

Epson Telford Ltd Tax Strategy

Seiko Epson Corporation (SEC), Epson Telford Ltd's ultimate holding company in Japan, publishes group policies and guidelines that are cascaded to all its subsidiaries and affiliates via an internal website.

The Epson Code of Conduct includes a section on effective governance and compliance and sets out a requirement to observe laws, regulations and other rules and maintain the highest ethics in all activities.

Epson's Principles of Corporate Behaviour develops this further by requiring:

- An effective governance system
- Systems of compliance to ensure that laws and regulations, internal rules and business ethics are observed and respected
- No tolerance of bribery, corruption or dishonesty
- Maintenance of good, mutually co-operative relationships with governments and their administrative bodies

SEC's philosophy, global social responsibility principles and tax strategy guidelines are available to the public in their website: <http://global.epson.com/SR/>

Tax Compliance

Epson Telford Ltd seeks to fulfil its corporate social responsibility by paying appropriate taxes in compliance with tax laws. In accordance with the basic policy on taxes, Epson Telford takes the following actions to maintain and improve its tax compliance.

Tax Governance

- The Head of Finance is responsible for the company's tax affairs and is responsible for all taxes which impact the business including all taxes arising in respect of transactions.
- SEC has issued governance guidelines on its global website.
- Employees are trained in the tax-related regulations and business process standards that Epson has established to ensure that it properly fulfils its tax obligations.
- SEC and Epson Europe BV (Epson Telford Ltd's immediate holding company), conduct J-SOX and periodic internal tax audits and report the findings to top management and the Audit Committee.

Monitoring Tax Affairs

- Epson Telford Ltd appropriately responds in a timely manner to changes in local tax systems and taxation trends and works with both SEC and Epson Europe BV to ensure group compliance with local tax laws.
- Epson Telford Ltd also uses tax accounting firms and other external experts for advice on tax compliance.

Tax Planning

- The Epson group strives to effectively use preferential taxation systems to achieve a suitable tax burden but this is carried out within the spirit of the law and not to avoid taxes.

Dealing with Uncertainty and Tax Risks

- Epson Telford Ltd controls tax risks by identifying situations that could potentially pose serious tax risks.
- Epson Telford Ltd considers tax risk to be an important risk and regularly discusses any such risks with SEC and Epson Europe BV.

Transfer Pricing Taxation

- Epson Telford Ltd complies with local tax laws and follows OECD guidelines to control transfer pricing tax risks. Transfer Pricing guidelines have been established by SEC for its group of companies to help ensure appropriate transfer pricing transactions

Relationship with Tax Authorities

- Epson Telford Ltd strives to work in good faith and will act in an open, honest and transparent manner with tax authorities and to maintain and improve good tax corporate governance.
- All dealings with tax authorities and other relevant bodies will be conducted in a collaborative, courteous and timely manner with the aim to strive for early agreement on disputed matters and to achieve certainty wherever possible.
- Epson Telford Ltd will comply with all relevant legal disclosures and approval requirements and all information will be clearly presented to HMRC as appropriate.