

## **Kawasaki Group Policy on Tax Affairs**

### **1. Fundamental Concepts**

Given with the ongoing globalization of its business activities, the Kawasaki Group is aware of the growing need to develop a cohesive governance structure for dealing with taxes that encompasses the entire Kawasaki Group. This is essential to minimizing the risk of coming under scrutiny by tax authorities, being the subject of a tax suit or encountering other tax-related issues in the countries in which the Kawasaki Group operates. With this in mind, Kawasaki Heavy Industries, Ltd. will conduct appropriate, upright, and highly transparent tax affairs through the items herein.

### **2. Policies on Tax Affairs**

#### **(1) Compliance**

In the course of business activities, the Kawasaki Group will, in accordance with the spirit of the law, comply with the tax-related laws enforced in the countries in which it operates, in addition to conforming with relevant standards issued by international organizations and other bodies (e.g., the OECD Transfer Pricing Guidelines and the BEPS Action Plan).

Moreover, the Kawasaki Group will sincerely maintain favorable and cooperative relationships with tax authorities in these countries and strive to undertake appropriate tax payments.

#### **(2) Governance**

Under the supervision of the Director in charge of accounting and finance who is the ultimate authority regarding tax affairs, tax-related governance of the Kawasaki Group is implemented by the Head Office Accounting Department in coordination with related departments and Group companies. Tax-related issues will be reported to the Audit & Supervisory Committee and be discussed by the Board of Directors for decision-making depending on their importance.

#### **(3) Social Responsibility**

The Kawasaki Group sees paying taxes as a social responsibility of the company, endeavors to ensure stable profits, and aims to operate in harmony with the planet, society, local communities, and people in general by fulfilling its obligation to pay taxes properly in line with the legislation of each country in which it does business.

#### **(4) Tax Planning**

The Kawasaki Group will not, in the course of tax planning, engage in transactions without substance or those without specific business purposes, such as using tax heavens for tax avoidance that goes against the tax fairness.

#### **(5) Risk Management**

To maximize its corporate value, the Kawasaki Group will strive to minimize tax-related risks. In particular, the Kawasaki Group will endeavor to avoid double taxation, that is, tax imposed by multiple countries on the same source of economic benefits and, to this end, maintain proper tax risk management.

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