

Kuehne+Nagel Ltd
Tax Strategy 2022

Introduction

Kuehne+Nagel is one of the world's largest integrated logistic providers, and strives to be a world class operator, the employer of choice in logistics and a good corporate citizen. The Group's business activities generate a substantial amount and variety of taxes such as corporate income tax, stamp duties or withholding taxes.

We further collect and pay value-added and other indirect taxes as well as employee taxes. Altogether, these taxes paid form a significant part of the economic contribution to the countries in which the Group operates. The Group's Code of Conduct sets the expectation for everyone at Kuehne+Nagel and includes the approach to tax. This commitment is underpinned by the principles mentioned hereunder.

The code of conduct can be found here:

https://www.kn-portal.com/about_us/corporate_social_responsibility/compliance/

Kuehne+Nagel 's approach to risk management and governance arrangements in relation to UK taxation

The Group Tax Governance Framework is owned by the Chief Financial Officer. It is overseen and regularly reviewed by the Audit Committee. The implementation is the responsibility of the Head of Group Tax, reporting to the Chief Financial Officer. He ensures that the Management Board and the Audit Committee are updated appropriately. He reports to them and explains comprehensively the tax implications of any substantial business changes within the Group. Furthermore, he provides updates on governments' tax policies in areas where they may have an impact on the Group.

The UK day to day responsibility is delegated to the UK Finance Director who is supported by the UK tax function (a team of qualified professionals with local tax expertise) together with the Head of Group Tax and Head of Tax Europe.

As part of a large multinational group operating in more than 100 countries, Kuehne+Nagel is exposed to a variety of tax risks summarised in the following table. These risks are expanded upon and monitored closely in a detailed risk register owned by the UK tax function.

Risk	Risk Management
<p>Tax reporting and compliance risk: This risk is manifested through failures associated with submission of late or inaccurate returns, claims and elections not made in time or where finance or operational systems and processes are not sufficiently robust to support tax compliance and reporting requirements.</p>	<p>Kuehne+Nagel manages these tax risks in accordance with its Internal Control System similar to operational risks across the Group.</p> <p>The Group ensure that local tax functions are comprised of sufficiently qualified and experienced professionals.</p>

Risk	Risk Management
<p>Transactional risks: These risks may arise where transactions are carried out without appropriate consideration of the potential tax consequences or where advice taken is not correctly implemented.</p>	<p>The UK tax function completes tax filings and various forms of tax reporting whilst managing relationships with tax authorities with advice from the Group Tax as and when necessary. The UK tax function also supports the business to make well informed tax decisions by providing advice with regards to local and cross-border transactions.</p> <p>Internal controls and escalation procedures are in place to identify, quantify and manage key tax risks.</p>
<p>Reputational risk: This risk is additional to financial risks that may arise and has the potential for a wider impact than other tax risks on Kuehne+Nagel 's relationship with its stakeholders, such as shareholders, customers, tax authorities and the general public.</p> <p>As the group operates in over 100 countries and has to deal with complex and varied tax legislation in those countries, an element of tax risk may arise. As a result, at any given time, the Group may be exposed to financial and reputational risks arising from its tax affairs.</p>	<p>Where appropriate, Kuehne+Nagel actively seeks to minimise its tax risk profile and looks to engage proactively with tax authorities to disclose and resolve issues, risks and potentially uncertain tax positions. The subjective nature of many tax rules however means that it may be difficult to mitigate known tax risks.</p>

Kuehne+Nagel 's attitude towards tax planning (so far as affecting UK taxation)

Kuehne+Nagel believes that responsible tax behaviour is an essential element of its sustainability strategy. The Group acts in strict accordance with the applicable tax laws and complies with international standards, namely OECD standards, and fully respects a government's right to determine its tax rate and tax collection mechanism.

There is a clear expectation that those working in the UK tax function have an unquestionable level of integrity and that the code of conduct mentioned in the introduction is inherent to their behaviours. The Group recognise the value of additional guidance from external tax planning advisors. As such, when it is appropriate and necessary, the UK tax function consult external advisers to gain clarity and support on new legislation in order to ensure Kuehne+Nagel remains compliant.

The Group may engage in tax efficient structuring of its operations, but only to the extent that this reflects the commercial reality of how it conducts its business. For purposes of taxation of profits, Kuehne+Nagel 's taxable results arise where substance and value is commercially created along its business activity.

Following OECD principles, The Group understands substance as economically owning an asset and actively executing decisions of taking on and management of risks associated to this taxable result. Kuehne+Nagel is transparent in its approach to tax. All transactions must have a commercial and business reason and the Group adheres to the OECD's arm's length principle.

The level of risk in relation to UK taxation that Kuehne+Nagel is prepared to accept

Risk management is incorporated within the company's Internal Control System. Preventive, risk-mitigating measures to control risks are proactively taken at different levels and are an integral part of management responsibility. The UK tax function echoes this and is committed to minimising the level of tax risk the company is exposed to through focusing on risk awareness and internal education. Kuehne+Nagel strives to embed tax compliance in all applicable decision making processes and continually seeks to ensure this is thoroughly understood with utmost importance across the business. A pre-defined risk limit is not mandated instead judgement, underpinned by sound principles, is applied on a case by case basis.

Kuehne+Nagel 's approach towards its dealings with HMRC

The company is committed to developing and sustaining a mutually respectful relationship with HMRC based on trust and transparency.

We maintain a pro-active professional relationship with HMRC, through routine meetings and other appropriate dialogue throughout the year we aim to:

- Communicate regularly with our Customer Compliance Manager (CCM) and assigned tax specialists to provide information which will aid in building their knowledge of our business and the sectors we operate in.
- Contact our CCM should we have any technical queries that we wish to clarify.
- Share pertinent, accurate and relevant information in a timely manner when requested to do so.
- Be transparent on current, future and past tax risks across all relevant taxes and duties by sharing developments in the Group's activities.