



## Kal Tire's Approach to Tax

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# Kal Tire's Approach to Tax

## 1. Scope

This strategy applies to the UK members of the Kal Tire group in accordance with Schedule 19 to the Finance Act 2016. A list of the entities to which it applies is set out below. In this strategy, references to 'the Group' are to all these entities. The strategy has been published in accordance with paragraph 16(4) of the Schedule.

This strategy applies from the date of publication until it is superseded. References to 'UK Taxation' are to the taxes and duties set out in paragraph 15(1) of the Schedule which include Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax, and Stamp Duty Land Tax. References to 'tax', 'taxes' or 'taxation' are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which the Group has legal responsibilities.

The entities are as follows:

1. Kal Tire (UK) Limited
2. OTR Holdings Limited
3. Kal Tire Southern Africa Holdings Limited
4. OTR Tyres Limited

## 2. Introduction

Kal Tire is Canada's largest independent tire dealer and North America's largest commercial tire dealer. Kal Tire's Mining Tire Group is an international leader in mining tire service and supply, servicing more than 150 mine sites across five continents.

The AIMS of the Kal Tire team are seven guiding principles that are a guide as to how business will be conducted and provide a foundation from which to work and make decisions. Our approach to tax is aligned with those AIMS.

We aim to earn a fair profit, which includes the meeting of obligations required to pay our fair

share of taxes to the relevant jurisdictions we operate in.

We aim to conduct ourselves with honesty and integrity while recognizing our responsibility to our communities, which includes observing, respecting and adhering to the tax laws of the countries we choose to conduct our business in.

The taxes we remit form a large part of our contribution to the countries we operate in.

## 3. Tax Planning

Kal Tire engages in efficient tax planning that supports our business and is reflective of the commercial and economic activities.

We will always work to interpret and apply the relevant tax legislation consistent with both the spirit and intent of the law. We do not consider the usage of artificial tax arrangements, nor do we pursue transactions wholly motivated by tax implications.

We ensure that non-arm's length transactions are valued in accordance to the transfer pricing principles set forth by the OECD globally, as well as any domestic legislation that should be considered.

## 4. Relationships with Tax Authorities

Kal Tire values having good relationships with tax authorities.

We seek to build and sustain these relationships through mutual respect and a collaborative approach, where possible.

## 5. Transparency

Kal Tire recognizes that we are part of the global economy and understands the importance of upholding the integrity of that economy.

We support the principles set forth by the OECD's BEPS initiatives and agree with the value of building public trust through transparency.

## 6. Tax Risk Management & Governance

Within Kal Tire, tax is primarily managed by the Tax Manager with assistance provided by local regional finance teams around the world. The Tax Manager reports to the Vice President of Finance who in turn reports to the Chief Financial Officer (ultimately responsible for tax).

The Tax Manager works collaboratively with the local regional finance teams, routinely discussing tax policies and processes in place.

We seek the advice of professional advisors when we feel the subject matter exceeds our knowledge and/or abilities.

Our propensity to assume tax risk is low and this is consistent with the AIMS of the Kal Tire team.

We report on a periodic basis to the Group's Board of Directors and relevant Committees outlining compliance with relevant tax legislation. This reporting enables the Board of Directors and the various Committees to provide governance and oversight on the approach to tax.