

# Bouwinvest's Tax Policy



# Real Value for Life through responsible tax behaviour.

## 1. Introduction

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Bouwinvest Real Estate Investors specialises in managing real estate portfolios for institutional investors. We invest for the long term and manage assets in all the leading property segments. We act as fund manager and as investment manager. As fund manager, we manage five Dutch sector funds, three of these being Alternative Investment Funds as referred to in the AIF Directive (Alternative Investment Fund Managers Directive) and thus open for institutional investors. Bouwinvest therefore has an AIFMD license. Two real estate sector funds are closed, with bpfBOUW the sole investor. As an investment manager, we manage three regional mandates for bpfBOUW in Europe, North America and the Asia-Pacific region.

Bouwinvest is a 100% subsidiary of the Dutch pension fund for the construction workers (bedrijfstak-pensioenfondsen voor de Bouwnijverheid – bpfBOUW) and we have offices in Amsterdam, New York and Sydney.

### Why this policy?

Our clients are looking after the retirement income of their beneficiaries. To this end they invest, mostly with other (international) investors, in funds operated by Bouwinvest or foreign funds operated by local investment managers. Together with our business partners, we are committed to create sustainable and liveable urban environments that generate stable income for our pension fund and insurance clients. We call our emphasis on societal and financial returns real value for life and we believe responsible tax behaviour is an essential part of real value for life. This policy guides us in achieving responsible tax behaviour.

## 2. Our vision on tax

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Pursuing both a financial and a societal return for our clients implies that we carefully consider generally accepted tax principles such as equal tax treatment and avoidance of double taxation.

It also means that, for us, tax is not simply a cost to be minimised but a vital investment in the local infrastructure, legal systems and communities of the societies in which we invest.

After all, tax contributions are needed to finance the United Nations Sustainable Development Goals (UN SDGs)\* that we support. We also believe that investments that are aligned with the needs of society are less vulnerable to legal, financial and reputational risks.

We therefore consider tax considerations to be part of the environmental, social and governance factors that we incorporate in our investment decisions. For this reason, this policy is an integral part of our Responsible Investment Policy\*\*

This vision on tax guides us in our daily work and forms the basis for our Tax Principles (chapter 4).

## 3. Scope & governance

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This policy applies to all our activities and to both direct and indirect taxes. The policy applies to our investments as of the date the policy came into effect (1 January 2019).

The first draft of the policy was approved and supported by the Bouwinvest Executive Board of Directors in December 2018, after being drafted by Bouwinvest's tax department in close cooperation with relevant internal stakeholders. The policy is re-assessed and signed off by the Executive Board of Directors annually or in the interim when activities or circumstances require such reassessment.

We are transparent about our policy. We will therefore publish it on our website and we may actively share it with business partners. We also engage with our business partners on their tax behaviour, tax risk management and tax transparency.

Bouwinvest's tax governance and internal control framework allows for the proper execution and monitoring of this policy.

\* <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

\*\* <https://www.bouwinvest.nl/over-ons/verantwoord-beleggen/>

## 4. Tax department

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Bouwinvest's tax department comprises two tax managers for the Netherlands, a tax manager international and a head of tax. The head of tax reports to the CFRO.

The tax department acts as an advisor to the business, other staff departments and the Bouwinvest Executive Board of Directors in transactions, policy setting, tax risk management and tax reporting. As such, the tax department is both supportive and controlling: the tax department both assists the business in transactions and assesses whether Bouwinvest is complying with tax laws and regulations

For the above-mentioned activities, Bouwinvest may seek advice from reputable tax consultancy firms.

## 5. Tax Principles

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We not only comply with laws and regulations, but also seek to understand and respect their spirit and purpose. Our behaviour is also determined by (international) initiatives aimed at preventing tax avoidance and increasing tax transparency. Such initiatives are the European Anti-Tax Avoidance Directive (ATAD), the Directive on administrative cooperation and the OECD/G20 Inclusive framework on Base Erosion and Profit Shifting (BEPS)\*. Finally we are open to what stakeholders consider appropriate and acceptable. We practice this tax norm by respecting the following principles.

### Transactions & investment structures

#### a) Sound business reasons

Our investment structures and the transactions we engage in are supported by sound business reasons that reflect economic reality and therefore should not be primarily tax driven.

#### b) Explainable

We are prepared and able to explain the investment and transaction structures we engage in to stakeholders, including the dilemmas we may face given the context in which we operate.

Furthermore, we carefully consider how our tax behaviour might be perceived by our stakeholders. In other words, we carefully assess any dilemmas in the context of our obligations towards our beneficiaries and potential reputational risks, taking into account all relevant circumstances.

#### c) Prevention of double taxation

We aim to prevent double taxation in both a national and an international context. We aim to prevent the taxation of different entities for the same income and the accrual of different taxes to the same entity. For instance, Dutch pension funds are tax exempt as pension benefits are taxable in the hands of the beneficiaries. We also aim to benefit from exemptions for pension funds in an international context.

#### d) Equal treatment

In an international context, we strive for equal treatment of our investors and sufficiently equivalent local entities.

#### e) Sovereignty of nations

At the same time, we respect the sovereignty of jurisdictions and their respective taxation rights.

Given the (international) investment environment and, in certain cases, our limited level of influence, we may not always be able to act in compliance with above investment principles in full. We also acknowledge that these principles cannot always be fully respected in parallel. In such a situation, we may still decide to invest, after having carefully weighed relevant facts and circumstances, such as the risk of reputational damage, market acceptance and the availability of alternative structures.

### Stakeholder engagement

#### f) Active stakeholder engagement

We actively engage with stakeholders on tax-related matters. We build open and cooperative relationships with relevant tax authorities based on mutual respect and understanding. We also actively engage with other important stakeholders, such as managers, investors, tenants and other business partners.

We actively participate in industry associations such as the European Association for Investors in Non-Listed Real Estate Vehicles (INREV), the Dutch Fund and Asset Management Association (DUFAS) and the Association of Institutional Investors in Dutch Real Estate (IVBN). Through these organisations, we actively engage with national and supranational organisations on new initiatives and public consultations on tax directives and legislative proposals.

#### g) Unambiguous tax reporting

We are transparent towards our stakeholders on our tax behaviour and communicate unambiguously on tax-related matters.

### Tax Risk Management

#### h) Active risk management & tax governance

We actively identify and manage our tax risks and opportunities, which implies that we assess the financial, legal and reputational risks of our tax behaviour. Through our internal control framework, we enhance good tax governance by defining roles, responsibilities and control measures in tax relevant processes.

#### i) Data management

To support strategic decision making and provide adequate and sufficiently frequent tax reporting, we actively manage our tax data. To enhance data integrity and increase efficiency, we invest in tax-related technology to manage our tax data.

\* For domestic Dutch initiatives we refer to the following webpage: <https://www.rijksoverheid.nl/onderwerpen/belastingontwijking>

# #At a glance

## Transactions & investment structures

Each investment structure must have **sound business reasons**



Each investment structure must be **explainable**



We aim at **preventing double taxation**



We aim at **equal tax treatment**



We respect **sovereignty of nations**



## Stakeholder engagement

We aim at **unambiguous tax reporting**



We actively engage **with our stakeholders**



## Tax risk management

We actively **manage our tax risks**



We actively **manage our tax data**

