



Our Tax Policy and Practice

Basic Policy

All directors and employees of MPIC group have declared their commitment to complying with all laws and regulations, social standards, and internal company rules, whether in the Philippines or overseas, and acting in accordance with the highest ethical standards in both private and public activities. In tax-related operations, we also strive to maintain and enhance tax compliance by setting up guidelines and educating our employees.

Governance Structure

MPIC has established a basic policy of internal control systems for MPIC Group to deal with various risks including tax risks which has been approved by MPIC's board. We define each company's roles in tax-related operations as follows:

- MPIC establishes the basic policy and guidelines of tax-related operations and promotes appropriate measures in cooperation with its consolidated subsidiaries. MPIC strives to gather information regarding regulations, notifies subsidiaries of any changes to regulations, and supervises subsidiaries.
- MPIC's consolidated subsidiaries fulfill their tax duties including preparing and filing tax returns, making tax payments, and dealing with tax audits appropriately in accordance with the basic policy and guidelines. MPIC's consolidated subsidiaries report information and submit relevant documents to MPIC as necessary.

Optimizing Tax costs

MPIC and its consolidated subsidiaries strive to utilize appropriately and effectively the tax relief measures with a view to maximizing shareholder value of MPIC Group.

Tax Risks

When undertaking international transactions, MPIC and its consolidated subsidiaries ensure such transactions are given due consideration in advance of execution. MPIC and its consolidated subsidiaries consult with tax advisors and seek advice as necessary. Furthermore, we have laid out the following measures regarding transfer pricing taxation.

Transfer Pricing (TP) Taxation

- Prices that are applied to MPIC Group's international transactions will be calculated in accordance with the laws and regulations of each country or region and also in accordance with the arm's length principle. We endorse the practice of transparency and fairness across the tax system, exchange of financial information, and concerted action against base erosion and profit shifting.

- MPIC Group prepares the TP documentation for its various inter-company transactions to meet the transfer pricing documentation requirements. We seek the services of professional tax practitioners for advisory.

Relationship with Tax Authorities

MPIC Group aims to maintain good relationships with tax authorities through communication with them. All explanations given to tax authorities should be based on facts. In case of tax assessments issued by the Philippine tax authority or Bureau of Internal Revenue (BIR), MPIC and its consolidated subsidiaries should determine the cause of such issue(s) immediately, and take appropriate measures to prevent similar recurrences, except for instances that MPIC and its consolidated subsidiaries file petitions of objection or tax lawsuits.