



## **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 (including their spirits), 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.
- MPIC conducts regular monitoring of any potential or ongoing tax issues, not only at the holding company level but also at the various investee companies. This includes assessment of potential impact of changes in tax regime and rules governing the industry in which the investee companies operate.

### **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. MPIC and its consolidated subsidiaries does not implement any measures which may be considered or interpreted as tax evasion by regulators.

### **Tax Risks**

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

### **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 the TP Guidelines published by the OECD (although Philippines is not yet a member country of the OECD) and also in accordance with the arm's length principle. MPIC also follows the terms of applicable Double Taxation Treaties. We endorse the aims of transparency and fairness across the global tax system, exchange of financial information, and concerted action to fight base erosion and profit shifting.
- MPIC Group prepares the TP documentation for its various inter-company transactions to meet the local transfer pricing documentation requirements of the countries in which the subsidiaries are located preferably through assistance of professional TP documentation services such as Ernst and Young (EY).

### **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. MPIC and its consolidated subsidiaries should work with them in a sincere and appropriate manner. 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, unless MPIC and its consolidated subsidiaries file a petition of objection or tax lawsuit.