

## Tax Policy

The KOITO Group recognizes the importance of paying appropriate taxes and promotes sound tax activities in accordance with the tax laws and policies of each country and region while striving to build the proper tax governance system.

### Tax Policy

#### 1. Tax Compliance

KOITO MANUFACTURING CO., LTD. (“KOITO”) and its subsidiaries (“the KOITO Group”) comply with tax codes as well as relevant laws and regulations, file the proper tax returns and pay taxes in each country and region where we conduct businesses.

The KOITO Group does not engage in tax avoidance using tax havens, or use tax planning that does not coincide with business conditions.

#### 2. Tax Governance System

The KOITO Group strives to properly comply with the tax laws, systems and administrative operations in each country with the cooperation between Group companies in an effort to minimize tax risks.

The tax risks of the KOITO Group are managed under the discretion of the Chief Financial Officer according to reports from each Group company.

In addition, the KOITO Group will seek the advice and guidance of external experts for any complex risks or grave matters of concern to respond after investigation, evaluation and deliberation.

#### 3. Transfer Pricing

The KOITO Group will adhere to arm’s length transaction principles with understand of the OECD Transfer Pricing Guidelines and domestic tax Base Erosion and Profit Shifting (BEPS) to set the price of transactions between Group companies.

In addition, the KOITO Group will seek the advice and guidance of external experts as necessary to reduce the tax risks related to transfer pricing.

#### 4. Elimination of Dual Taxation

The KOITO Group applies tax treaties to eliminate dual taxation on the same economic profits from multiple countries and regions.

#### 5. Relationship with Tax Authorities

The KOITO Group properly responds to any inquiries and requests for information from the tax authorities in each country and region where it does business with good faith and in a timely manner in an effort to build and maintain good relationships founded in trust with tax authorities.

If any question arises between the KOITO Group and tax authorities about tax practices, the understanding of tax codes or other tax-related matters, the KOITO Group will work together with each tax authority to resolve the matter in question.