

BIIF Group Tax Strategy

BIIF Group

The BIIF Group (“Group”) comprises BIIF Holdco Limited, a UK tax resident investment holding company, and its subsidiaries. BIIF Holdco Limited is itself a wholly owned subsidiary of BIIF Limited Partnership (“BIIF”), which is a long term unlisted infrastructure fund that has invested in a significant portfolio of Public Private Partnership (“PPP”) projects, and other infrastructure project investments that generate a long term return with a similar risk profile to PPP assets. The investments made by BIIF are held through BIIF Holdco Limited and are located mainly in the UK. The investments include schools, prisons, hospitals, road, light rail and offshore transmission assets (“OFTOs”) and renewables.

The principal activity of BIIF Holdco Limited is to act as the parent holding company of the Group. Subsidiaries in the Group act as intermediate holding companies or carry on infrastructure project company activities related to the provision, operation and maintenance of various social infrastructure and renewables assets.

BIIF Group Tax Strategy

The publication of the Group’s tax strategy is made in compliance of the requirements of paragraph 16, Schedule 19 of the UK Finance Act 2016. The Group’s tax strategy set out below was published on 12 March 2024 and is published in respect of the requirement applying to the Group’s accounting period ended 31 December 2023. The strategy will be reviewed, and updated as necessary, on a periodic basis.

Approach to Taxation

The Group’s approach to taxation is based on the following principles:

- To act lawfully and with integrity;
- To maintain an open and constructive relationship with HMRC; and
- To maximise value for the Group’s investors with the intention of long-term stability and good reputation of the business.

The Group is fully committed to complying with its obligations under all relevant formal legal, regulatory and tax requirements and is focussed on maintaining trust with all stakeholders whilst generating returns for its investors.

Governance Arrangements

BIIF is managed by 3i BIFM Investments Limited, a UK company authorised and regulated by the UK’s Financial Conduct Authority. The board of BIIF Holdco Limited comprises senior members of 3i BIFM Investments Limited and is responsible for the Group’s tax strategy and the supporting governance framework for the management and control of tax risk. The board of BIIF Holdco works closely with reputable tax agents, tax advisors from leading accountancy firms as well as BIIF’s investment manager to ensure the Group is fully compliant with its tax obligations.

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Infrastructure Managers Limited (“IML”) acts as tax agent for BIIF Holdco Limited and its UK subsidiaries, which comprise a mix of intermediate holding companies and infrastructure project companies making up the investment portfolio of the Fund. IML is a leading specialist provider of project and portfolio services to the PPP market. Its tax department has significant experience in managing the tax affairs of PPP portfolios and companies. IML also provides advice to the Group on UK corporate tax matters relating to the whole Group.

IML employs qualified tax professionals and is committed to:

- Applying diligent professional care and judgement in line with the Group’s approach to taxation;
- Effectively managing tax risk by the application of the Group’s tax strategy;
- Observing all applicable tax laws, rules, regulations, and disclosure requirements; and
- Working closely with HM Revenue and Customs through frequent meetings and communications with the Group CRM to ensure good working relationships.

The board of BIIF Holdco Limited, the manager of BIIF, and IML work closely together to ensure that the Group fulfils its tax strategy objectives. IML issue a quarterly tax report and meet regularly with the board to provide updates and to discuss future plans.

Attitude to Tax Planning

The Group is committed to ensuring that any tax planning undertaken for the Group is on a commercial and sustainable basis. All structuring or transactions undertaken by the Group have a business or commercial purpose and the Group does not enter into artificial or aggressive tax avoidance schemes to reduce the Group’s tax liabilities.

The focus of the Group’s UK tax planning is to ensure the full utilisation of tax losses within its UK tax group, in line with the relevant UK tax legislation. The Group’s position is kept under regular review to identify where tax losses in one UK group entity can be used to offset the taxable profits in another. The use of group and consortium relief allows the Group to consolidate its taxable profits position.

The Group’s View on Level of Acceptable Tax Risk

The principal tax risks facing the Group are summarised below:

Risk	Risk management
Tax compliance and reporting Risks associated with compliance failures such as submission of inaccurate or late returns, the failure to submit claims or elections, or where systems do not adequately support tax compliance and reporting requirements.	<ul style="list-style-type: none">• All tax returns are subject to review within the IML tax team prior to submission to HMRC, with an annual sample review of returns by an external adviser.• Tax systems and processes are reviewed on a regular basis and updated as required.

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<p>Legislative/regulatory changes</p> <p>This includes changes to the UK tax regime including those arising from the OECD's BEPS initiatives, and any tax impacts arising from the introduction of new UK accounting standards.</p>	<ul style="list-style-type: none">• The Group constantly monitors tax regulatory requirements to ensure compliance. The Group actively engages with HMRC through participation in relevant consultation processes• The Group engages specialist advisers where necessary• The IML tax team participates in the process of implementing accounting changes within the Group. It communicates the tax impact of these to the accounting functions within the Group via training and to the board through the quarterly reporting system.
<p>Transactional/financing arrangements</p> <p>Where business decisions may be made without appropriate consideration of the potential tax consequences or where advice taken is incorrectly implemented.</p>	<ul style="list-style-type: none">• In addition to the formal quarterly updates, there is a regular dialogue between the board of BIIF Holdco and IML on transactions and developments affecting the Group.• The IML tax team incorporates appropriately qualified UK tax professionals who are assisted by high quality external advisors. The tax team is involved in business and financing decisions.

The Group aims for certainty on its group tax position by taking a low risk approach to all tax related matters. The assessment of tax risks is made through a consideration of:

- The benefit of certainty to investors
- The impact on the reputation of the Group and its associated stakeholders
- The impact on relationships with tax authorities

Relationship with HMRC

The Group has an open and constructive relationship with HM Revenue & Customs, focussing on providing real time information to the Customer Relationship Manager through regular face to face meetings and correspondence to ensure full transparency and to minimise tax risk. The Group is also actively involved in making representations to HMRC on significant legislative changes that affect it.