

Inabata Group Global Tax Policy

Inabata & Co., Ltd.

March 26, 2018

The officers and employees of Inabata & Co., Ltd. and its subsidiaries (Inabata Group or "we") strive to comply with applicable laws and regulations of each country and region where Inabata Group conducts business, as well as with internal rules of Inabata Group. It is our social responsibility to pay the correct amount of tax in accordance with applicable laws and regulations of each country and region, and to ensure transparency. We believe that proper tax payment contributes to economic development of each country and region, which eventually leads to achieving Inabata Group's sustainable growth, and hence, increasing its corporate value in the long run.

Inabata Group is committed to minimizing tax risks as well as maintaining and improving tax compliance through the following measures:

1. Compliance

We will pay taxes properly complying with laws and regulations of each country and region, tax treaties, and international taxation rules set by the Organization for Economic Co-operation and Development (OECD). We will ensure transparency regarding taxation to tax authority of each country and region, as well as our stakeholders.

2. Tax strategy

We understand that avoidance of double taxation and appropriate use of tax incentives leads to increasing the corporate value. We will not engage in any transaction, which lacks substantial economic activity, for the purpose of tax avoidance.

3. Transfer pricing

Transfer pricing for transactions within Inabata Group shall be based on OECD's "arm's length principle," and in accordance with OECD Transfer Pricing Guidelines as well as laws and regulations of each country and region. Profits will be appropriately allocated based on the level of contribution among group companies in each country and region, such as risks undertaken for transactions and functions performed.

4. Relationship with tax authorities

We will build and maintain good relationship with tax authorities in countries and regions in which we operate, by consulting in advance such as to smoothly resolve tax issues, if any, and through disclosure of information conducted in an appropriate and cooperative way.