

DfT OLR Holdings Limited and its subsidiary entities

(asset out in Appendix A), principally:

London North Eastern Railway Limited;
Northern Trains Limited;
SE Trains Limited
and
Train Fleet (2019) Limited;

Tax Strategy for the year ended 31 March 2022

Date: 14 March 2022

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1. Introduction

This document sets out the tax policy for DfT OLR Holdings Limited ('DOHL') and its subsidiary companies (together "the Group") and their approach to conducting their UK tax affairs and dealing with UK tax risk. By making this document available the Group is fulfilling its obligations under Schedule 19 of Finance Act 2016.

DOHL is a government owned entity set up by the UK Government's Department for Transport to fulfil the Secretary of State for Transport's requirements under Section 30 of the Railways Act 1993 to maintain the continuity of passenger rail services if a rail franchise is terminated. It acts as a holding company for the Department for Transport's train operating companies. DOHL has thirteen wholly owned subsidiaries, including the Group's main trading companies London North Eastern Railway Limited ('LNER'), Northern Trains Limited ('NorthernTrains') and SE Trains Limited ('SE Trains'), non-trading Train Fleet (2019) Limited ('Train Fleet') together with a number of dormant companies.

This document will be reviewed periodically by the Finance team and any amendments will be approved by the Board of DOHL. It is effective for the year ended 31 March 2022 and will remain effective until any amendments are approved by the Board, but it will be formally reviewed and approved at least on an annual basis.

2. Tax policy

The Group is committed to conducting its tax affairs in a manner consistent with the following objectives:

- Complying with all relevant laws, rules, regulations, reporting and disclosure requirements;
- Ensuring that the UK tax strategy is at all times consistent with the Group's overall strategy and risk;
- Applying professional diligence and care in the management of risks associated with tax matters;
- Maintaining open communications with HMRC;
- Claiming legitimate tax reliefs in line with the manner intended by the legislation.

3. Managing tax risks

The Board of DfT OLR Holdings Limited is ultimately responsible for the UK tax strategy and tax risk management of the Group.

The Group's main subsidiaries, LNER, Northern Trains, SE Trains and Train Fleet, each have their own separate Board and Audit and Risk Committee.

The Audit and Risk Committees for the Group and the above-named Companies considers risk, including those relating to tax, at each meeting and updated as to the risk and internal audit activities that have been performed during the period.

LNER, Northern Trains and SE Trains and Train Fleet each have a Finance Director (or equivalent) who is responsible for ensuring their company has appropriate accounting policies in place.

Tax risks are considered at frequent intervals by both the finance team and the Board of each active Company in the Group. This includes looking at both existing risks and any new risks.

Professional care and judgement are employed to assess and manage tax risks. External advice is sought from professional advisers on tax issues to support the decision-making process.

The oversight from the Group finance department and Board includes the following aims from a tax perspective:

- submitting all UK tax returns on a timely basis;
- paying the appropriate amount of tax on time;
- maintaining accounting arrangements that are robust;
- ensuring tax processes are appropriately resourced;
- making fair, accurate disclosure in correspondence, returns and responding to queries and information requests in a timely fashion.

4. Tax Planning Approach

The Group aims to maintain a conservative approach to tax and will not engage in artificial transactions to reduce the amount of tax payable.

The Group's sole shareholder is the Secretary of State for Transport and there are no other external shareholders. This in effect means any excess profits derived by the Group are split between HMRC, in the form of taxation, and the Department for Transport. As there is minimal conflict between how funds are split between these Government departments there is no motivation for the Group to engage in any sophisticated or complex planning which would be motivated by reducing tax liabilities. Moreover, the Group focuses on being compliant with all applicable tax legislation, policies, and procedures.

In addition, as part of the Group's framework agreement with the Secretary of State for Transport, the Group adheres to the tax principles set out in HM Treasury's 'Managing Public Money' policy which specifically prevents the Group participating in any tax evasion, tax avoidance or tax planning.

5. Working with HMRC

The Group deals with HMRC in an open, honest, and transparent manner including in relation to considering current, future, and retrospective tax risks across all taxes.

Appendix A

DfT OLR Holdings Limited has the following subsidiary companies:

- London North Eastern Railway Limited
- Train Fleet (2019) Limited*
- SE Trains Limited
- Northern Trains Limited
- Greater Western Railway Limited *
- South Western Railway Limited*
- Cross Country Rail Limited*
- C2C Railway Limited*
- Railway West Coast Limited*
- GA Trains Limited*
- Transpennine Trains Limited*
- Chiltern Rail Limited*
- WM Trains Limited*
- Midlands East Trains Limited*
- Thameslink Southern Great Northern Limited*

*dormant/ non-trading