

Corporate Tax Transparency

Expectations for companies



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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.

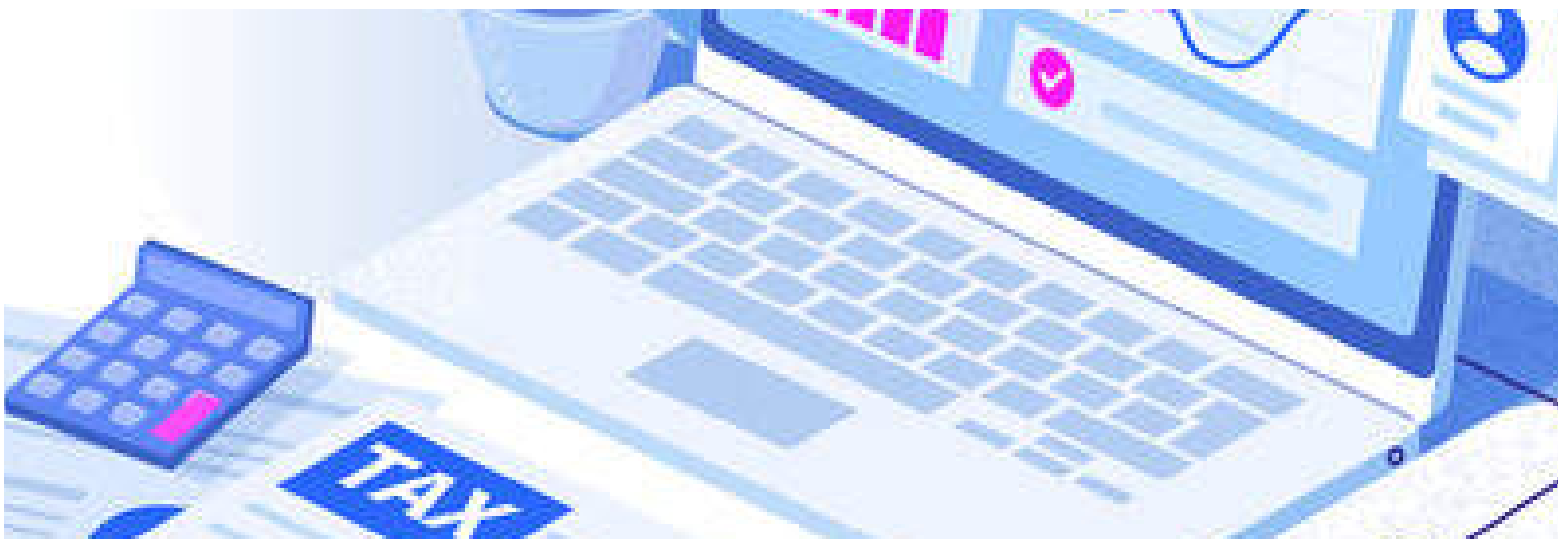
Expectations of portfolio companies:

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. Companies should establish a management system which results in immediate actions if any suspicions occur (internally or suppliers)
- Transparency on tax strategy, tax-related risks, group structure and country-by-country activities:
 - Companies should publish country-by country breakdowns of how and where their activities and the amount of tax paid. This should include reporting on following metrics: revenue, profit/loss, tax paid, subsidies received from governments, and if applicable in respective jurisdictions
 - Companies should publicly disclose information about their businesses or subsidiaries in jurisdictions with significantly low-tax or zero-tax environment
 - Companies should ensure that tax authorities have sufficient information about their activities.
 - Companies should be transparent on any tax specific issue
- Companies should integrate tax transparency criteria in their procurement policies and promote international principles on tax transparency to their suppliers and business partners



References:

1. OECD/G20 Base Erosion and Profit Shifting Project (2019)
2. OECD- Inclusive Framework on Base Erosion and Profit Shifting
3. PRI, Engagement Guidance on corporate tax responsibility
4. 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>