

ARGO GLOBAL LISTED INFRASTRUCTURE LIMITED
TAXATION GOVERNANCE & RISK MANAGEMENT POLICY

Introduction

Argo Global Listed Infrastructure Limited (ALI or Company) actively manages a portfolio of global listed infrastructure securities, diversified by sub-sectors and geographies, with the objective of providing both long-term capital growth and dividend income for shareholders.

The Company's operations are managed by Argo Service Company Pty Ltd (ASCO or Manager), which has engaged Cohen and Steers Capital Management Inc. (CNS or Portfolio Manager) to actively manage the portfolio under the supervision of the Manager. The Manager provides these services under Australian Financial Services Licence no. 470477. The Manager is a wholly owned subsidiary of Argo Investments Limited, which is a substantial shareholder of the Company.

The Company employs State Street Australia Limited to provide custodial and administration services. The professional services provided by State Street include administration, accounting, regulatory and taxation.

Risk management framework

The Company has a risk management policy that addresses the elements of its risk management framework, including the Company's risk appetite statement and who is responsible for risk at ALI. In particular, the Audit and Risk Committee considers and reports to the Board on operational risk matters including the oversight of taxation risk.

Taxation compliance strategy

Management's risk management and internal control system ensures compliance by the Company with its taxation obligations. The Company's taxation compliance strategy is overseen and monitored by the Audit and Risk Committee who reports to the Board.

ALI's tolerance for taxation risk is low (which is inherent in taxation matters). ALI's tax compliance strategy is to provide conservative tax effective accounting under current taxation legislation and ATO guidance to ensure tax obligations are met. The Company looks for certainty in tax outcomes and therefore does not pursue risky or uncertain positions. Management consult external taxation advisers on all significant transactions and medium/high taxation risk matters to ensure the most appropriate application is in line with current tax legislation to enable the Company to meet its taxation obligations.

Taxation risk management

The Company's operational risks including taxation obligations are managed within the Company's risk management framework and in accordance with the Company's risk appetite and its particular tolerance for taxation risk. The business environment is regularly reviewed for new taxation risks and its current taxation risks are continually monitored. Management subscribes to taxation commentary and legislative updates in addition to access to extensive external taxation resources.

The Audit and Risk Committee has a standing agenda item which allows management to provide the Committee with an update on operational risk events, including any taxation issues and the Chief Financial Officer reports any taxation risk issues arising to the Committee.

Management in consultation with its auditors/advisers report to the Board, either directly or through the Audit & Risk Committee, on any difference of view in accounting and tax treatment to ensure the Board understands the consequences of treatment in the financial statements and possible impacts.

The Managing Director and the Chief Financial Officer provide the Board with signed management representation assurance letters twice a year which confirm the Company's internal controls, founded on a sound system of risk management, internal compliance and control, are operating efficiently and effectively in all respects and implement the Corporate Governance policies of the Company.

Taxation risk may include the following:

- ▶ Reputational or strategic risk – uncertainties in the businesses tax strategy or reputational risk (such as in negative publicity, creating a high risk profile within the revenue authority or a higher risk rating leading to increased costs of compliance).
- ▶ Financial risk – an adverse impact on cash as a result of tax reaching an incorrect view on the application of the law.
- ▶ Compliance systems risk – an instance of inability to comply with regulatory and statutory requirements (e.g. use of incorrect data, late lodgement of a tax return and ATO scrutiny).
- ▶ Operational risk – the risk of loss arising from inadequate or failed internal processes, people and systems (e.g. inadequate documentation to support transactions or a transaction is not implemented in accordance with advice).

In addition to the risks set out above, the Company considers a key taxation risk is that it takes a tax position that is contrary to tax legislation and guidance and that the amounts of tax due are incorrectly calculated, provisioned for and/or paid. In this regard, the Company's auditor reviews/audits the tax calculations and provisions reported in the financial statements at the half-year and full year and report findings to the Audit & Risk Committee.

Taxation risk controls

To reduce the risk of misstatement in the calculation and provision for taxation and mitigate any taxation risks identified above, the Company has the following controls in place:

Income tax

As ALI is a listed investment company that owns global listed infrastructure investments ALI's income tax affairs predominantly comprise taxation of dividends and distributions, capital gains on sales and revaluation gains or losses. Income tax compliance is managed as follows:

- Tax effect accounting and compliance including provision for tax payable, provided by the Custodian, is reviewed by management and the Company's auditors and tax specialists as part of the half-yearly review and full-year audit.
- Management and external tax specialists review and confirm accounting and tax treatment of investment transactions to ensure treatment is consistent with ATO legislation and guidance.
- Management review the Company's tax return provided by the custodian and engage external tax specialists to review and lodge the return each year.
- The Company submits a US tax return each year to recover excess foreign tax withheld amounts which are not recoverable in the Australian tax return under the US Australian tax treaty. An independent professional US tax specialist prepares the Company's USA tax return for management and external tax specialists to review prior to lodgement.

Goods and services tax

The majority of ALI's activities involve "GST free financial supplies". As the ALI portfolio is predominately invested internationally, the amount of GST paid relating to the management services provided by Argo Service Company Pty Ltd is recovered based on the proportion of international investments in the portfolio. These taxes are calculated by the Custodian and reviewed and approved for recovery by management. The GST amounts recovered are reviewed and confirmed by the external auditor as part of the audit process each year.

Payroll taxes

Payroll taxes are calculated using third party software which is regularly updated for legislative changes. These taxes are calculated by management and confirmed correct by the external auditor as part of the audit process each year.