



Mentholatum

Tax Strategy

A publication of Rohto Pharmaceutical Company, Ltd.

25 February 2020

Introduction

The following is the UK tax Strategy of The Mentholatum Company Limited and Mentholatum (Overseas) Limited in accordance with Part 2 of Schedule 19 of the UK Finance Act 2016. This policy is aligned to the Rohto-Mentholatum Group (hereafter referred to as “the Group”) overall tax strategy, which applies to all subsidiaries, including the above noted UK entities, which are controlled by the ultimate parent company; Rohto Pharmaceutical Co., Ltd.

Our Approach to Tax

Businesses are increasingly being challenged to ensure the Group contributes through the tax system to the societies in which it operates. The Group, including all of our subsidiaries around the world, believes it is our corporate responsibility to pay an appropriate amount of tax, in accordance with applicable laws and regulations. The Group has a substantial business and employment presence in many countries around the globe and we pay the tax due in all territories in which the Group operates, including corporation and other business taxes, as well as tax associated with our employees.

At the same time the Group has a responsibility to our shareholders, to be financially efficient and deliver a sustainable tax rate. As part of this approach, the Group looks to align our investment strategies to those countries where the Group already has substantial economic activity, and where government policies promote tax regimes which are attractive to business investment. When entering into commercial transactions, the Group seeks to take advantage of available tax incentives, reliefs and exemptions in line with, and if the spirit of, tax legislation. The Group does not undertake tax planning unrelated to such commercial transactions.

The Group has significant manufacturing and sales operations across the globe. Given the scale and complexity of our business, we are exposed to tax risks in relation to the interpretation of tax law and failure of accurate returns. The Group’s appetite for tax risk is low and the level of risk which it accepts in relation to UK taxation is consistent with its overall objective of achieving certainty in its tax affairs. Therefore, the Group fully supports and monitors efforts to ensure our companies are appropriately transparent about how their tax affairs are managed. In case where the tax guidance is not clear, or the Group feels it lacks the necessary expert knowledge to assess the tax consequences adequately, external advice may be sought to support the Group’s decision making process. The Group acknowledges the importance of a defined tax strategy for the Group, including our subsidiaries around the world and in compliance with the all the various tax authorities’ regulatory bodies, including Part 2 of Schedule 19 of the UK Finance Act of 2016.

Approach to Risk Management and Governance

The Group has internal policies and compliance programs to ensure we have alignment across our businesses and meet our tax obligations. Our local accounting and tax teams manage the tax and reporting processes in accordance with our tax strategy.

Relationship with Tax Authorities

The Group seeks to maintain open, positive relationships with governments and tax authorities worldwide and we welcome constructive debate on taxation policy. These relationships provide long-term certainty for both tax authorities and for the Group over the tax treatment of our businesses. The Group has an open and transparent relationship with applicable taxing authorities in the countries we do business with, including HMRC (HM Revenue and Customs) for UK operations.

The Group supports the implementation of the OECD's recommendations on country-by-country reporting ("CBCR") as being key to the success of the Base Erosion and Profit Shifting (BEPS) project, and is aligned with our core values of transparency and integrity. The Group has been active in providing relevant business input to assist in the successful delivery of the aims and goals of the project. This requires a planned and coordinated implementation of a complete package of recommendations, which unites effectively the outputs of the different action items. We are encouraging continued international cooperation during the implementation phase, to secure the stable fiscal environment necessary for long term investment decisions. The Group will review the project outcomes closely, to ensure that our business model remains aligned with any developments.

Review

As part of this strategy, the Group will revisit and review this tax strategy on an ongoing basis to ensure adequacy and compliance.

This tax strategy was published on 25 February 2020 and the Group regards this publication as complying with its duty under paragraph 16(2) Schedule 19 FA 2016 in its financial year ended 29 February 2020.