

Polaris Industries Inc.: U.K. Tax Strategy

This document has been published with the intent of satisfying the reporting obligations established under Paragraph 16(2) of Schedule 19 of the Finance Act of 2016.

The Global Tax Strategy for Polaris Industries Inc. and its subsidiaries is to abide by all tax laws and regulations in *each* jurisdiction it does business in, including but not limited to; (1) timely filing of all tax related returns, (2) proper recognition and classification of income and expenses, and (3) the use of proper transfer pricing procedures, which include results that are (I) arms-length, (II) equitable to each jurisdiction involved, (III) defensible on audit, (IV) rational and practical to incorporate, and (V) consistent with the business model, strategy and operational execution of the Company.

The following discussion provides an analysis of the Global Tax Strategy for Polaris Industries Inc. and the specific tax planning, risk management and governance policies impacting UK taxation.

Introduction

Polaris Industries Inc., a Minnesota corporation, was formed in 1994 and is the successor to Polaris Industries Partners LP. Through its subsidiaries and predecessors, the Company began designing, engineering and manufacturing various on and off-road vehicles in the early 1950's. The Company sells these products and related Parts, Garments and Accessories ("PG&A") through dealers and distributors principally located in the United States, Canada, Western Europe, Australia and Mexico.

Polaris Industries Inc. is committed to promoting and practicing ethical and legal business conduct. These core values are the foundation of the Company's success and reputation. They define the Company's way of doing business and our relationships with fellow employees, associates, customers, competitors, suppliers and communities around the world.

The Global Tax Strategy for Polaris Industries Inc. is managed to align with the Company's Code of Business Conduct & Ethics and to comply with the laws and regulations of the countries in which we operate. Our approach to global tax planning is vital to the Company's ability to achieve sustainable international growth.

Risk Management and Governance

Polaris Industries Inc. performs strategic planning for the group and is responsible for developing the general strategic direction for the global operations. Polaris Industries Inc. determines the overall financial plan which is thereafter segmented into regions and then individual countries. From this strategic direction, the relevant foreign affiliates then apply specific strategies for the markets for which they are responsible. Polaris Industries Inc. employs a management team comprised of individuals with roles in a variety of functions. This management team, along with support staff, is responsible for managing, reviewing and creating global corporate strategy.

The VP of Tax is responsible for the implementation and oversight of the Global Tax Strategy for the Group. Policies and procedures necessary to support the Company's Global Tax Strategy are determined by the VP of Tax and subsequently approved by the Board of Directors. While the VP of Tax, the Board of Directors and its committees are responsible for implementation and oversight of the Company's Global Tax Strategy, day-to-day management of UK operations is the responsibility of local personnel.

As part of the Company's risk management and internal control system, Polaris Industries Inc. provides training and support to all global finance members to ensure the Company's employees have the necessary knowledge and expertise to comply with the Company's Global Tax Strategy. Management is responsible for establishing and maintaining an adequate system of oversight and ensures personnel are subject to and comply with rigorous ethical standards. The Company seeks professional advice from independent external tax professionals on areas of complexity or uncertainty as necessary to support the Company's Global Tax Strategy.

U.K. Tax Planning & Areas of Risk

Polaris Industries Inc. is subject to income taxes and other business taxes in various jurisdictions in which the Company operates. The Company ensures compliance with the laws and regulations of each of these jurisdictions by applying the technical skills and expertise of its personnel. The Company engages in reasonable global tax planning in a manner that supports the Company's business objectives and complies with the Company's Code of Business Conduct & Ethics. The Company does not engage in aggressive tax planning arrangements.

Relationship with Her Majesty's Revenue and Customs ("HMRC")

Polaris Industries Inc. is committed to building transparent and collaborative working relationships with each of the foreign jurisdictions in which the Company operates. In the UK, the Company seeks to maintain an open relationship with the HMRC throughout the entirety of the tax planning process. However, due to the complexity of foreign and domestic government law and the interactions therein, the Company is aware that differences in interpretation or opinion may arise. Should a disagreement occur at any stage of the process, Polaris Industries Inc. will seek to work constructively with the HMRC to arrive at an effective and efficient resolution to the dispute.