

GrainCorp Limited

**Voluntary Tax
Transparency Report
2021**



GrainCorp

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About GrainCorp

GrainCorp is a leading diversified Australian agribusiness and processing company, with integrated operations across four continents and a proud history of delivering for customers for more than 100 years.

Our purpose is to proudly connect with customers and rural communities to deliver value through innovation and expertise.

GrainCorp's integrated operating model includes origination and accumulation, storage and logistics, sales, marketing and export and value-added processing. GrainCorp has operations in Australasia, North America and Europe (including the United Kingdom).

GrainCorp has two reporting segments:

- Agribusiness
- Processing

GrainCorp is committed to transparency and honest and open communication on all regulatory and financial disclosures.



Message from the Chief Financial Officer

In line with our commitment to corporate tax transparency, I am pleased to present the GrainCorp Limited Voluntary Tax Transparency Report for the year ended 30 September 2021.

GrainCorp has a strong commitment to compliance with taxation laws and regulations, and ensuring we are paying the right amount of tax in jurisdictions which we operate.

In this report you will find an overview of GrainCorp's approach to tax strategy and governance and tax contributions made. The information in this report is disclosed voluntarily in line with the recommendations and guidelines contained in the Board of Taxation's Voluntary Tax Transparency Code.

This report continues to reflect our commitment to corporate tax transparency and open communication with our stakeholders.



Ian Morrison
Chief Financial Officer

GrainCorp's approach to tax

Tax Strategy

To be a leading agri-food business, GrainCorp must uphold its responsibility to all stakeholders. Stakeholders include customers, employees, governments, communities and suppliers.

GrainCorp's primary focus on all tax matters is accurate compliance and adopts a conservative approach to tax risk. GrainCorp is committed to paying its fair share of tax and have an effective governance framework to manage our tax affairs.

GrainCorp is committed to conduct its tax affairs consistent with the following objectives, to:



1. Comply with all relevant laws, rules, regulations, and reporting and disclosure requirements, wherever we operate.



2. Apply professional diligence and care in the management of all risks associated with tax matters and ensure governance and assurance procedures are appropriate.



3. Foster constructive, professional and transparent relationships with tax authorities, based on the concepts of integrity, collaboration and mutual trust.

GrainCorp's approach to tax

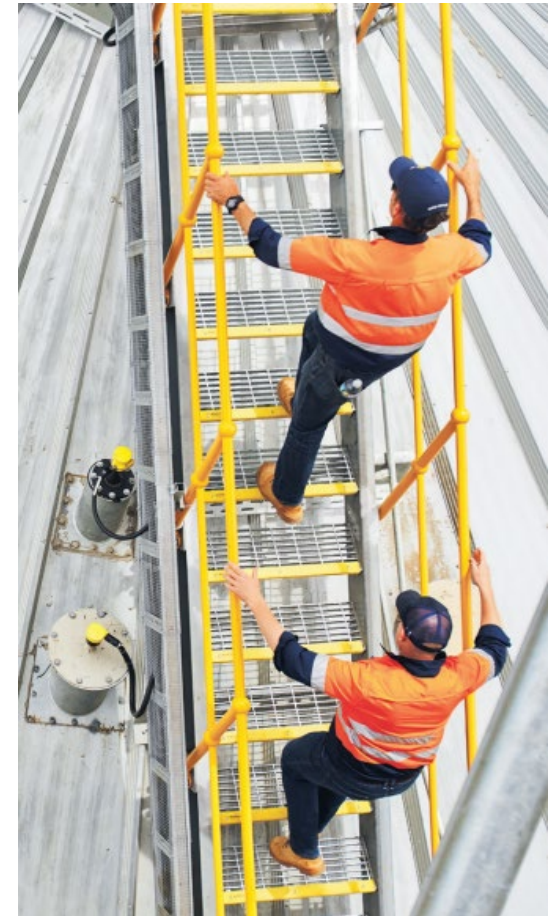
Tax Governance and risk management

GrainCorp is committed to complying with and observing all applicable rules and regulations in all territories in which it operates.

GrainCorp's Tax Governance is implemented through GrainCorp's Tax policy, which is a part of GrainCorp's risk management and policy framework. Compliance with the policy is ultimately monitored by the Audit and Risk Committee.

The Board approved Tax Governance requires that where there is uncertainty as to the application of tax law, appropriate advice may be taken from third party advisors.

GrainCorp's significant transactions have historically and are expected to on a go forward basis, have documented tax advice detailing the tax consequences arising from transactions. The policy also includes an internal escalation process for the groups business to refer tax matters to the Tax Team.



International related party dealings

GrainCorp Limited, an Australian domiciled entity, is the head company of the GrainCorp group. GrainCorp's operations overseas are conducted through legal entities, all of whom are subject to local tax regimes. GrainCorp establishes entities in jurisdictions where business activities are located and the prevailing regulatory environment available.

GrainCorp undertakes a comprehensive analysis of each related party transaction to ensure that they are conducted on an arm's length basis as set by the Organisation of Economic Co-operation and Development (OECD). GrainCorp operates in the following jurisdictions:

Country	Nature of Activities
New Zealand	Active operations - bulk storage and manufacturing facilities for edible fats and oils
Canada	Support global trading activities and grain supply chain storage and services
United Kingdom	Seed, grain and organic trading business to connect farmers with viable domestic and global markets
China	Support activities
Singapore	Support global trading activities
Ukraine	Support global trading activities
India	Support activities

Reconciliation of accounting profit to income tax expense

The reconciliation below which outlines the relationship between accounting profit and income tax expense and the income tax payable for the years ended 30 September 2020 and 2021.

	2021		2020	
	Group \$M	Australia \$M	Group \$M	Australia \$M
Profit / (loss) from continuing operations before income tax expense	197.8	198.4	46.7	(373.4)
Income tax expense / (benefit) calculated at 30%	59.3	59.5	14.0	(112.0)
<i>Tax effect of amounts which are not deductible / (taxable)</i>				
Share of net (profit) / loss of joint ventures	2.9	0.0	0.4	0.0
Non-deductible / non-assessable items	0.7	0.5	0.1	137.0
Recognition of previously unrecognised tax losses	(4.3)	0.0	(1.9)	(1.9)
Under / (Over) provision in prior years	0.5	0.9	(0.5)	0.0
Difference in overseas tax rates	(0.6)	0.0	(0.6)	0.0
Income tax expense / (benefit)	58.5	61.0	11.5	23.1
Accounting effective tax rate¹	29.6%	30.7%	24.7%	(6.2%)
<i>Temporary differences</i>				
Provisions / accruals	11.4	10.3	(3.7)	(3.0)
Tax losses	(53.5)	(54.6)	(37.2)	(36.1)
Property, plant and equipment / intangible assets / leases	(0.5)	(0.2)	24.2	24.6
Deferred revenue	2.2	2.2	2.3	(1.5)
Unrealised gains / (losses) on derivative contracts	(14.7)	(15.5)	(6.0)	(6.0)
Other	(3.5)	(3.1)	9.0	1.0
Income tax payable / (refundable)	0.0	0.0	0.0	0.0



1. Effective tax rate is calculated as the income tax expense divided by profit subject to tax (excluding equity accounted profit / loss)

Australian tax contributions

GrainCorp pays corporate income tax, salary and wage withholding tax, fringe benefits tax (FBT), withholding tax and other duties and levies to Federal and State Revenue Authorities.

The total tax collected and paid to Revenue Authorities is illustrated in the table below.

Due to drought conditions that affected the east coast of Australia during 2018 to 2020, GrainCorp generated income tax losses which are carried forward to be used against future years profit. GrainCorp therefore paid no corporate income tax in 2021 due to having carry these forward tax losses.

Total taxes collected and paid	2021 \$M	2020 \$M
Tax withheld from salary and wages	54.36	48.30
Payroll tax	10.34	7.29
Fringe benefits tax	0.69	0.83
Other withholding taxes, duties and levies	2.03	2.42
Total taxes paid	67.42	58.84

ATO tax transparency disclosure for 2020

In December each year, the ATO releases the prior year details for the GrainCorp Limited Australian tax consolidated group income tax return. Currently the most recent information released relates to 2020. The 2021 income tax return information will be released by the ATO towards the end of the 2022 calendar year.

Details of information released for the 2020 and 2019 year:

GrainCorp Limited ATO tax information	2020	2019
	A \$M	A \$M
Total Income ¹	5,343	4,025
Taxable / Net Income ²	0	0
Total tax payable ³	0	0

1. Total Income – This relates to total sales revenue earned by the GrainCorp Australia Group. The number does not include expenses incurred in making these sales – such as the cost of purchasing grain.
2. Taxable / Net Income – This is GrainCorp’s Australian income less expenses. The income and expenses are adjusted for permanent and timing differences between tax and accounting. Due to drought conditions during 2018-2020 GrainCorp generated tax losses which reduced the taxable income to Nil.
3. Total tax payable – This is taxable income, less withholding taxes, R&D and franking credits – multiplied by 30%.



GrainCorp