and provider of demand response services. With expertise across the UK energy landscape, we help smart UK businesses navigate the energy revolution.

SmartestEnergy is a wholly owned subsidiary of the Marubeni Corporation and is committed to the group's world-wide corporate principles and code of conduct.

The purpose of this tax strategy document is to set out SmartestEnergy's policy and approach in conducting its tax affairs and managing tax risks for the year ending 31st March 2020 and was approved by SmartestEnergy's Board of Directors on 13th November 2019.

SmartestEnergy is committed to coherent and transparent tax policy. As such, this policy will be continuously reviewed, and any amendments will be approved by the Board of Directors.

2. Tax Policy

SmartestEnergy is committed to conducting its tax affairs, consistent with the following objectives:

- Maintaining a 'low-risk' status with Her Majesty's Revenue and Customs (HMRC)
- Applying diligence and care in the management of the processes and procedures by which tax activities are undertaken, and ensuring that tax governance is appropriate
- Observing and complying with all applicable tax laws, legislation and practice in the UK and all other territories in which it operates
- Ensuring tax affairs are up to date, paying the right amount of tax due according to where true value is created, within the normal course of commercial activity, on a timely basis and claiming legitimate incentives, reliefs and allowances where available
- Ensuring UK tax compliance is appropriately controlled and managed to meet SmartestEnergy's legal, regulatory, reporting requirements and accounting disclosures
- SmartestEnergy maintains a low-risk appetite in respect of taxation decisions and will not undertake planning that is contrived or artificial

- SmartestEnergy will only be involved in tax planning in line with legitimate business purposes and commercial rationale with economic substance; no tax planning is carried out that could have an adverse impact on SmartestEnergy's reputation
- SmartestEnergy has a zero-tolerance approach to all forms of tax evasion, and will not undertake any transactions that cause the company to commit a tax evasion offence nor facilitate a third party to commit such an offence
- Ensuring a continued good working, transparent and honest relationship with the tax authorities and to undertake all dealings based on the concepts of integrity, collaboration and mutual trust

SmartestEnergy is committed to complying with all UK tax laws to the letter and spirit of the law by managing its tax affairs with open and transparent practices



3. Effective tax risk management

SmartestEnergy's objective is to arrive at well-reasoned conclusions for managing the specific tax risks identified ensuring governance and assurance procedures are appropriate. SmartestEnergy's framework for managing tax risks is set out below:

- Tax risks are actively identified, evaluated, monitored and regularly reviewed on a case by case basis with diligent professional care and judgement to ensure they remain in line and consistent with the risk-averse tax policies of SmartestEnergy
- Where there is uncertainty as to the application or interpretation of tax law or legislation, professional written advice evidencing the facts, risks and conclusions is taken from external advisers for supporting and substantiating SmartestEnergy's decision-making process
- Roles and responsibilities are well defined with appropriate delegation of authority, accountability and training given to those concerned with managing SmartestEnergy's tax affairs ensuring tax decisions are taken at an appropriate level

4. Engaging with HMRC

SmartestEnergy engages with HMRC with honesty and integrity and is committed to maintaining a professional, open and transparent relationship in accordance with the published 'Framework for Co-operative Compliance' developed by the Organisation for Economic Co-operation and Development (OECD).

SmartestEnergy does not take positions on tax matters that may create reputational risk with HMRC. However, SmartestEnergy utilises all legitimate exemptions and allowances in accordance with normal business practises and HMRC guidance.

5. Board ownership and oversight

This tax policy is approved and owned by the Board. Delegated authority is given to the Executive Committee for its implementation. SmartestEnergy regards this publication as complying with the duty under paragraph 22(2) of Schedule 19 of the Finance Act 2016.

Signed on behalf of SmartestEnergy Limited:

Date: 25/11/2019
Mr Robert Groves
Chief Executive Officer

Date: 25/11/2019
Mr Takafumi Shigemura
Chief Operating Officer/Senior Accounting Officer