



APPROACH TO UK TAX

Dorel Industries Inc. (the “Company”) is a world class company selling juvenile, bicycle and home products. The Company operates in over twenty-five countries with sales made throughout the world and employs approximately 10,000 people.

The Company’s ultimate goal is to produce innovative, quality products and satisfy consumer needs while achieving maximum financial results for its shareholders. It operates in three distinct reporting segments: Dorel Juvenile, Dorel Sports and Dorel Home. The Company’s safety and lifestyle leadership is pronounced throughout these three categories with an array of trend-setting, innovative products. Within each of the three segments, there are several operating divisions or subsidiaries.

The Company’s channels of distribution vary by segment, but overall, its largest customers are major retail chains and Internet retailers. These chains include mass merchant discount chains, department stores, club format outlets and hardware/home centres while the Internet retailers consist of both mass merchant sites such Walmart.com and pure Internet retailers such as Amazon.. Within Dorel Juvenile, sales are also made to independent boutiques and juvenile specialty stores. In Dorel Sports, the Independent Bike Dealer (“IBD”) network is a significant channel, along with sporting goods chains.

The Company’s strength lies in the diversity, innovation and quality of its products as well as the superiority of its brands. A high level of customer satisfaction has been achieved through the location of permanent Dorel teams in close proximity to certain major accounts.

The Company’s tax strategy is premised on the responsibility to pay an appropriate amount of tax and to adhere to relevant tax laws, minimizing the risk of uncertainty or disputes. The Company has a strong presence in many countries around the world and pays a significant amount of tax, including corporate income taxes, indirect taxes (VAT, duties, etc.), employment taxes and other business taxes.

Governance and Risk Management

As a multinational, the Company has internal policies, processes and compliance programs to ensure alignment across its business and manage the level of tax risk associated with its operations.

The Board of Directors of the Company delegates the responsibility for corporate income taxes to its Global Tax department, located in Montreal, Quebec, Canada. The Global Tax department oversees the UK teams who are responsible for local tax compliance. The Global Tax department is responsible for general tax risk management.

The Vice President Global Tax reports to the Company's Senior Vice President, Finance who in turns reports to the Executive Vice President, Chief Financial Officer and Secretary. The Audit Committee oversees material tax matters relating to the worldwide business of the Company.

The day-to-day UK tax matters are delegated to both the UK teams, who are responsible for indirect taxes, payroll taxes and income tax, and to the Global Tax team who are responsible for tax risk management. When there is potential uncertainty or complexity on taxation relating to a UK tax risk, qualified external advice is sought.

Transparency

The Company is a responsible global corporate tax citizen, focused on compliance with applicable tax laws and regulations.

The Company supports and encourages ethical and transparent business practices.

Relationship with Tax Authorities

The Company maintains an open and positive relationship with tax authorities worldwide. The Company understands that there may be divergence of opinions and legal interpretations regarding tax matters. If this occurs, the Company will engage in constructive discussions to bring matters to a resolution.

Finance Act 2016

This document is considered to comply with the requirements of Schedule 19 of the Finance Act 2016.