Oshkosh Corporation Tax Strategy

Introduction

The Oshkosh Corporation group of companies (“the Group”) places the greatest of importance on the 4 Core Values which the Board of Directors have embedded into the Group’s culture:

- We put people first.
- We do the right thing.
- We persevere.
- We are better together.

In respect of Citizenship, the core value notes:

“We obey the letter and the spirit of all laws of all the countries where we do business”

Oshkosh Corporation is proud to have been honored in 2016 and 2017 by Ethisphere as “A World’s Most Ethical Company”, a company which recognizes its role in society to influence and drive positive change in the business community and societies around the world.

Ethisphere notes that the companies to which they award the title “World’s Most Ethical Companies” also consider the impact of their actions on their employees, investors, customers and other key stakeholders and leverage values and a culture of integrity as the underpinnings to the decisions they make each day.

Group Tax Strategy

The Group's Tax Strategy is focused on maintaining integrity in compliance and reporting while seeking to enhance shareholder value through the appropriate management of its financial obligations, including taxation. This will be undertaken in a manner consistent with the Organization for Economic Cooperation and Development ("OECD") recommendations for responsible business conduct in a global context.

Key drivers to achieving this will be continued effective partnering with the Group's business units, working with regulatory bodies to influence and shape future tax policy, and the ongoing development of a team of skilled professionals dedicated to the delivery of a high-quality tax function.

The Group's Tax Strategy document comprises the following documents:

- Group Tax Policy statement;
- Group Tax Code of Conduct;
- Statement on Tax Risk Management.

The Tax Strategy has been approved by the Chief Financial Officer and the Vice President, Chief Ethics and Compliance Officer, and is made available to all Oshkosh Corporation stakeholders.

This document is effective for the year ending 30 September 2017. It will be periodically reviewed by the Group's Vice President, Taxes and will remain in effect until any amendments are approved by the Chief Financial Officer and the Vice President, Chief Ethics and Compliance Officer.

The Group Tax team partners with our businesses to ensure that:

1. The Tax Strategy is adopted and consistently followed across all business units within the Group, establishing clear lines of responsibility and accountability

2. The Tax Strategy is aligned with the Group's overall approach to corporate governance and risk management as outlined in the Group's core values, which are further supported by the Group's detailed policies and procedures

3. The Group pays the right amount of tax due based upon the laws and regulations of the countries in which it conducts business

Group Tax Policy

Oshkosh Corporation is committed to conducting its tax affairs in a manner consistent with the following objectives, to:

1. Be compliant with both the letter and the spirit of all relevant laws, rules, regulations, and reporting and disclosure requirements where it operates
2. Ensure the Tax Strategy remains, at all time, consistent with the Group's overall strategy, its approach to risk, and the Group's Core Values
3. Apply professional diligence and care to arrive at well-reasoned conclusions in the management of all risks associated with tax matters, and ensure governance and assurance procedures are appropriate
4. Ensure that all decisions are taken at an appropriate level and are supported with documentation to demonstrate the facts, conclusions and risks involved
5. Be compliant with all anti-bribery legislation
6. Develop and foster constructive, professional and transparent relationships with tax authorities across all jurisdictions in which it operates, based on the concepts of integrity, collaboration and mutual trust

Oshkosh Corporation will use incentives and reliefs to minimize the tax costs of conducting its business activities, but will not use them for purposes which are knowingly contradictory to the intent of the legislation.

The Group believes its obligation is to pay the amount of tax legally due in any territory in accordance with the rules set out by the government in that territory and it aims for certainty in the tax positions taken when filing its tax returns.

Accordingly, the Group will seek to file its tax returns based upon its tax positions being more likely than not to be sustained upon audit. Where tax law is unclear, or subject to interpretation, the Group will obtain written advice or confirmation will be sought to ensure that the position would, more likely than not, be settled in line with the filing position taken.

In circumstances where the tax treatment of an item is so uncertain and/or unquantifiable, therefore preventing the assessment of more likely than not, then filing positions will be subject to a robust risk assessment and will be supported by full disclosure. Such circumstances may arise:

- Where there are current uncertainties created by a comparison of any or all of the wording of law, tax authority interpretation of law and experience of the law as interpreted by the legislative system
- Where there are current uncertainties or opportunities created by recognized errors in law not yet corrected
- Where a position would be in accordance with an announced future correction of law

Tax filing positions taken by the Group will never be based on a principle of "not being found" nor for the sole purpose of obtaining leverage in the bargaining process of a settlement.

Group Tax Code of Conduct

This Group Tax Code of Conduct (CoC) outlines the principles for how Oshkosh Corporation's team members are expected to conduct business with respect to tax matters in support of the above Group Tax Policy. Non- adherence to this CoC could constitute a disciplinary matter, potentially leading to sanctions up to and including dismissal. The Group Tax CoC is set out in detail below.

1. **Compliance with laws, rules and regulations.**
   Oshkosh Corporation is committed to observing all applicable laws, rules, regulations, and reporting and disclosure requirements, in accordance with our Integrity core value.

   Importantly, a dedicated tax team, Group Tax, will collaborate with the Group's businesses to provide advice and guidance necessary to ensure compliance, obtaining external advice where necessary. There are clear management responsibilities, backed up by regular monitoring and review, carried out by members of Group Tax with the necessary experience and skill set.

   Openness, transparency and honesty will be paramount in all dealings with tax authorities and other relevant bodies.

2. **Consistency with Group strategy**
   Tax decisions will be made, at all times, in a manner which is consistent with and complements the Group's overall strategy. Key business decisions should be made cognizant of the tax consequences and with the aim of optimizing the after-tax returns for the Group's shareholders. Group Tax will partner with the businesses to ensure consistency.

3. **Governance, Assurance and Tax Risk Management**
   Responsibility and accountability for the Group's tax affairs is clearly defined in accordance with a Tax Responsibility Matrix, and decisions will be taken at an appropriate level, determined by formal Group Delegation of Authority.

   Diligent professional care and judgement will be employed to assess tax risks, to arrive at well-reasoned conclusions on how the risks should be managed. Where there is uncertainty as to the application or interpretation of tax law, appropriate written advice evidencing the facts, risks and conclusions may be taken from third party advisers to support the decision-making process.

4. In reviewing the risks of a tax action or decision, always bearing in mind the requirements of the Group Tax Policy, the following would be considered:
   - the legal and fiduciary duties of directors and employees
   - the requirements of the Group's Core Values and policies such as the Group Ethics Policy
   - the maintenance of corporate reputation, having particular regard to the principles embodied in the Group's Social Responsibility Core Value regarding the way we interact with the communities around us
   - the tax benefits and impact on the Group's reported result comparative to the potential financial costs involved, including the risk of penalties and interest
   - the wider consequences of potential disagreement with tax authorities, and any possible impact on relationships with them.

5. Group Tax will employ various risk management processes and systems to provide assurance that the requirements of the Group Tax Policy are being met. This will include compliance and risk monitoring systems and internal audit reviews of tax compliance activity across the Group.

6. Relationships with tax authorities

The Group is committed to the principles of openness and transparency in its approach to dealing with tax authorities wherever we operate around the world. All dealings with the tax authorities and other relevant bodies will be conducted in a collaborative, courteous and timely manner. The aim would be to strive for early agreement on disputed matters, and to achieve certainty wherever possible.

7. Incentives and reliefs

The Group believes that it should pay the amounts of tax legally due in any territory. There will, however, be circumstances where this amount may not be clearly defined, or where alternative approaches may result in differing tax outcomes. The Group will use its best judgement in determining the appropriate course of action, using available reliefs and incentives where possible.

8. UK context

On 9 December 2015, The UK Tax Authority, Her Majesty's Revenue and Customs ("HMRC"), published a draft Framework for Cooperative Compliance in the UK, following a consultation process titled "Improving Large Business Tax Compliance". In particular, this framework addresses the relationship between large businesses and HMRC in the UK, and promotes best practice in a business' governance over its UK tax affairs. This Group Tax Strategy aligns with the published draft. In particular, the Group commits to:

- adopt open and collaborative professional relationships at all times with HMRC;
- engage in full, open and early dialogue with HMRC to discuss tax planning, strategy, risks and significant transactions;
- make fair, accurate and timely disclosure in correspondence and returns, and respond to queries and information requests in a timely fashion;
- seek to resolve issues with HMRC in real time and before returns are filed if possible, and where disagreements arise, work with HMRC to resolve issues by agreement (where possible);
- be open and transparent about decision-making, governance and tax planning;
- reasonably believe that transactions are structured to give a tax result which is not inconsistent with the economic consequences (unless specific legislation anticipates that result), nor contrary to the intentions of Parliament; and
- interpret the relevant laws in a reasonable way, and ensure transactions are structured consistently with a co-operative relationship;

Tax Risk Management

Commercial Rationale

The commercial needs of the Group are paramount, in order to enhance shareholder value. All tax planning will be undertaken to address those commercial needs and all transactions shall have a business purpose or commercial rationale.

Consideration is given to the Group's reputation, brand, corporate and social responsibilities when evaluating tax initiatives, together with the applicable legal and fiduciary duties of directors and employees of the Group, which will form part of the overall decision-making and risk assessment process.

Tax risk management – general

Tax risk is ideally managed by the prevention of unnecessary disputes. Due to the uncertainty which may arise from new or unclear tax rules, and circumstances where an element of judgement is required, the avoidance of all tax disputes would suggest an overly prudent position which is not in line with our objective to enhance shareholder value.

The prevention of unnecessary disputes is managed through:

- Strong and clearly explained technical positions
- Thorough documentation of facts
- Well established relationships with tax authorities
- Strong compliance procedures, facilitating the submission of accurate and complete tax returns

Assessment of risk should take due account of:

- The impact on corporate reputation/brand
- The impact on relationships with governments
- The consequence of disagreements with tax authorities over the application of law
- The benefit of certainty in respect of uncertain or disputed tax positions.

1. Tax risk management for interactions with the business

In support of the commercial needs of the Group, the tax function will work with the business as an equal partner in providing clear, timely, relevant and business focused advice across all aspects of tax arising therefrom.

Where alternative routes exist to achieve the same commercial results the most tax efficient approach in compliance with all relevant laws should be recommended.

As necessary, the tax function will ensure the business understands the objective of enhancing shareholder value and the risk management parameters and principles, including the Group's appetite for risk.

The business understands that the tax function should be involved throughout all aspects of business operations, from planning to implementation.

Under no circumstances will the commercial needs of the business override compliance with all applicable laws. The tax function will therefore provide appropriate input as part of the approval process for business proposals to ensure a clear understanding of the tax consequences. The tax function will also then ensure accurate representation in tax returns and accounts.

2. Tax risk assessment procedures for decision making

The tax function must be involved in the planning, implementation and documentation for all:
- Business or share acquisitions and disposals
- Changes in corporate structure
- Cross- border financing arrangements
- Significant business transactions
- Cross- border trading arrangements
- Significant new processes affecting tax compliance

Where any new cross border intra-group trading arrangements are being set up, the tax function should be involved well in advance of any arrangements being put in place so that appropriate inter-company pricing can be designed and documented in accordance with the transfer pricing strategy.

All decisions should consider the financial return, potential reputational risk and financial risk (likelihood of payment and the cash, P/L impact).

A detailed assessment of the risk should be carried out which should include but not be limited to:
- A full description of the issue including a clear summary statement of the facts
- An assessment of the financial costs and benefits of all potential scenarios
- An assessment of the non-financial costs and benefits including an assessment of the nature and amount of resources to secure the benefit
- An assessment of the probability of the risk crystallizing
- Commentary on the likely process of dispute resolution
- Recommendations.

3. Tax risk management in the compliance life cycle

Compliance principles

As stated in the tax code of conduct the Group must comply with all tax regulations and disclosure requirements in all countries in which it operates.

This requires that:

- The Group should submit all returns by their due dates in line with local tax law
- All material positions taken in the tax returns must be supportable in terms of documentation and legal interpretation.
- Documentation of facts and circumstances should be recorded at the time of any transaction
- The tax function will robustly defend tax positions taken in the Group’s tax returns
- The tax function should monitor changes in relevant tax law and practice and undertake regular training in order to assess any consequences for the group

Tax Authority Relationships

The tax function will seek to maintain good relationships with tax authorities, governments and related third parties and to undertake all such dealings in a professional, courteous and timely manner. Accordingly:

- The tax function will pro-actively manage the relationship with the tax authorities with the aim of minimizing the
- risk of challenge or dispute
- The tax function should participate in any tax authority formal consultation process where it is expected that the matter under consultation will have a material impact on the Group's liability, or where a significant change in practice is being proposed that will impact the Group's tax compliance management.
- The tax function should participate in discussions/lobbying and the development of proposals with national and international organizations such as the OECD, the European Union ("EU") and the United Nations ("UN") where possible and appropriate to shape the future

Tax Audit and Enquiry Management

Audits and tax authority enquiries should be handled in a courteous, timely and professional manner in the normal course of the annual compliance cycle, normally handled jointly between the local business unit and the tax function.

A more formal structured approach should be considered in circumstances involving:

- Cross border transactions
- The need to adapt internal interactions and information tracking
- The reliance on expertise or information from other parts of the Group
- The risk of litigation and/or reputational damage

Audit Resolution

Arbitrary settlement on audit and/or use of tax amnesties is not generally appropriate.

All significant audits (for all taxes) should be subject to risk assessment and discussion as part of the appropriate governance approval processes to analyze and determine the choice of compromise positions on audit and the method thereof versus litigation / tribunals and other dispute processes.

Elements to be taken into consideration:

- Assessment of the technical merits of the issues under enquiry including
  - a detailed review of the advice provided at the time of implementation
  - any subsequent advice received
  - Legislation updates
  - Recent case law updates
  - Tax authority statements / practices
  - OECD / EU / UN developments including updates to guidelines and commentary
- Assessment of the facts, quality of the documentation and implementation
- Process options
  - Scope (years, values, queries that authorities are entitled to pursue)
  - Alternative Dispute Resolution (ADR) - generally classified into at least four types: negotiation, mediation, collaborative law, and arbitration
  - Cross border resolution
  - Litigation
- Cost v Benefit analysis (including looking at a portfolio of issues (if applicable))
  - Reputational issues with both tax authorities and stakeholders, culpability (interest and penalties), advisory fees, time value of money on tax deposits

- Include long term consequences – for how long can we afford uncertainty
- Cash flow implications (above and below line)
- Losses, deduction capacity.