

Tax Initiatives

Basic Policy on Tax

Based on the concept of fulfilling our social responsibility through the proper payment of taxes, the Mitsubishi Electric Group has established the "Mitsubishi Electric Group Global Tax Policy" and is working to ensure tax compliance.

Tax Governance Framework

Based on a recognition that tax compliance is inseparably linked with business promotion, the Mitsubishi Electric Group's tax governance framework ensures tax compliance by having each group company implement risk management under the direction and supervision of the Chief Financial Officer (CFO).*

The CFO reports tax matters to the Executive Officers' Meeting and on other occasions in a timely manner, in consideration of their importance.

* Some taxes, including customs duties and personal income taxes, are the responsibility of the division in charge of complying with the respective laws and regulations.

Tax Policy

The Mitsubishi Electric Group has established the basic policy on tax that each group company shall adhere to in its domestic and international business activities.

Mitsubishi Electric Group Global Tax Policy

• Our principles

The Mitsubishi Electric Group has positioned sustainability as a pillar of its corporate management, based on its "Purpose" and "Our Values."

Furthermore, the Mitsubishi Electric Group recognizes the importance of ethics and absolute compliance with legal requirements as a fundamental precondition for the Group's continued existence.

Aligning with these principles and the "Mitsubishi Electric Group Code of Conduct," the Mitsubishi Electric Group is committed to complying with tax laws and regulations, and pays the correct amount of tax.

• Our attitude towards tax planning

The Mitsubishi Electric Group complies with tax laws and regulations of the countries and regions in which we conduct business, including without limitation treaties applicable to them. We also respect guidelines such as, but not limited to OECD guidelines, and conduct transactions between group companies on an arm's length principle.

The Mitsubishi Electric Group may seek to apply the tax incentives and exemptions available in the countries and regions in which we conduct business, however, we do not engage in any artificial tax arrangements which are not in line with our principles.

• Tax risk management

The Mitsubishi Electric Group believes that tax compliance is inseparably linked with business promotion. Therefore, each group company shall thoroughly ensure tax risk management in carrying out their business operations.

The Mitsubishi Electric Group has put in place a framework for tax governance to ensure that tax management at the group level is properly implemented, and each group company maintains an organizational structure and processes in place to ensure that all applicable tax rules are respected and taxes are paid in accordance with those rules.

Where material uncertainty exists, the Mitsubishi Electric Group may proactively seek the advice of external experts as appropriate. Also, if available, we may consider seeking predictability from tax authorities by obtaining an interpretation/clarification of the application of tax laws and regulations through prior consultation.

In the event a disagreement with the tax authority arises on the appropriate tax treatment of a case and it cannot be resolved between both parties, the Mitsubishi Electric Group will resolve the issue constructively through an appropriate method.

• Relationship with tax authorities

The Mitsubishi Electric Group adopts a collaborative and constructive relationship at all times with tax authorities. We make accurate and timely declarations and respond to queries and information requests from tax authorities in a sincere and timely manner.

Tax Compliance Initiatives

In accordance with its tax governance framework, the Mitsubishi Electric Group is strengthening risk management by grasping the statuses of tax investigations by the tax authorities of each country and tax disputes, and other matters.

With regard to the transfer pricing regulation, as an important issue for our business operations, we are working to strengthen transfer pricing management based on the OECD Transfer Pricing Guidelines as well as the transfer pricing regulations of each country and region.