Tax Management Policy

Document Audience: All PIDG Companies
Custodian: PIDG Chief Financial Officer
Approver: PIDG Ltd Board, following review by PIDG Executive
Document number: P002
Document version: 2
Document status: Final approved 10 December 2021
Issue date: 10 December 2021
Review date: Every 2 years
1 Introduction
PIDG seeks to act as a responsible tax payer, aligning the long-term interests of all stakeholders including employees, business partners, investors and wider society in which it operates and complying with the tax obligations of PIDG and each of the PIDG companies. The PIDG Code of Conduct sets out PIDG’s commitment to adopting the highest standards of international good practice in managing its tax position.

This tax management policy (“Policy”) fulfils the requirement set out in the Association of European Development Finance Institutions (“EDFIs”)’s “Principles for Responsible Tax in Developing Countries” (the “Principles”) to “adopt and publish a tax policy” and is intended to be compliant with EU tax policies and the European Commission Communication (C(2018) 1756 final) on new requirements against tax avoidance in EU legislation governing in particular financing and investment operations.

2 Scope of policy
This Policy applies to all activities undertaken by, or on behalf of, the Private Infrastructure Development Group Trust (the “PIDG Trust”) and PIDG companies.

This Policy applies to all:

- employees, contractors, agency workers, consultants, executives, committee members and non-executive directors of the PIDG companies (“Employees”);
- third-party service providers responsible for delivering the core activities of a PIDG company (“Third Parties”); and
- persons and entities which receive funding either directly or indirectly from the PIDG Owners through a PIDG company and/or the PIDG Trust (“PIDG Recipient(s)”).

Employees, Third Parties and PIDG Recipients shall together be referred to as “Applicable Persons” and each an “an Applicable Person”.

3 Policy statement
It is PIDG’s policy to conduct all of its business in an honest, ethical and compliant manner. PIDG is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever PIDG companies operate.

PIDG is committed to tax compliance that is focused on complete, timely and accurate tax filings in accordance with the legal requirements of the applicable tax laws and regulations in the jurisdictions in which PIDG companies operate.

PIDG takes a zero-tolerance approach to tax evasion and the facilitation of tax evasion, whether under UK law or under the laws of any foreign country. PIDG undertakes to implement and enforce reasonable systems and controls to prevent the facilitation of tax evasion which as implemented by each PIDG company will provide that company with a defence against corporate liability under the UK Criminal Finances Act 2017 (“CFA 2017”) (or equivalent legislation in any other jurisdiction).

PIDG will uphold all laws relevant to countering tax evasion in all the jurisdictions in which PIDG companies operate, including the UK CFA 2017 and equivalent legislation in other jurisdictions.

PIDG recognises that it will commonly participate in investment structures involving offshore financial centres (“OFCs”) when this fits with the purpose of mobilising private finance towards developing
countries and, thereby, helps to fulfil its development mandates. PIDG is committed to abiding by the Principles in relation to its activities.

In accordance with the Principles, PIDG will:

(i) seek to avoid being a party to potentially harmful tax structures where there is a significant risk of tax evasion by the PIDG Recipient or an unfair tax treatment towards the PIDG Recipient, and will require PIDG Recipients to comply with tax laws in the developing countries in which business is conducted;

(ii) avoid participating in corporate structures created for the sole purpose of shifting taxable profits away from the developing countries in which business is conducted. PIDG participates in transactions involving intermediary jurisdictions or holding company structures outside host countries when such structures are deemed necessary to mobilise financial resources and to fulfil development objectives. The use of OFCs or intermediate jurisdictions will be limited to jurisdictions that are committed to the internationally accepted standards defined by the Global Forum on Transparency and Exchange of Information for Tax Purposes (the “Global Forum”), which include the automatic exchange of tax information (“AEOI”), and are at least largely compliant with them; and is not on the EUs list of Non-Cooperative Jurisdictions;

(iii) promote transparency by reporting the aggregate tax paid by PIDG companies and PIDG Recipients, to the extent that this is practically possible. Where information cannot be published, PIDG will explain the reasons. Due to legitimate expectations of privacy, this will not extend to disclosure of beneficial ownership of investee entities unless such disclosure is already required by law; and

(iv) recognise the role of tax in development effectiveness reports by including information collected on taxes paid by PIDG companies and PIDG Recipients at an aggregate level, as per (iii) above. This will complement PIDG’s other development indicators and help position the role of development finance in reaching the Sustainable Development Goals (“SDGs”).

4 Responsibilities
The board of directors of PIDG Ltd has overall responsibility for ensuring that this Policy complies with PIDG’s legal and ethical obligations, and that all Applicable Persons comply with it. PIDG Ltd shall engage with the board of directors of each PIDG company to ensure the adoption of systems and controls to prevent the facilitation of tax evasion.

Where non-compliance with the policy arises, this shall be documented as part of the investment proposal along with the reasons for non-compliance and then reviewed by the PIDG company’s Investment / Credit Committee, before being recommended for approval.

Investments which would give rise to a material reputational or financial risk to the company and/or the PIDG Group must be approved by the PIDG Investment / Credit Committee (as appropriate).

---

1 The PIDG uses the criteria set out in the EDFI Guidelines for Offshore Financial Centres to assess whether a jurisdiction might be an offshore financial centre.
Where the risk is not deemed to be material, approval must be provided by the PIDG Chief Financial Officer, or in their absence the Chief Risk Officer or Group Head of Finance.

The PIDG Chief Financial Officer has responsibility for implementation and oversight of this Policy, which will include monitoring compliance.

5 Breaches of this policy
Any PIDG employee who breaches this Policy may face disciplinary action, which could result in dismissal for misconduct or gross misconduct.

PIDG entities may terminate their relationship with Applicable Persons if they breach this Policy.