

# KNORR-BREMSE: UK TAX STRATEGY

## ABOUT US

Knorr-Bremse Rail Systems UK Limited is a part of the Global Knorr-Bremse Group based in Munich, the world's leading manufacturer of braking systems and supplier of additional sub-systems for rail and commercial vehicles, with over 100 production sites in 30 countries. For more than 110 years now the business has pioneered the development, production, marketing and servicing of state-of-the-art braking systems. This strategy applies to all Knorr-Bremse entities in the United Kingdom.

We consider compliance with all taxation obligations with the upmost importance. As set out in our [Corporate Responsibility Policy](#), Knorr-Bremse Rail Systems UK Limited is determined to make a contribution towards a sustainable economic environment. We understand sustainability to be the incorporation of financial, social and environmental aspects into our business activities. We are driven by the desire to add value for our customers and at the same time make a positive contribution to society, seeing responsible conduct as an important element in securing the company's future. We consider our contribution to the economy to be crucial in our development as a business. This underlies our approach to tax governance, tax planning and tax risk management.

## KNORR-BREMSE ENTITIES IN THE UNITED KINGDOM

Knorr-Bremse entities in the United Kingdom are the following:

- Knorr-Bremse Rail Systems (UK) Limited
- Knorr-Bremse Systems for Commercial Vehicles Limited
- Knorr-Bremse Investment (UK) Limited
- Knorr-Bremse SA Holding Company (UK) Limited
- G.T. Group Limited.
- G.T. Emissions Systems Limited.
- Westcode (UK) Limited

## RISK MANAGEMENT AND GOVERNANCE ARRANGEMENTS IN RELATION TO UK TAXATION

The Finance Director reporting to the board for each UK entity is responsible for the management of their tax affairs. Our Tax Strategy is reviewed annually.

At Knorr-Bremse Rail Systems UK Limited, we observe the statutory and corporate regulations that apply to our work. We are committed to complying with all relevant legal and regulatory taxation requirements and we take care to ensure that our tax affairs are reported accurately.

Supporting this, we clearly outline and enforce tax governance procedures. This includes accountabilities, responsibilities and delegations of authority. Consequently, all employees are aware of their roles within the business.

Knorr-Bremse Rail Systems UK Limited has a real time process in place for identifying and addressing any UK tax risks.

Where tax implications of a transaction are not immediately clear, personnel with appropriate tax knowledge will be consulted.

We obtain advice from appropriately qualified external advisors on specialist tax matters and we see the input of external advisers as a key source of specific tax expertise to supplement the skills of our own finance team in appropriate cases in order to mitigate tax risk.

### **THE LEVEL OF RISK IN RELATION TO UK TAXATION THAT WE ARE PREPARED TO ACCEPT**

We have a low tolerance towards tax risk, and do not undertake transactions led by a tax planning purpose.

We seek to minimise the risk of a dispute with the tax authorities by being open and transparent about our tax affairs.

### **OUR ATTITUDE TOWARDS TAX PLANNING (SO FAR AS AFFECTING UK TAXATION)**

Our [Code of Conduct](#) applies to all employees and lays down standards of behaviour to maintain an approach to corporate governance that is based on ethical and responsible principles and respects the law.

Our attitude to tax planning is in line with this.

Tax is one of many factors taken into consideration when making commercial decisions and external tax advice may be sought supporting such decisions if there is any uncertainty.

### **OUR APPROACH TOWARDS DEALINGS WITH TAX AUTHORITIES**

Although we have not been assigned a customer relationship manager (“CRM”) within HMRC, we actively seek to maintain an open, transparent relationship with HMRC on a real-time basis.

We seek to minimise the risk of a dispute with the tax authorities by being open and transparent about our tax affairs and submitting all necessary information to HMRC in a timely manner.

Any inadvertent errors in submission of tax returns and tax computations to HMRC are fully disclosed as soon as reasonably practicable after they have been identified.

*This document is on behalf of all qualifying entities in the Knorr-Bremse Rail Systems UK Limited group pursuant to Paragraphs 19(2) and 22(2) Schedule 19, Finance Act 2016 and is intended to comply with all other obligations within Schedule 19 Finance Act 2016. This strategy applies from publication until it is superseded.*