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Corporate Tax Transparency Expectations for companies

SpareBank **1**

An isometric illustration of a workspace. A laptop is open, displaying a dashboard with a line graph, a bar chart, and a checkmark icon. To the left is a calculator. In the foreground, a magnifying glass rests on a document with the word 'TAX' written on it. Next to it is a smartphone showing a line graph. There are also several 100 Euro banknotes and coins scattered around. The background is a light blue gradient.

Corporate Tax Transparency

Introduction

Our overall vision for the investment area is to achieve “sustainable returns for a sustainable future”. Managing risk is the backbone of our business, and identifying and quantifying environmental, social and governance risk has always been an integral part of our business practice. We believe that active and responsible ownership will play a key role in the allocation of capital, engagement and value creation and thereby achieve a much more rapid transition to a sustainable economy.

SpareBank 1 Forsikring recognizes that we have a responsibility to ensure that all fundamental and internationally recognized declaration and norms are respected by the companies in which we invest, such as the Universal Declaration of Human Rights of 1948, the International Labour Organization’s (ILO) conventions, international humanitarian law, FNs Global Compact, OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights. We carry this responsibility through our investment decision making, stewardship activities, collaborations with other investors and policy dialogue.



Expectations of portfolio companies:

Corporate taxation that is effective can drive sustainable development, support inclusive growth, and mitigate inequality. Corporate taxes play an important role in financing public services. It also enables governments to fund environmental and social programmes. Business must embrace corporate tax responsibility.

Tax avoidance presents governance, reputational and earnings risks for companies. Clear communication around tax should be a priority for companies aiming to build public trust and increase their reputation. The tax transparency landscape continues to develop. Calls are being made for a wider group of industry sectors and companies to be included in the mandatory reporting regimes of the EU, with the potential for a mandatory disclosure of taxes and profits on a country-by-country basis.

SpareBank 1 Forsikring is expected that portfolio companies should have in place following policies and processes appropriate to their size and circumstances, including:

- Policy commitment
- Governance and risk management to ensure companies comply with tax laws, as well as have processes in place to keep to commitments in their own tax strategy. This should include board oversights for tax issues, staff training to increase awareness of the tax strategy, process to flag tax practices that may be in breach of the policy
- Transparency on tax strategy, tax-related risks and country-by-country activities

References:

1. OECD/G20 Base Erosion and Profit Shifting Project (2019)
2. PRI, Engagement Guidance on corporate tax responsibility
3. PRI, Advancing tax transparency: outcomes from the PRI collaborative engagement: <https://www.unpri.org/governance-issues/advancing-tax-transparency-outcomes-from-the-pri-collaborative-engagement/5541.article>