

Wabtec Corporation – UK Tax Strategy

Wabtec Corporation is a leading manufacturer and supplier of value-added, technology-based products and services for freight retail, passenger transit and select industrial markets worldwide. The UK is Wabtec's second largest market, where we have particular expertise in the life extension, overhaul, maintenance and refurbishment of railway rolling stock and are also involved in passenger fleet refurbishment.

Wabtec pays and collects a range of taxes in the UK including corporation tax, VAT and PAYE. This UK tax strategy sets out Wabtec's approach to managing its UK tax affairs and is regarded as complying with the duty under paragraph 19(2) of Schedule 19 in Finance Act 2016 in respect of the period ended 31 December 2019.

Our UK tax strategy is aligned with Wabtec's Code of Business Conduct and Ethics and broader framework of governance policies. These policies are the foundation of our core values and contribute to good business conduct and working relationships.

Scope

Wabtec Corporation is the parent of a group of companies in the UK, list of entities is attached (Appendix 1).

Commitment to compliance

Wabtec is committed to complying with UK tax laws to ensure we pay the correct amount of tax on a timely basis. We seek to ensure our returns and filings are accurate, complete and disclose all relevant facts. In the context of a multinational group, we conduct transactions on an arm's length basis and in accordance with OECD principles, such that the UK share of global profits is aligned with commercial value generated here.

Tax Governance and risk management

The UK tax strategy is owned and approved by the group tax department.

As a consequence of the scale of our UK operations and our US listing, we are subject to additional compliance and governance rules relevant to tax such as the UK Senior Accounting Officer regulations and the US Sarbanes-Oxley regime. Under these rules and on an ongoing basis we monitor the effectiveness of our internal financial control environment including processes and controls over tax.

Our UK operations have a decentralised finance structure and responsibility for the oversight of our UK tax compliance obligations rests with the management of the respective entities. Coordination and technical support is provided by the UK Compliance Manager, UK Group Finance Director and US Tax department as required. Certain tax compliance processes and activities are also outsourced to reputable firms of advisors and service providers.

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Tax risks are escalated for consideration by senior management in line with normal business risk procedures and we seek to supplement our internal risk management activity through regular consultation with advisors.

Wabtec has a zero tolerance approach to tax evasion and the facilitation of tax evasion.

Attitude to tax planning

As a responsible business, we seek to understand the tax consequences of commercial decisions. We consider and respond to government tax incentives and reliefs in order to maximise shareholder value on a sustainable basis. However, in arranging our tax affairs due consideration will be given to the commercial substance, technical strength, reputational implications and our broader ethical and regulatory framework. Where tax decisions are complex, we seek to minimise risk by taking advice from external advisors.

Working with HMRC

Wabtec aim to have a professional, transparent and honest relationship with HMRC. We take a proactive approach and where material uncertainty arises, we seek to resolve any issues promptly and may seek advanced HMRC clearances. We have a track record of responding to HMRC enquiries in a timely manner and without adjustment.

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Appendix 1

Name
Wabtec UK Holdings Limited
Wabtec UK Investments Limited
Bearward Engineering Limited
SCT Europe Limited
Keelex 351 Limited
Wabtec Rail Limited
Mors Smitt UK Limited
L H Group Services Limited
L H Group Wheelsets Limited
L H Access Technology Limited
Coleman Hydraulics Limited
Vapor Ricon Europe Limited
Parts Supply Limited
Napier Turbochargers Limited
Brecknell Willis & Company Limited
Wabtec UK Manufacturing Limited
Faiveley Transport Birkenhead Limited
Faiveley Transport Tamworth Limited
Sab Wabco (Investments) Limited
AM Rail Group Limited
AM Signalling Design Limited
Fandstan Electric Limited
Melett Limited
Electrical Carbon (UK) Limited
Fandstan Electric Group Limited

GE Transportation Systems Ltd

Transportation Holdings UK Limited
