



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 the UK legislative requirement under paragraph 16(2) Finance (No.2) Bill 2016 in respect of the financial year ending 31 December 2020.

This strategy applies from the date of publication until it is superseded.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.

Kal Tire's UK 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 with the transfer pricing principles set forth by the OECD globally, as well as any domestic legislation that should be considered.

Compliance is embedded in Kal Tire's Code of Conduct. Team Members may raise ethical and compliance concerns, anonymously if preferred, through Kal Tire's Open Door Line.

4. Relationships with Tax Authorities

Kal Tire values having good relationships with tax authorities.

In the UK, we seek to build and sustain our relationship with the HMRC 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

Kal Tire's propensity to assume tax risk is low.

Tax risk is managed by ensuring that there are appropriately qualified and experienced employees in the tax function, establishing processes and procedures to mitigate risk, and using external advisors where necessary or appropriate.

Kal Tire UK Limited has a tax framework that has been approved by the Group CFO. Tax risk is managed pursuant to documented policies, which where relevant, have been adopted by the Board of Directors of the UK entities. Below Board level, responsibility for tax compliance, Tax Accounting & Reporting, Indirect Tax, Corporate Tax Audit, and Transfer Pricing is cascaded from the Group Tax Department to Regional teams and through consultation with professional advisors.

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.