

## **Scope**

This strategy is applicable for the 2023 Financial year and applies to Finning Holdings and to the group of companies headed by Finning Holdings, in accordance with paragraph 19 of Schedule 19 to the Finance Act 2016. Finning Holdings is a wholly owned subsidiary of Finning International Inc., a company incorporated in Canada and listed on the Toronto Stock Exchange.

A list of the entities to which this strategy applies is set out below. In this strategy, references to 'Finning Holdings' and "UK Group" are to all these entities. References to actions/activities undertaken by the UK Group mean the directors of the UK Group companies collectively. The strategy has been published in accordance with paragraph 19(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This strategy applies from the date of publication until it is superseded.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 Schedule 19 which include Income Tax, Corporation Tax, PAYE, NIC, VAT, Customs Duties, 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.

### **1. The approach of the UK group to risk management and governance arrangements in relation to UK taxation**

#### **1.1 Governance**

The UK Group's tax strategy aligns with Finning International Inc.'s global tax policy and governance framework. The Chief Financial Officer of Finning International Inc. has the overall responsibility for global tax risk and tax strategy. Significant tax matters related to UK tax require endorsement from the Chief Executive Officer, Chief Financial Officer and Global Head of Tax of Finning International Inc. in accordance with this global governance framework.

The UK Finance Director and the Global Head of Tax of Finning International Inc. have joint responsibility for tax risk management and tax strategy in the UK. The day-to-day responsibility for tax compliance and risk management rest with the UK tax team which is staffed with appropriately qualified individuals.

The Audit Committee of Finning International Inc. assists the Board of Directors in fulfilling its oversight responsibility to the shareholders with respect to the Corporation's risk identification, assessment and management program.

#### **1.2 Tax risk management**

The UK Group is exposed to tax compliance, transactional and reputational risks. The UK Group views partnering with the business, strong tax compliance practices, skilled employees and positive tax authority relationships as the foundation for managing the business' tax risks.

Processes relating to income tax, VAT and other taxes are allocated to appropriate process owners, who carry out a review of activities and processes to identify key risks and ensuring mitigating actions and controls are in place. These

key risks are monitored for business and legislative changes which may impact them and changes to processes or controls are made when required. This also allows the UK Group to be compliant with its Senior Accounting Officer (SAO) regulations.

Appropriate training is carried out for staff outside the Tax team who manage or process matters which have tax implications.

The UK Group's strong internal control policies and processes apply to and are followed by the UK tax function. Key controls are tested by the UK Group's internal audit team and any material deficiency must be mitigated following strict internal control policy.

## **2. The attitude of the group towards tax planning (so far as affecting UK taxation)**

The UK Group seeks to comply with all applicable UK and foreign tax obligations. The UK Group may undertake tax planning activities that arise in the ordinary course of business, however it takes a conservative approach to tax planning. The UK Group consults with the Finning International Inc. global tax team on major potential transactions including acquisitions and disposals. The Finning International Inc. global tax team advises on the options to minimize the potential tax risk and cost. The team considers long term implications and carefully weighs the interest of all stakeholders in tax related decision making.

When tax incentives and exemptions are introduced by government in order to support investment, employment and economic development, the UK Group may seek to apply them within the spirit that is intended.

## **3. The level of risk in relation to UK taxation that the UK group is prepared to accept**

The UK Group takes a conservative approach to tax risk. Tax decisions are made in a manner which is consistent with the global corporate tax policy. The UK Group recognizes that there is some level of risk on taxation due to the complexities of taxes and the interpretation of laws. External advice is sought when the tax law is complex and assistance is required with interpretation and implementation to obtain expert, objective advice and if required opinions on tax matters. In line with its core corporate values, the UK Group acts ethically and honors its commitments. The UK Group therefore considers itself to have a low tax risk appetite.

## **4. The approach of the UK group towards its dealings with HMRC**

The UK Group's tax team values having a good, co-operative relationship with HMRC. The UK Group is transparent about its approach to its tax position, is committed to respond to tax audit queries on a timely basis and is committed to working collaboratively wherever possible to resolve disputes.

The UK Group ensures that HMRC is kept aware of significant transactions and changes in the business and seeks to discuss any tax issues arising at an early stage. When submitting tax computations and returns to HMRC, the UK Group discloses all

relevant facts and identifies any transactions or issues where it considers that there is potential for the tax treatment to be uncertain.

Any inadvertent errors in submissions made to HMRC are fully disclosed as soon as reasonably practicable after they are identified.

**List of entities covered by this Tax Strategy:**

**Finning Holdings  
Finning (UK) Limited  
Finning Trustees Limited  
Diperk (UK) Limited (Dormant)  
Sitech Technology Systems Limited  
Murray Control Systems Limited  
H. Leverton Limited (Dormant)  
Finning Power Rental LP  
Finning Power Rental Limited  
Finning Services Limited  
Hydraquip Hose & Hydraulics Limited  
Hoses Direct Limited  
Linden Hose and Adaptors Limited (Dormant)  
Applied Fluid Power Limited (Dormant)  
Hose Line Hydraulics Limited (Dormant)**

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