

## Fast Retailing UK Limited: UK Tax Strategy For the financial year ending 31 August 2018

Fast Retailing UK Limited (“FRUK”) presents its UK tax strategy in accordance with Paragraph 16(2) of Schedule 19 of the Finance Act 2016. This tax strategy includes J Brand Europe Limited (“JBEU”), a 100%-owned subsidiary of FRUK, incorporated in the UK.

FRUK is a UK-based, wholly-owned subsidiary of the Fast Retailing Co., Ltd. group and is a regional R&D centre for the GU brand and an intermediate holding company. JBEU is the sole wholesaler of J Brand fashion clothing within the UK and Ireland. For the financial year ending 31 August 2018, this includes wholesale operations the UK and Ireland.

### How FRUK manages our UK tax risks:

Our management has put in place a skilled team and a robust framework of controls suitable to manage the company’s tax risks in the UK. Specifically, this includes:

- recruitment of individuals to the finance team with appropriate skills and capabilities to ensure our tax compliance obligations are filed and paid accurately and on time;
- continued training of the finance team, with regular attendance at UK tax update sessions run by professional service firms;
- close working arrangements with external direct and indirect tax advisors in the UK;
- frequent correspondence and interaction with the Fast Retailing group global tax team;
- monitoring of tax risks and controls by the Chief Financial Officer (“CFO”) in line with our Senior Accounting Officer certification;

The accountability for our tax strategy rests with the Fast Retailing Co., Ltd. Group CFO, who sits on the Board of Directors, along with the overall stewardship of our risk management systems and internal control environment. Day to day responsibility for implementing the tax strategy is split FRUK and JBEU:

- For FRUK, the responsibility rests with the CFO of UNIQLO Europe Limited (“UQEU”, a fellow wholly-owned subsidiary of Fast Retailing Co., Ltd.). This is because UQEU is fully responsible for the finance and accounting operations of FRUK.
- For JBEU, the responsibility rests with the Finance Director of JBEU.

In each case, the CFO/Finance Director leads the process of identifying and minimising tax risks in the UK arising from changes to the business structure, growth of the wholesale business, store and e-commerce portfolio, and of significant changes to accounting policies

### FRUK’s attitude to tax planning

In accordance with our Code of Conduct, FRUK aims to be compliant with all tax laws and regulations. We aim to file returns accurately and on time and we aim to pay the correct amount of tax in each of the countries we operate.

## **Fast Retailing UK Ltd**

Where we do not have sufficient tax expertise either within the UK, Europe or within the group as a whole, we routinely request support from external direct and indirect tax advisors to assist us with tax compliance and tax reporting obligations.

Our company only engages in transactions that are an inherent, commercial part of our European retail business and that any decision is in line with our business strategy and falls within the overall risk appetite of the Group. Management decisions are taken after careful consideration of the all the issues and potential impacts, including operational, financial and reputation risks.

Tax is a business expense which needs to be managed, like any other. We therefore seek to make use of government sponsored incentives and reliefs to reduce our tax cost while ensuring that these reliefs are not used for purposes which are knowingly contradictory to the intent of the legislation

### **FRUK's willingness to accept tax risk**

Our Group CEO and CFO are ultimately responsible for the level of tax risk which FRUK is willing to accept; however the group does not have defined levels of acceptable tax risk. The prevailing attitude of the Fast Retailing group as a whole is to be fair and consistent in dealing with tax authorities around the world.

FRUK's Board is striving to create and build a sustainable business model for GU and J Brand operations within the UK and Europe. Therefore, management has a low appetite to accept tax risks and see it as a hindrance to the successful operation and growth of the business.

Where uncertainty or complexity exists in the interpretation of tax law, then we may seek external tax advice or engage directly with Her Majesty's Revenue & Customs ("HMRC").

### **How FRUK works with HMRC**

Our approach to working with HMRC is focussed on openness, honesty and clear communication. Where new tax risks have been identified in the past, we have engaged with HMRC proactively, in order to reach agreement on the tax position in advance of undertaking the related transactions.

We are committed to ensure full compliance with all statutory obligations and to maintaining a positive working relationship with HMRC, undertaken in a spirit of cooperative compliance.

Approved by the Board of Directors  
30 August 2018