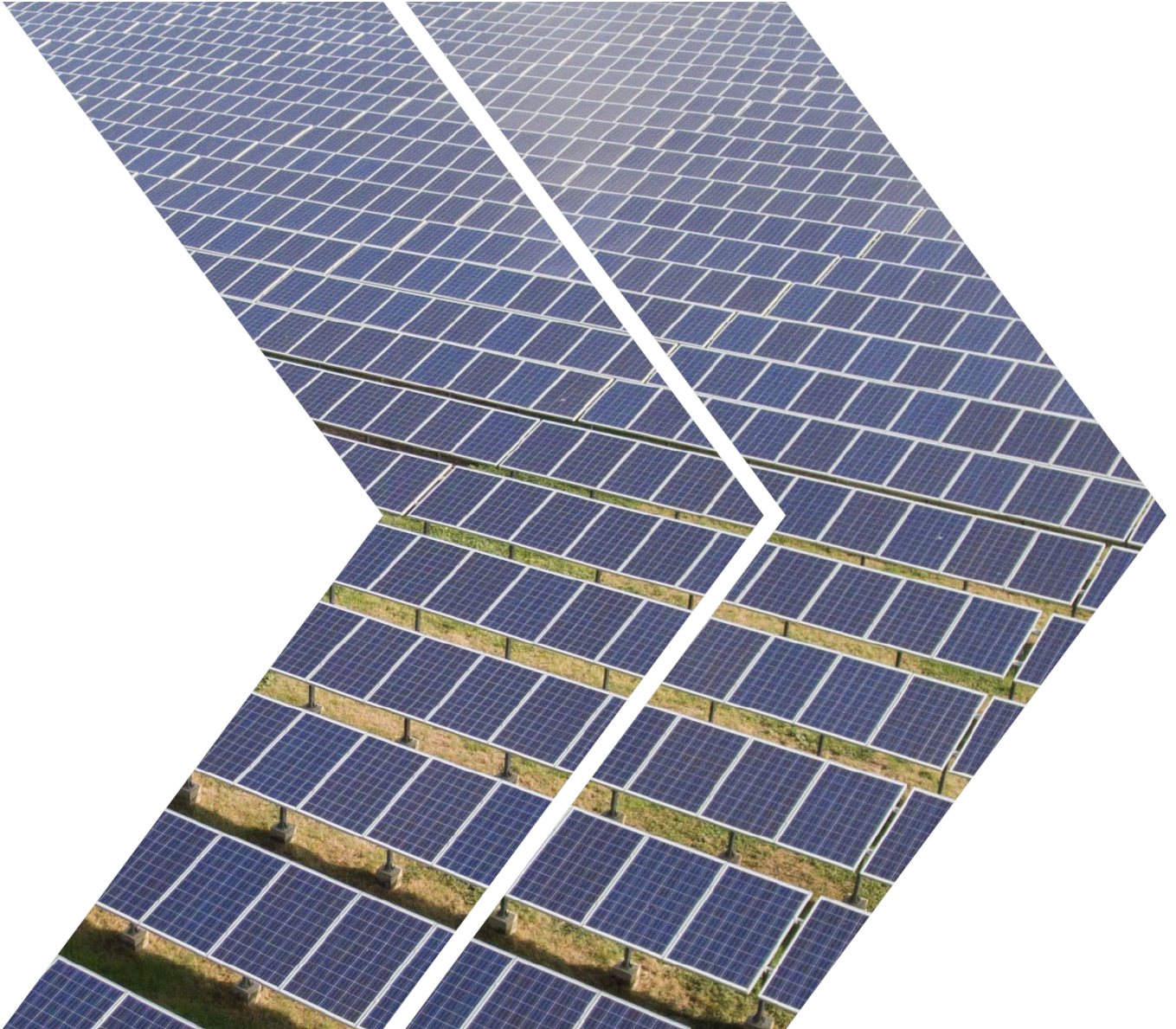


BII Tax Policy

31 March 2026



Introduction

Purpose and Scope

The purpose of this tax policy (**Policy**) is to set out the principles that underpin BII's approach to tax on its investment and operating activities and the role it can play in encouraging the adoption of these principles by its investees.

Policy Application

This Policy applies to: (a) all BII employees in relation to BII's financing, investment and operating activities; and (b) all BII's investees through the investments it makes.

Policy Statement

This Policy is underpinned by BII's overarching [policy on responsible investment \(PRI\)](#). The PRI describes BII's approach to responsible investing when it invests.

As the UK's development finance institution (**DFI**), BII invests to create more productive, sustainable and inclusive economies in Africa and Asia, enabling people to build better lives for themselves and their communities. BII seeks to achieve these goals by investing in businesses itself and encouraging other investors to do so too.

A measure of BII's success in delivering its mandate is the tax revenue generated directly or indirectly from its investments. Sustainable tax revenues are essential for governments to fund infrastructure and public spending, which in turn further stimulates sustainable development.

The amount of tax revenues attributable to BII's investments is tied to the growth and success of the businesses it supports; successful businesses generate more profits, create more jobs, encourage more private capital investment and ultimately lead to sustainable tax revenues for governments.

It is within this context that this Policy has been prepared.

Policy Principles and Requirements

1. BII respects the tax policies of governments and supports their ability to tax

- BII respects the right and sovereignty of countries to use fiscal policy to manage their economies, and of their tax authorities to apply the tax laws deriving from such policy.
- BII encourages transparent and fair engagement between tax authorities and taxpayers to promote an environment of trust, certainty, compliance and effective tax revenue collection for the benefit of the country and society.

2. BII requires full compliance with all applicable tax laws

- In recognition of its development purpose and ownership by the UK Government, BII is exempt from paying UK corporation tax on its investment income. BII and its consolidated subsidiaries fully comply with all other tax obligations.
- BII expects its investees to meet their tax compliance obligations in the countries where they operate and invest.
- BII encourages its investees to develop and strengthen their internal tax governance systems and controls to identify, understand and manage tax risks effectively, and to achieve accurate and complete tax compliance.¹

3. BII does not support tax-abusive practices

- BII does not support the use of artificially² constructed legal or financial arrangements specifically designed to avoid tax in its markets. BII supports domestic and globally coordinated efforts by governments and their tax authorities to combat such abusive practices.³
- BII considers the use of intended tax incentives, reliefs, claims and exemptions to be appropriate.

4. BII invests in or through structures deemed to comply with the requirements of this Policy

- BII will not invest capital in or through artificial² corporate structures specifically designed to obtain tax benefits in its markets.
- BII may invest capital through entities located in intermediate jurisdictions to facilitate the mobilisation of capital into businesses in its markets. It will not do so to avoid the payment of taxes or to reduce transparency.

¹ BII's own approach to internal tax risk governance is set out in its [UK Tax Strategy](#).

² Artificial meaning without commercial rationale or economic substance.

³ Such efforts refer in particular to the [OECD's project to combat BEPS](#) and the [UN's Handbook on BEPS](#) which considers the OECD BEPS project from a developing country perspective.

- BII will only invest through intermediate jurisdictions located in its markets or which adequately meet internationally recognised standards on tax transparency⁴ and commit to globally coordinated efforts to combat tax abusive practices⁵.

5. *BII is committed to transparency and aims to provide accurate tax information about its activities and investments.*

- BII expects its investees to provide data on taxes paid to enable BII to build a country-by-country analysis of its development impact in line with international standards.⁶

6. *Ongoing review of the Policy*

- BII will continually review this Policy against evolving international standards and best practice of other impact investors and update this Policy where it determines it is appropriate to do.
- BII may consider the requirements of this Policy to be inappropriate in exceptional circumstances. In such cases, BII may submit a waiver request to the Board for consideration and approval.

⁴ This primarily refers to standards set by the OECD which facilitates) [\(i\) effective exchange of tax payer information between tax authorities \(EOIR\)](#) and [\(ii\) effective automatic exchange of financial information of non-resident persons between tax authorities \(AEOI\)](#). BII may refer to other international benchmarks where appropriate.

⁵ This primarily refers to membership of the [OECD/G20 Inclusive Framework on BEPS](#). BII may refer to other globally coordinated programmes where appropriate.

⁶ [Thematic Area – Harmonized Indicators for Private Sector Operations \(HIPS0\)](#)

British International Investment

123 Victoria Street

London SW1E 6DE

United Kingdom

+44 20 7963 4700

bii.co.uk



[linkedin.com/company/british-international-investment](https://www.linkedin.com/company/british-international-investment)



Twitter @BritishIntInv

British International Investment plc is authorised and regulated by the Financial Conduct Authority.

Registered address as above.

Registered in England No. 3877777