

# Tax Policy of the Teijin Group

## 1. Tax Basic Policy

We, the Teijin Group, in accordance with the Code of Conduct established as the basis for our actions to realize our corporate philosophy, act with integrity in compliance with laws and regulations, and show respect for human rights and the local communities in which we operate.

In order to comply with laws and regulations regarding the tax practices of the countries, regions and multilaterals in which we operate, we have established a tax policy as a basic standard for taxation. By paying taxes appropriately in accordance with this policy, we aim to perform our social responsibilities and become a corporate group that can gain the understanding and sympathy of society at large while at the same time striving to increase our corporate value.

## 2. Tax Governance structure

The Chief Financial Officer (CFO) is responsible for the Teijin Group's tax governance as part of our accounting and financial functions.

The status of the Teijin Group's tax operations is reported to the CFO as appropriate and efforts are made thereunder to manage tax risks for the entire group.

## 3. Tax Compliance

We always comply with laws and regulations regarding the tax practices of the countries, regions and multilaterals in which we operate, and conduct appropriate tax payments in each of these countries and regions. Furthermore, we strive to respect the legislative intent of such laws and regulations.

## 4. Transfer Pricing

By setting prices for international transactions between our group companies based on arm's length pricing in accordance with the OECD Transfer Pricing Guidelines, we strive to appropriately allocate profits earned through our business activities according to the functions and risks of our group companies. Furthermore, we prepare transfer pricing documents in accordance with laws and regulations regarding the tax practices of the countries, regions and multilaterals in which we operate.

## 5. Response to Tax Risks

Under the instruction of the CFO, we appropriately identify tax risks and handle them in

accordance with laws and regulations regarding the tax practices of the countries, regions and multilaterals in which we operate. If there is uncertainty in the application or interpretation of any tax laws, we seek the opinions of outside tax experts as necessary. Moreover, regarding important tax issues, we strive to reduce tax risks through consultation with and reports to the tax authorities in each country or region.

## **6. Approach to Tax Planning and Tax Avoidance Actions**

We comply with laws and regulations regarding the tax practices of the countries, regions and multilaterals in which we operate, and to the extent permitted, strive to achieve appropriate tax costs by utilizing preferential tax treatment and eliminating double taxation. However, we will not and do not engage in intentional tax avoidance actions without business substance, such as transferring profits to a country or region with no or low tax rates (i.e. tax haven).

## **7. Relationship with Tax Authorities**

We strive to establish sound and favorable relationships with tax authorities of the countries and regions in which we operate by providing them with proper information in a timely manner. Also, if any differences of opinion arise with the tax authority of any country or region, we proactively engage in dialogue to resolve such differences.

(Established on April 1, 2022)