



Tax strategy and principles

Allison Transmission's approach with all of our stakeholders is based on our values of Quality, Customer Focus, Integrity, Innovation and Teamwork. We are driven by a total commitment to excellence in everything we do. We believe each customer is unique, and our success is tied to their success. We hold ourselves to the highest ethical standards in everything we do. We seek ways to improve products and processes in an effort to add value and create solutions for our customers. We develop better solutions by working together toward a common goal.

Our values impact our overall tax profile including tax compliance, integrating tax in our business strategies, our interactions with tax authorities, tax planning and our communication and disclosures involving tax matters. We are a responsible taxpayer that carefully weighs the interests of our stakeholders in our short-term and long-term tax planning. We have guiding tax principles to ensure we communicate clearly about our approach to tax and our tax positions. Our people, systems, processes and controls over our tax matters help ensure that our principles are followed.

Compliance

We pay our taxes promptly and in accordance with applicable laws and regulations in the countries in which we operate. We are guided by relevant and applicable international standards, and we aim to not only apply the letters of the tax laws but the spirit of such laws and regulations.

Business Strategy

We believe that tax is an integrated part of doing business and not merely a standalone tax function. We believe in the principle that tax should follow business profits and be allocated to the countries in which business value is created. We calculate transfer prices based on the arm's length principle with a transfer pricing model supported by global and local studies. We evaluate available tax incentives and exemptions and incorporate them into our planning of commercial activities.

Relationship with tax authorities

We seek to establish and maintain an open and constructive dialogue with tax authorities and other government bodies where we operate. In this dialogue, we seek to provide clarity and establish certainty on relevant local tax components.

Tax planning

We may engage in tax planning initiatives and make use of incentives promoted by government authorities. However, we also believe that such planning should align with Allison Transmission's values, interests, reputation, brand and social responsibility.

Transparency

We are transparent about our tax approach and our tax positions. Disclosures are made in accordance with the relevant local regulations, as well as applicable reporting requirements and standards such as accounting principles generally accepted in the United States of America.