

MITSUBISHI HEAVY INDUSTRIES – OUR APPROACH TO TAX IN THE UK

INTRODUCTORY SECTION

Mitsubishi Heavy Industries ('MHI') is a multinational group which is headquartered in Tokyo, Japan and has operations globally including the United Kingdom, Mainland Europe and the Middle East.

Our business activities include manufacturing products such as aerospace components, energy efficient air conditioning systems, aircraft, automotive components, forklift trucks, hydraulic equipment, power generation equipment, ships and space launch vehicles.

Our core values ensure that we provide a secure future where people can live safely and securely and that we enrich lives through the technologies that we provide. Through our actions we strive for a more stable future for the world.

Through our technology, our business practices and our people, we:

- **Care for the planet:** we are eco-conscious, and engineer environmentally-friendly technologies that improve sustainability and protect the Earth.
- **Create a more harmonious society:** we embrace integrity and proactively participate to solve societal challenges.
- **Inspire the future:** we cultivate global talent who share our vision and desire to modernise the world for the benefit of future generations.

Please refer to MHI's [Corporate and Social Responsibility report](#) for further details.

Our approach to tax in the United Kingdom is aligned to MHI's core values, in particular our approach to corporate social responsibility.

APPROACH TO TAX RISK MANAGEMENT AND GOVERNANCE

The Board of Directors of each of our UK entities delegates the responsibility of day to day tax matters to the local CEO and General Managers. Each UK entity is required to conform to an internal tax policy outlining each entities' approach to tax in the UK and which has been approved at group level. In developing our tax policies, we have considered the needs of our shareholders, our employees, the public and HMRC.

The tax governance of our UK subsidiaries is overseen by Mitsubishi Heavy Industries Europe Ltd, a UK company which acts as a regional headquarters for our group

In order to ensure that the tax returns that are filed by our UK entities are accurate, we have developed a robust internal review process. In particular, we ensure that all tax returns and other submissions to HMRC are internally reviewed and approved, with a separate preparer and reviewer. Further, we seek third party advice from qualified external advisors on specific UK and non-UK tax matters in order to supplement the skills of our finance teams where appropriate.

Our UK subsidiaries are also subject to the Senior Accounting Officer ('SAO') legislation. This legislation requires a nominated officer or director of our subsidiaries to consider whether the tax risks impacting their respective business are being effectively mitigated through the implementation

of appropriate tax controls. This helps us to ensure that we proactively identify and control our tax risks.

THE LEVEL OF TAX RISK THAT WE ARE PREPARED TO ACCEPT

We have a low risk approach to tax as regards to both operational tax risks and also when considering tax planning opportunities.

Our approach to tax risk is understood within our businesses and communicated within our tax policies.

ATTITUDE TO TAX PLANNING

We benefit from government incentives, such as R&D tax relief and capital allowances which are utilised as intended by the government and our tax activities follow the commercial substance of our businesses.

Should we consider any form of tax planning, we will carefully assess the transaction, paying particular attention to the opinion of our third party advisers, the potential impact on our relationship with HMRC and the impact on our reputation.

APPROACH TO DEALINGS WITH TAX AUTHORITIES

We maintain a positive, open and collaborative relationship with HMRC and proactively raise any issues and discuss uncertainties and potential tax risks with our Customer Relationship Manager ('CRM') at the earliest opportunity.

This tax strategy has been prepared in accordance with the requirements of paragraph 22(2) contained in Schedule 19 of the Finance Act 2016 and applies to the following UK companies and UK branch :

1. *Mitsubishi Heavy Industries Europe Ltd*
2. *Mitsubishi Heavy Industries Air Conditioning Europe Ltd*
3. *UniCarriers UK Ltd*
4. *UniCarriers Leasing UK Ltd*
5. *Mitsubishi International Investment BV(UK Branch)*

It has been approved by the directors of the companies listed above and relates to the year ended 31st March 2020.

Further information on our UK businesses can be found here:

1. *Mitsubishi Heavy Industries Europe Ltd : www.mhie.com*
2. *Mitsubishi Heavy Industries Air Conditioning Europe Ltd : www.mhiae.com*
3. *UniCarriers UK Ltd: www.unicarrierseurope.com/uk*
4. *UniCarriers Leasing UK Ltd: www.unicarrierseurope.com/uk*