

Tax Strategy and Approach
-United Kingdom-
Trinity Industries, Inc.

This published United Kingdom (U.K.) tax strategy satisfies Schedule 19 of the UK Finance Act 2016 (the Schedule) in respect of our financial year ending December 31, 2017.

General Overview

Trinity Industries, Inc. (NYSE: TRN) (Trinity) is a publicly traded multinational enterprise with operations throughout the globe, including the U.K. This strategy applies to the U.K. entities within the Trinity group in accordance with the Schedule. In accordance with the Schedule, this strategy is available on Trinity's publicly accessible website (trinityindustries.com).

Trinity's approach to tax

Businesses are increasingly being challenged to ensure they contribute through the tax system to the societies in which they operate, and to provide information on their tax management principles and policies. We understand our responsibility to pay an appropriate amount of tax and we fully support efforts to ensure companies are appropriately transparent about how their tax affairs are managed.

We have a substantial business and employment presence in many countries around the globe and we pay a significant amount of tax, including corporation and other business taxes, as well as tax associated with our employees.

At the same time, we have a responsibility to our shareholders to be financially efficient and deliver a sustainable tax rate. As part of this approach, we look to align our investment strategies to those countries where we already have substantial economic activity, and where government policies promote tax regimes which are attractive to business investment, transparent in their intent and available to all relevant tax payers.

Risk management and governance arrangements

We are subject to taxation throughout our supply chain. In line with current OECD guidelines, we base our transfer pricing policy on the arm's length principle and support our transfer prices with economic analysis and reports. The worldwide nature of our operations means that our intellectual property, R&D and manufacturing operations are centered in a number of key locations. A consequence of this is that our crossborder supply routes can be complex and can result in conflicting claims from tax authorities as to the profits to be taxed in individual countries.

Tax legislation itself is also complex and differs across the countries in which we operate. As such, tax risk can also arise due to differences in the interpretation of such legislation.

Tax risk is managed through robust internal policies, processes, training and compliance programs to ensure we have alignment across our businesses and to meet our tax obligations.

The tax affairs of Trinity are managed on a global basis through a coordinated team of tax professionals, led by the Senior Director of Tax, who work closely with the businesses. This team is suitably qualified for the roles they perform and Trinity supports their training needs in order that they continue to be able to provide up to date technical advice. Like everyone at Trinity, they are required to adhere to our Code of Conduct.

We are not prescriptive on the level of tax risk we are prepared to accept. However, we do not take speculative tax positions where the advice received does not support our position, or those that bring material tax risk. Where there is material uncertainty on the tax treatment of a transaction, external advice is sought before any position is taken. External advisors are also expected to adhere to our Code of Conduct.

Our attitude to tax planning

We do not engage in artificial tax arrangements – those without business or commercial substance – and we do not seek to avoid tax using ‘tax havens’ or transactions we would not fully disclose to a tax authority. We have a zero-tolerance approach to tax evasion and the facilitation of tax evasion.

Relationship with tax authorities

We seek to maintain open, positive relationships with governments and tax authorities worldwide and we welcome constructive debate on taxation policy.

We submit tax returns according to statutory time limits and engage with tax authorities to seek to ensure our affairs are current, entering into arrangements such as Continuous Audit Programs. This type of agreement provides long-term certainty for both tax authorities and for Trinity over the tax treatment of Trinity’s business. In exceptional cases, where matters cannot be settled by agreement with tax authorities, we may have to resolve disputes through formal appeals or other proceedings.

We monitor government debate on tax policy in our key jurisdictions to deal proactively with any potential future changes in tax law. We engage advisors and legal counsel to review tax legislation and the implications for our business. Where relevant we are active in providing relevant business input to tax policy makers.

Transparency

We support the implementation of the OECD’s recommendations on country-by-country reporting (“CBC”) as being key to the success of the Base Erosion and Profit Shifting (“BEPS”) project, and aligned with our core values of transparency and integrity. As part of this implementation, we support the exchange of CBC data between tax authorities. This data, validated against existing information held on taxpayers, will support their ability to ensure multinational groups pay the appropriate amount of tax.

We are aware of the ongoing debate around public disclosure of CBC data and continue to monitor developments in this area.