Kawasaki Group Policy on Tax Affairs

Given with the ongoing globalization of its business activities, Kawasaki Heavy Industries, Ltd. (KHI) 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, KHI will endeavor to manage tax-related risks in a manner commensurate with its global business expansion and, to this end, strive to ensure that the following principles are firmly embraced and acted upon by all Group members.

1. Compliance

In the course of business activities, the Kawasaki Group will 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. 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.

3. Tax Planning

The Kawasaki Group will not, in the course of tax planning, engage in transactions without substance or those without specific business purposes. The Kawasaki Group will also give due consideration to the legislative purposes of tax-related laws enforced in countries in which it operates and utilize tax systems in place in such countries in a way that suits said purposes.