

UK Tax Policy of JALUX Inc. for fiscal year ended 31 December 2019

This document, published on 31st March 2020, fulfils the requirements to publish a tax strategy in accordance with Paragraphs 22 of Schedule 19 of the Finance Act 2016.

1. Tax risk management and governance

a. Overview

The JALUX Group has a low tolerance for tax risk, while JALUX Inc. (JALUX) considers the tax risk of its UK branch to be low.

b. Management of tax affairs in the UK

JALUX UK branch manages its own tax affairs. The ultimate responsibility for payment of the relevant taxes in the UK rests with the Managing Executive Officer (MEO) of JALUX. The Manager of the JALUX UK branch has the authority to consult with external tax advisers or Her Majesty's Revenue and Customs (HMRC) on matters which the Manager and staff of the UK branch do not have the knowledge or expertise to administer.

c. Oversight of tax affairs in Japan

The Manager of JALUX UK branch will share audited financial statements and other tax information, and consult on significant financial matters (including those related to taxation), with the Finance and Accounting Department of the JALUX Group based in its headquarters in Tokyo.

The Finance and Accounting Department may request further information on accounting and tax matters to JALUX UK branch in order to further manage tax risk. This Department also consults with external advisers on tax matters it does not have the knowledge or expertise to administer, as part of the JALUX Group's overall tax risk management.

d. Ultimate responsibility for taxation

In the JALUX Group worldwide, the Representative Director/Chief Executive Officer (CEO) of JALUX has ultimate responsibility for compliance with tax regulations.

e. Group Code of Conduct

The Code of Conduct of the JALUX Group, available here, sets out the Group's commitment to compliance with all legislation applicable to it, including tax legislation.

2. Tax planning

a. Overview

The JALUX Group is aware of and committed to its corporate responsibility to meet its tax obligations in the UK and worldwide.

b. Motive for tax planning

As part of its overall commercial strategy, the JALUX Group may utilize tax incentives established by governments and fiscal authorities, including HMRC, in the manner intended.

c. Transfer pricing

The JALUX Group is committed to compliance with transfer pricing regulations and guidelines in each jurisdiction where it operates, including the UK, and also to compliance with the OECD Guidelines on Transfer Pricing for Multinational Enterprises, in line with the Group's internal transfer pricing policy.

3. Relationship with HMRC

a. Overview

The JALUX Group is committed to maintaining an open, transparent and constructive relationship with HMRC based on mutual respect and trust.

b. Consultations with HMRC

The JALUX Group seeks confirmation and clarification from HMRC in cases of uncertainty with regard to current, future and past tax issues to ensure it complies with the UK tax legislation.

c. Disagreement with HMRC

Should HMRC disagree with items included in a submitted tax return or any other tax events arise, if due to error, the JALUX Group will amend the error without delay, abide by HMRC's instructions and pay any additional tax, interest and penalties required. If the disagreement is the result of a difference in interpretation of the law between the JALUX Group and HMRC, the JALUX Group will explain the position it has taken to HMRC.