

GrainCorp UK Tax Strategy - 2018



GrainCorp

100 YEARS OF GROWTH

GrainCorp UK Tax Strategy

Scope

This strategy applies to GrainCorp UK Ltd and to the group of companies headed by GrainCorp UK Ltd in accordance with paragraph 10 of Schedule 19 to the Finance Act 2016 (the Schedule). A list of the entities to which it applies is set out below. In this strategy, references to 'GrainCorp UK Ltd', or 'the UK group' are to all these entities. The strategy is being published in accordance with paragraph 16(4) of the Schedule.

This strategy applies from the date of publication until it is superseded. References to 'UK Taxation' are to the taxes and duties set out in paragraph 15(1) of the Schedule which include Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax, and Stamp Duty Land Tax. References to 'tax', 'taxes' or 'taxation' are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which the Group has legal responsibilities.

This strategy is aligned to the global tax strategy of GrainCorp Ltd, the ultimate controlling party of GrainCorp UK Ltd and its subsidiaries.

Aim

GrainCorp UK Ltd is committed to conducting its tax affairs consistent with the following objectives, to:

- Comply with all relevant laws, rules, regulations, and reporting and disclosure requirements, wherever it operates.
- Ensure the tax strategy is at all times consistent with Graincorp's overall strategy, approach to risk, and Core Values.
- Apply professional diligence and care in the management of all risks associated with tax matters, and ensure governance and assurance procedures are appropriate.
- Foster constructive, professional and transparent relationships with tax authorities, based on the concepts of integrity, collaboration and mutual trust.

Governance in relation to GrainCorp Ltd, the ultimate parent company, taxation

Group Tax at GrainCorp Ltd adopts the following governance approach in relation to tax:

- The Board Audit Committee and Business Risk Committee support the Board in fulfilling its oversight responsibilities with regard to risk management and compliance within GrainCorp, including tax risk.
- The Group Chief Financial Officer (CFO) owns and implements the tax strategy which aligns to the GrainCorp Group's overall strategic approach set out by the Chief Executive Officer and approved by the Board.
- The CFO, who is a board member for all the UK entities, is the executive responsible for tax matters enabling the Board to remain abreast of the Graincorp's tax affairs.

- Day-to-day management of GrainCorp Ltd's tax affairs is delegated to the GrainCorp Group Tax Team, who report to the Group Financial Controller.
- The GrainCorp Group Tax team partners with our businesses to ensure that:
 1. The tax strategy is adopted and followed consistently across the GrainCorp Group which includes the GrainCorp UK Ltd entities, with clear lines of responsibility and accountability;
 2. There is alignment of the tax strategy with GrainCorp's overall approach to corporate governance and risk management; and
 3. The GrainCorp Group pays tax responsibly, complying with laws and regulations of the countries in which it operates.

Governance in relation to UK taxation

The application of the Group Governance in relation to UK taxation is as follows:

- The UK Chief Financial Officer (UK CFO) owns and implements the UK tax strategy which aligns to the GrainCorp Group's overall strategic approach.
- GrainCorp UK Ltd reports on a regular basis to the GrainCorp Board Audit Committee and Business Risk Committee providing oversight with regard to risk management and compliance within GrainCorp UK Limited, including tax risk.
- Day-to-day management of GrainCorp UK Ltd's tax affairs is the responsibility of the UK CFO who consults and reports into the GrainCorp Group Tax Team who ultimately reports to the Group CFO who is the executive with responsibility for tax matters.
- The GrainCorp Ltd Group Tax team partners with the UK CFO to ensure that:
 1. The UK strategy is aligned, adopted and followed consistently across the GrainCorp Group which includes the GrainCorp UK Ltd entities, with clear lines of responsibility and accountability;
 2. There is alignment of the UK tax strategy with GrainCorp Ltd's overall approach to corporate governance and risk management; and
 3. The GrainCorp Group pays tax responsibly, complying with laws and regulations of the countries in which it operates.

Risk Management

The GrainCorp Group manages risk in line with the enterprise wide risk management framework. The GrainCorp Board and management have responsibilities designed to ensure the operational effectiveness of the control framework for tax risk. GrainCorp UK Ltd is included within this risk management framework and reports to the GrainCorp Board through this framework.

The GrainCorp Group and GrainCorp UK Ltd are committed to observing all applicable laws, rules, regulations, and reporting disclosure requirements, wherever there is a requirement to do so as a result of our business presence and transactions in line with our lead Core Value which focuses on integrity.

Importantly, as a dedicated tax team, the GrainCorp Group Tax function will collaborate with the GrainCorp Group's businesses to provide advice and guidance necessary to ensure compliance obligations are met. The GrainCorp Group Tax function will also obtain external advice where necessary.

Where the UK CFO deems it necessary, external advice is obtained relating to taxation matters. There are clear management responsibilities, backed up by regular monitoring and review, carried out by members of GrainCorp Group Tax with the necessary experience and skill set.

Attitude towards tax planning and level of risk

Tax decisions will be made at all times in a manner which is consistent with and complements GrainCorp Group's overall strategy. Key business decisions should be made cognisant of the tax consequences. GrainCorp Group Tax will partner with the business to ensure there is that consistency.

Diligent professional care and judgement will be employed to assess tax risks in order 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.

In reviewing the risks of a tax action or decision the following would be considered:

- The legal and fiduciary duties of directors and employees;
- The requirements of our GrainCorp Group policies such as the Group Anti Bribery and Corruption Policy;
- The maintenance of corporate reputation.
- The wider consequences of potential disagreement with tax authorities and any possible impact on relationships with them.

Relationship with HMRC

GrainCorp Ltd is committed to the principles of openness and transparency in its approach to dealing with tax authorities wherever it operates 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 is to strive for early agreement on disputed matters and to achieve certainty wherever possible

List of entities covered by this Tax Strategy included in the UK Group:

- Bairds Malt Limited (primary UK trading company)
- Brewers Select Limited
- GrainCorp (Europe) (UK) Limited
- GrainCorp UK Limited (this is the UK parent company)
- Malt U.K. Holdco Limited
- Maltco 3 Limited
- Mark Lawrence (Grain) Limited
- Moray Firth Maltings Limited
- Norton Organic Grain Limited
- Saxon Agriculture Limited
- Scotgrain Agriculture Limited
- Ulgrave Limited
- GrainCorp (Canada) Holdings UK Limited
- Bairds Malt (Pension Trustees) Ltd
- GrainCorp (Black Sea) Holdings UK Limited