Group Tax Policy

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**Approver:** Head of Tax

**Rationale:** Tax Risk is recognised as a material risk in Macquarie's risk management framework. A failure to comply with applicable tax laws, regulations or rulings or a failure to meet other Revenue Authority requirements or expectations can result in significant adverse financial or non-financial impacts.

**Policy statement:** This policy outlines the principles that govern Macquarie's approach to Tax risk including the framework by which Macquarie's operational and risk management obligations are met.

**Application:** This Policy is applicable to all Macquarie staff employed or engaged by Macquarie Group Limited, Macquarie Bank Limited, or any of their subsidiaries.

Macquarie staff includes Macquarie employees and all other members of staff including temporary workers, interns, secondees and contractors/consultants.
1. Macquarie’s policy on Tax risk

1.1 Tax Risk

Tax risk includes any event, action or inaction in tax strategy, operations, financial reporting or compliance that has the potential to either adversely affect Macquarie’s tax or business objectives or result in an unanticipated or unacceptable levels of monetary, financial statement or reputational loss or exposure.

Tax risks can take a number of different forms (e.g. the risk of breach of statutory obligations, tax withholding or payment failure, misinterpretation or misapplication of tax law or a tax filing or reporting failure) and are an inherent part of Macquarie’s ordinary business operations.

These risks can be material and have the potential to extend beyond relationships with Revenue Authorities, negatively impacting Macquarie and its business performance, as well as our broader relationships with clients, counterparties, and the communities and markets in which we operate.

1.2 Scope

References in this document to the Tax Function relate to the global Tax Advisory and Tax Reporting teams. Where there are tax representatives in business units and support functions, they must also comply with this Policy.

1.3 Key principles

The key principles that govern Macquarie’s approach to tax risk are outlined below:

- Tax risks must be identified, assessed, controlled and reported.
- Statutory obligations, administrative requirements and required disclosures to Revenue Authorities must be complied with.
- Policies and procedures in relation to tax risk management must be documented and maintained.
- The integrity of our tax data, compliance and reporting systems will be maintained.
- Open, transparent and professional relationships with Revenue Authorities, both local and international should be maintained.
- Outstanding disagreements with Revenue Authorities should be resolved as effectively as possible.
- Macquarie’s reputation and the confidence of our stakeholders should be protected.
- Laws and regulations are to be complied with.
- Macquarie staff should conduct themselves in a way that maintains trust in Macquarie by regulators, Revenue Authorities, clients and the public.
- Macquarie’s tax affairs are to be conducted in compliance with the tax laws of the jurisdictions in which Macquarie operates.

Macquarie may be entitled to tax concessions in the course of its normal business but has no appetite for any transaction that is motivated by the avoidance of tax.

Moreover, Macquarie will not finance, or in any other way support, transactions where the objective of any of the parties might reasonably be expected to be the obtaining of a dividend withholding tax benefit.

In the event of tax uncertainty, Macquarie will engage with Revenue Authorities and seek comprehensive advice from external tax advisors. The decision to seek external advice must be approved by the Tax Function.
This document complies with Macquarie’s duties under paragraph 19(2) and paragraph 22(2) of Schedule 19 of the *Finance Act* 2016 to publish a UK tax strategy for the financial year ended 31 March 2022. References to a “Revenue Authority” and “tax” in this document shall, in the case of the UK subsidiary undertakings of Macquarie Group Limited, mean HM Revenue and Customs and tax chargeable under the laws of the United Kingdom respectively.
2. Policy requirements

2.1 Transactions

Macquarie seeks to ensure that tax issues are properly recognised at the earliest stages of a transaction in accordance with the New Product and Business Approval Policy.

When a business unit is seeking input and sign-off from the Head of Tax (or delegate) in relation to a transaction, investment or product, the business unit is responsible for providing the Head of Tax (or delegate) with all the necessary information to facilitate sign-off.

This information will include a detailed description of the facts, size of the transaction, involvement of third parties or other jurisdictions, the potential exposure from legal action by third parties, external advice received, commercial objectives / rationale, timeframe of the transaction and approvals required.

The business is responsible for ensuring that a transaction is implemented appropriately. As part of this process it is the business’ responsibility to ensure that if the facts outlined to advisers as part of the briefing change, then the Tax Function should be promptly informed.

2.2 Accuracy of tax returns and other reporting

Macquarie will employ robust compliance procedures to enable accurate and complete tax returns and other reporting. Regular reviews of the Tax Function will be conducted to determine the appropriateness of resourcing, the robustness of processes, and accurate compliance procedures supported by appropriate systems and technology.

2.3 Tax Reporting to the Board Audit Committee

The Board Audit Committee requires tax reports to be prepared and presented semi-annually. The Chief Financial Officer (CFO), with the assistance of the Heads of Finance, Tax and Tax Reporting, will report against general tax items and tax governance semi-annually and more regularly where needed. On relevant tax issues, the Chief Risk Officer (CRO) will also be consulted.

2.4 Tax Risk Management

The Tax Function oversees and monitors the tax risks of all entities within the Macquarie Group. Macquarie has a robust tax risk management framework and a highly experienced global tax team. The Head of Tax and Head of Tax Reporting are accountable for ensuring that appropriate controls are in place to manage identified risks. The Tax Function also undertakes control assurance testing over a two-year cycle, and the design and effectiveness of the Macquarie tax control framework is regularly reviewed by Macquarie Internal Audit.

2.5 External Advisors

Macquarie may engage external tax advisors as part of managing the tax risk profile. The choice of external tax advisor is subject to the approval of the Head of Tax.

2.6 Revenue Authorities

The Tax Function manages relationships with various Federal, State and Local Revenue Authorities globally. The objective of establishing and maintaining professional relationships with Revenue Authorities is to enable an efficient and collaborative approach to managing tax issues.

2.7 Industry groups
The Tax Function will participate in relevant industry forums and consultation processes as appropriate to ensure Macquarie is engaged with current tax issues and developments.