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# Taxation Policy

**Belfius Asset Management**



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## 1. About Belfius Asset Management

Belfius Asset Management (hereafter: Belfius AM) is a management company recognized by the FSMA for UCIs (Undertakings for Collective Investments) and mutual investment funds, including alternative funds. Belfius AM is a subsidiary of Belfius Bank, and is therefore strongly anchored in the Belgian financial sector. Our activities mainly consist of the management, administration and distribution of investment solutions through a diversified range of investment funds.

Our objective is to add value to our end investors, both from a financial and from a wider societal perspective, by managing our portfolios proactively and by working together with a number of renowned asset management partners. We strive to create long-term and sustainable value and to be meaningful and inspiring for Belgian society in a credible manner. Belfius AM has a long history in managing sustainable investment products, allowing our clients to invest in the transition to a more sustainable economy.

Belfius AM currently has four distinct models of investing:

- 1) **Belfius AM funds of funds:** These are investment funds for which our internal fund selection and portfolio management teams analyze and select underlying Exchange Traded Funds (ETFs) and Undertakings for collective investments (UCI) of third-party asset managers. These UCIs are collective investment vehicles that we select based on various aspects, such as investment strategy, financial performance, costs, and responsible investment approach and capabilities
- 2) **Delegated funds:** These are investment funds for which Belfius AM is the management company and for which we have delegated the investment management of the assets to an external manager. These external investment managers are currently Candriam & BlackRock Investment Management.
- 3) **Funds in direct lines** managed by Belfius AM's fund management teams: These are investment funds for which Belfius AM invests directly in individual securities.
- 4) **Private Portfolio Management:** This concerns discretionary portfolio management (discretionary portfolios) and investment advice (advisory portfolios) for private clients of Belfius Bank, with Belfius AM appointed as delegated investment manager by Belfius Bank. For these mandates, the private portfolio management team can invest in ETFs, funds, individual securities, alternative investments and/or derivatives.

## 2. About this policy – Introduction & Scope

Belfius AM acknowledges that tax evasion and tax base erosion are serious ESG issues which involve all sectors and expose enterprises and the societies in which they operate to substantial risks and consequences, including fines or liabilities.

As part of Belfius Group, Belfius AM is bound to the group's Tax Policy which prescribes compliance with all tax laws and procedures to which it is subject, and in particular to refrain from any involvement in fraud on its own behalf or on behalf of (or by) customers.

With a view on our investment decisions, tax evasion and tax base erosion are addressed by our norms-based analysis, group wide exclusion policy (TAP) and engagement efforts.

### 3. Tax Evasion vs. Tax Base Erosion

Tax evasion is generally understood as 'illegal arrangements where liability to tax is hidden or ignored, i.e. the taxpayer pays less tax than he is legally obligated to pay by hiding income or information from the tax authorities' (OECD definition).

Domestic tax base erosion and profit shifting (BEPS) occurs when multinational enterprises exploit gaps and mismatches between different countries' tax systems and can affect any country, although developing countries' higher reliance on corporate income tax means they suffer from BEPS disproportionately.<sup>1</sup>

### 4. Our approach

Belfius AM is using a multifaceted approach to addressing tax evasion and tax base erosion. The approach entails the use of exclusions as well as engagement and attention to tax matters in our own operations.

#### a. Aligning taxation through investment

##### **Exclusions based on our UN Global Compact & Controversy screening – TAP**

Belfius wants to contribute to a better Belgium by enabling the transition towards a sustainable society and Economy. Belfius Group has developed a [Transition Acceleration Policy](#) (TAP) at the core of our investment process. To create long-term and sustainable value for Belgian society in a credible manner, the TAP is making clear-cut decisions by excluding activities with a negative impact. As part of this TAP, Belfius AM apply a norms-based analysis which is built on the foundation of the 10 Principles of the United Nations Global Compact. When assessing whether a company violates the principles of the UN Global Compact, special attention is given to involvement in anti-trust activities, accounting fraud, taxation fraud, (illegal) tax evasion, money-laundering, and bribery and corruption with significant stakeholder impacts. Companies that we consider to be violating the principles of the UN Global Compact are excluded. Belfius AM uses the help of specialized data providers in order to determine which companies violate the UN Global Compact.

##### **Engagement with investees in funds in direct lines managed by Belfius AM.**

Regarding the topic of tax avoidance and illicit flows, while relevant work has been done by the OECD (OECD/G20 Base Erosion and Profit Shifting (BEPS) Package), there is currently no related international treaty. A global consensus on this issue still has to emerge. In the meantime, Belfius AM, for the funds invested in individual securities it directly manages, stays in dialogue with the multinationals it invests in. To that end it uses its engagement provider Morningstar Sustainability.

When engaging with companies through our engagement provider, the key objective in conducting this engagement is to raise awareness at board level of the importance of responsible taxation for investors and to promote increased transparency and a sustainable approach to managing corporate tax affairs by the multinationals in scope. Concretely, together with our engagement provider we will aim to persuade companies to adopt public country-by-country tax disclosures, publish detailed and specific global tax policies, and ensure that boards are appropriately informed and effectively engaged in the process of managing corporate tax affairs.

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<sup>1</sup> <https://www.oecd.org/tax/beps/>

## b. Aligning taxation through our operations

Belfius AM, as a member of Belfius Group, does not wish to be established in tax havens as defined in Belgian legislation and will at all times comply thoroughly with all tax laws and procedures to which it is subject, and in particular refrain from any involvement in fraud on its own behalf or on behalf of (or by) customers. Further information on Belfius Group's Tax Policy can be consulted on Belfius Group's webpage: [Belfius-Group-Tax-Policy-EN.pdf](#)

## 5. Governance

Procedures for the implementation of this policy are reviewed regularly for continuous improvement. In our commitment to adapting and improving, this policy will evolve over time to accommodate new commitments, alterations in our practices, and shifts in regulations.

This policy was issued as at 26/06/2024.

Please refer to Belfius AM's website (<https://www.belfiusam.be/nl/index.aspx> or <https://www.belfiusam.be/fr/index.aspx>) for more details on the company's responsible investment approach.