Ryohin Keikaku Group Tax Policy

Basic Policy

Ryohin Keikaku Co., Ltd. (hereafter RKJ) hereby sets forth this policy (hereafter the Tax Policy) which applies to RKJ and its consolidated subsidiaries (hereafter the Group) to conducting its tax affairs and dealing with Tax Risks (defined in 1.2 hereof).

The overall aim of the Tax Policy is to reflect and support our business by ensuring a sustainable tax rate, mitigating Tax Risks in a timely and cost efficient way and complying with applicable tax laws and regulations in the countries or regions in which the Group operates.

The Group is committed to:

- Comply with all applicable tax laws and regulations in the countries or regions in which the Group operates. We will also follow the standards regarding tax activities issued by international organization (OECD, EU, UN, etc.).
- Minimize the Tax Risk arising from legislative and regulatory changes in each country or region.
- Apply diligence and care in our management of the processes and procedures by which all tax related activities are undertaken, and ensure that our tax governance is appropriate.

1. Approach to risk level, risk management and governance arrangements

1.1 Governance

- RKJ establishes the basic policy and guidelines of the Group concerning risks under the approval by the board of directors. It promotes appropriate measures in cooperation with its consolidated subsidiaries.
- Each consolidated subsidiary fulfils its tax duties including preparing and filing tax returns, making tax payments, and dealing with tax audits appropriately in accordance with the Tax Policy. They shall send information and relevant documents to RKJ upon request.

1.2 Risk level and risk management

- Managing the Group's tax affairs is a complex process across many functional areas of the business and as such there will inevitably be risks of error or omission within those processes (hereafter Tax Risks) which may result in the incorrect or late application of tax rules or calculation of tax returns. Eliminating Tax Risks entirely is impossible, therefore the Group’s attitude towards reduction is driven by due consideration of the likelihood of occurrence and scale of impact of each risk before execution.

- The identified Tax Risks are assessed on a case by case basis, allowing the Group to arrive at well-reasoned conclusions on how each individual risk should be managed.
- All intercompany cross border transactions within the Group shall be priced in accordance with the local legislations concerned and the arm's length principle.
- In case the same economic profit may be taxed in more than one country or region, the Group will follow the International Tax Treaties, if any, signed by the countries or regions concerned.

2. Tax planning

The Group will ensure that the right amount of tax will be paid on time.

Within the confinement of the legislation, the Group will use tax planning to support the business strategy. External professional advice (including but not limited to local tax authorities in each county or region) may be sought as necessary.

3. Approach toward dealing with tax authorities

The Group is committed to maintain a transparent and open relationship with local tax authorities in each county or region (including but not limited to HMRC in the U.K.) based on collaboration and integrity.

In particular:

- Make fair, accurate and timely disclosure in correspondence and returns, and respond to queries and information requests in a timely fashion.
- Seek to resolve issues with the local tax authorities in a timely manner, and where disagreements arise, work with them to resolve issues by agreement where possible.
- Interpret the relevant laws in a reasonable way, and ensure transactions are structured consistently.
- Be open and transparent about tax planning, governance and decision making.

This Tax Policy is duly approved by the board of Ryohin Keikaku Co., Ltd.

(Last updated on 4 January 2019)