



Bluestem Group Inc. Global Tax Strategy

Introduction

Bluestem Group Inc. is a holding company whose businesses include Bluestem, a multi-brand, online retailer of a broad selection of name-brand and private-label general merchandise serving the boomer and senior demographics, generally considered age 50 and over, and low- to middle-income consumers across all age group demographics through 14 retail brands that include: Appleseed's, Bedford Fair, Blair, Draper's & Damon's, Fingerhut, Gettington, Gold Violin, Haband, Norm Thompson, Old Pueblo Traders, Sahalie, Tog Shop and WinterSilks. Bluestem Group Inc. also includes Capmark Portfolio which is focused on managing a commercial real estate-related business and existing assets, including monetizing these assets when appropriate. Bluestem Group is headquartered in Eden Prairie, MN in the United States of America.

The tax strategy is prepared and publically available on the Company's website in order to comply with the requirements of paragraph 16(2) and paragraph 25(1), Schedule 19 Finance Act 2016. This Global Tax Strategy was reviewed and approved by the Chief Financial Officer.

Governance

The Company believes that a responsible approach to all taxes is essential for the sustainability of the business. The tax governance aligns with the Company's wider risk and control framework.

Tax is the ultimate responsibility of the Chief Financial Officer. The Day to day matters are delegated to the tax department and a team of in house professionals who hold a combination of qualifications and experience appropriate for their roles. The tax department, which is located in Minnesota in the United States, communicates regularly with external tax professionals to ensure the Company continues with changing tax laws and current practices.

The tax department ensures that adequate controls are in place so that the correct amount of taxes are identified and paid. The tax department monitors income, sales and use, VAT, transactional, excise, and any other indirect taxes associated with the Company's business activities.

Approach to Risk Management

The Chief Financial Officer and the Director of Tax & Treasury attend the Company's Audit Committee meetings and there are at least annual updates on significant tax risks and developments.

The Company works closely with external tax professionals, especially in tax jurisdictions outside the United States, to ensure understanding of all the applicable taxes and tax compliance. The tax department works closely with the Company's departments responsible for the retail websites, catalogues, call centers, and any other customer interactions to ensure transparency and compliance for flow-through taxes.

Attitude to Tax Planning

The Company adopts an approach to tax planning that will only be involved in tax strategies that are in line with its commercial objectives and activities. The tax department works to ensure the activities of the Company are carried out in a tax efficient manner whilst remaining compliant with all relevant tax legislation. The Company may consider different tax outcomes when considering how to structure transactions, but does not undertake tax planning for a main purpose of gaining tax advantage or make interpretations of tax laws that are opposed to its original spirit.

The Company is a multinational corporation headquartered in the United States. All non-US activities are analyzed for the US tax effect, as well as the local tax effect.

The UK Company which has historically held real estate investments which have been monetized and the entity will be voluntarily liquidated in due course. The Company is consulting with US and UK tax and legal advisors to ensure the wind down is compliant.

Relationship with HMRC

The Company aims to meet its compliance obligations in a timely manner by making accurate returns and providing adequate disclosure on returns and in relation to specific transactions. As an organization, we aim to be honest, fair, and truthful in all of our dealings, and these principles of integrity are reflected in our relationships with tax authorities.

The Company works with local UK tax advisors for tax compliance and any interactions with HMRC, to ensure the Company understands the UK requirements.

In recent years, the Company has received no significant challenge from HMRC regarding any type of tax.