

HICL Tax Strategy

Scope

This strategy applies to HICL Infrastructure Ltd (“HICL”) and to its subsidiaries (‘the Group’).

This Tax Strategy applies to all taxes applicable to the Group and the document is owned by the Board of Directors of HICL. It will be reviewed annually, updated as appropriate and approved by the HICL Board. The HICL Board is responsible for setting and monitoring the strategy.

Objective

Our objective is to manage the Group’s tax affairs in a responsible and transparent manner complying with relevant legislation, having due regard to HICL’s investment objective and our reputation and thus promote the medium to long term success of HICL and deliver sustainable shareholder value. HICL is committed to full compliance with all statutory obligations and full disclosure to relevant tax authorities. The Group’s tax affairs are managed in line with HICL’s high standards of governance.

The HICL Tax Strategy focusses on four key areas:

- Tax Governance
- Risk Management
- Tax Planning
- Relationships with Tax Authorities

Tax Governance

- Ultimate responsibility for HICL’s Tax Strategy and compliance sits with the HICL Board;
- HICL’s Audit Committee monitors the integrity of HICL’s financial reporting system, including those elements that relate to tax;
- HICL’s Risk Committee is responsible for the Company’s risk management framework including those elements relating to tax;
- Management of the Group and its tax affairs is delegated by the HICL Board to the Investment Adviser, InfraRed Capital Partners Limited;
- The Investment Adviser’s Portfolio Director leads the financial management of the Group including tax management and is the Senior Accounting Officer for the Group;
- The Investment Adviser is staffed with appropriately qualified individuals;
- The Investment Adviser ensures that HICL’s Tax Strategy is one of the factors considered in all investments and significant business decisions taken;
- The Portfolio Director reports to the Audit Committee, Risk Committee and the HICL Board on the Group’s tax affairs and risks periodically during the year.

Risk Management

- The HICL Risk Committee is responsible for the risk governance structure and control framework across the Group
- The Group operates a system of tax risk assessment and controls as a component of the overall internal control framework applicable to the Group's financial reporting system;
- HICL seeks to increase the level of tax certainty arising from the Group's operations as far as is reasonably practicable by ensuring that reasonable care is applied in relation to all processes which could materially affect its compliance with its tax obligations;
- A key risk mitigant is the monitoring for business and legislative changes which may impact the Group so that changes to processes and/or controls are made when required;
- HICL ensures that responsibility for the management or processing of matters which have tax implications is carried out by persons with the appropriate training;
- Advice is sought from external advisers where appropriate.

Tax Planning

HICL manages risks to ensure compliance with legal requirements in respect of all tax matters. When entering into commercial transactions, the Group seeks to comply with relevant tax legislation and maintain the spirit in which tax legislation is intended.

The level of risk which HICL accepts in relation to taxation is consistent with its overall objective. At all times the Group seeks to comply fully with its regulatory and other obligations and to act in a way which upholds its reputation as a responsible corporate citizen. The Investment Adviser is involved in the planning, implementation and documentation of all project acquisitions and disposals, changes in corporate and capital structure and material operational changes within the Group. The Investment Adviser undertakes this role taking appropriate professional advice as applicable.

Relationship with Tax Authorities

HICL seeks to have a transparent and constructive relationship with relevant Tax Authorities through regular meetings and communication. HICL acts lawfully and with integrity and seeks to maintain a relationship with Tax Authorities that is based upon mutual trust and respect.

When submitting tax computations and returns to the relevant Tax Authorities, HICL discloses relevant facts and identifies transactions or issues where it considers that there is potential for the tax treatment to be uncertain. Any inadvertent errors in submissions made to the relevant Tax Authorities are fully disclosed as soon as reasonably practicable after they are identified.