

THE B TEAM RESPONSIBLE TAX PRINCIPLES: ACCOUNTABILITY REPORT 2024

May 2024

THE B TEAM ►

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The B Team is a global collective of business and civil society leaders working to create new norms of corporate leadership today, for a better tomorrow. Together, these leaders strive to hold themselves and their peers accountable for measuring business success not only by financial performance, but also for the benefit of future generations.

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Beginning in 2018, The B Team and a select group of multinational companies co-designed and endorsed a set of Responsible Tax Principles. (See Appendix for the complete list of Principles and sub-Principles). More businesses have joined this effort over the years. Together, the companies have met with key stakeholders including investors, civil society leaders and regulators to share best practices, follow and respond to tax policy changes and reaffirm their commitment to responsible tax. Lessons learned from this initiative have been shared publicly along the way to demonstrate the value of advancing a responsible tax journey.

Five years into this work, the signatory companies felt the time was right to take stock and be accountable for their progress. In 2023, the companies embarked upon a first ever accountability exercise, creating a snapshot of their performance on the road to responsible tax. Twenty companies¹ completed self-evaluations to benchmark their progress against the Principles, followed by peer reviews and group discussions of findings.

Overall, the companies demonstrated 92% fulfillment of the Principles. Areas of strength for most companies include policy setting, oversight of tax governance and compliance with relevant laws. These are arguably the most straightforward elements in the Principles and would be expected of any major company performing adequately with regard to responsible tax practice. Aspects of the Principles that require more commitment, definition and renewed effort, however, are the companies' approach to tax incentives and a number of elements concerning transparency, including company ownership transparency.

Beyond the benchmark and detailed self-assessments, participating companies acknowledged great value in the conversations, both bilateral and group exchanges, which accompanied the accountability process. **Not only have these exchanges inspired new approaches and ideas for the companies to take forward internally, they have also given the companies common areas to explore and tackle together.** The B Team will continue to support these efforts to advance good practice and grow the movement of companies committed to responsible tax as a key building block of trust in business.

The B Team and the company signatories also found value in the accountability tool in ways unexpected: it fostered dialogue, exposed assumptions, addressed subjectivity and identified common challenges. The debate and discussion around the tool proved helpful in myriad ways, not least as a reminder that telling the story of responsible tax is critical alongside enhanced policies, practices and disclosures.



The B Team Responsible Tax Principles. Published in 2018.

1. Participating companies: Allianz, Anglo American, bp, Danone, E.Sun, Enel, Fortum, Ingka Group (Ikea Retail), Maersk, Natura &co, Novonesis, Orsted, Pearson, Relx, Repsol, Rio Tinto, SBM, Shell, TotalEnergies, Unilever.

ESTABLISHING THE PRINCIPLES AND THE RESPONSIBLE TAX WORKING GROUP

The B Team Responsible Tax Principles were launched at the United Nations in 2018. Spearheaded by The B Team alongside a group of nine leading multinational companies — in consultation with civil society groups, investors and international institutions — the Principles are a blueprint of best practice for companies to publicly demonstrate their commitment to responsible tax behavior.

The Principles adopt a holistic approach to responsible tax and are organized into three main categories: 1) **internal governance** (e.g., issues relevant to tax governance and compliance); 2) **external engagement** (e.g., interactions with authorities and stakeholders; and 3) **transparency** (e.g., disclosures that companies make regarding tax). In developing the Principles together with companies, The B Team sought to catalyze meaningful corporate action on responsible tax.

The companies who co-designed and launched the Principles, as well as those who have since joined them, recognize that **responsible tax is a journey**. There is no “one size fits all” approach. Taking this dynamic into account, the Principles serve as a central reference point: a “North Star” to guide company-specific approaches to responsible tax. By signing on, companies commit to implementing the Principles in full over time, as well as collaborating with each other, The B Team and key stakeholders to advance their approach to responsible tax.

Companies stepped up to sign and work with the Principles for a [number of reasons](#). First, they recognized that tax is a primary way the private sector contributes positively to societies; it is vital to their social license to operate. Companies also acknowledged that tax secrecy and/or aggressive tax planning do not offer competitive advantage; on the contrary, both practices can increase risk and cost of capital, undermining sustainable business.

When companies endorsed the Principles, The B Team publicizes this commitment on its website, alongside the names and logos of all signatory companies. The B Team is not an accreditation body, nor does it operate a certification scheme or audit a company’s approach to responsible tax. Rather, The B Team cultivates collaboration among companies to design and adopt their own approach to responsible tax. The B Team has also sought to create a space for dialogue, engagement and learning among signatory companies and stakeholders,

while challenging companies to continually evolve and strengthen their approach to tax reporting.

FIVE YEARS ON

The Principles’ five-year anniversary seemed an appropriate moment to take stock and ask the question: How much progress has been made on responsible tax?

Interest in the Principles has grown since 2018. As of early 2024, 27 companies are now signatories who regularly participate in the Responsible Tax Working Group, alongside dozens of engaged observers who informally apply the Principles. The policy landscape around this work has also changed, with the establishment of a global minimum corporate tax rate and growing pressure to increase taxes on natural resources. In addition, more companies and sectors have moved toward greater tax transparency and the integration of tax metrics into wider sustainability reporting.

SIGNATORIES TO THE B TEAM RESPONSIBLE TAX PRINCIPLES



Original signatories: Allianz, BHP, Maersk, Natura &Co, Repsol, Safaricom, Shell, Unilever and Vodafone

While The B Team regularly observes companies taking meaningful, tangible action toward responsible tax behavior (as evidenced in discussions, meetings and reports), the organization has never initiated a more systematic review of company performance, as mapped against the Principles. Encouraged by the companies themselves to better demonstrate progress, The B Team first piloted an accountability tool in 2022, one linked to the Principles and based on a system of self-assessment and peer review. The pilot was seen as a success by the companies. In 2023, The B Team rolled out the process across a wider group of signatory companies. This report outlines how the accountability tool worked, publishes its findings and shares some key learnings from both The B Team and the 20 companies involved.

**ECONOMIC GROWTH
DEPENDS ON FAIR AND
EFFECTIVE TAX SYSTEMS.
RESPONSIBLE TAX IS A
CRUCIAL PART OF THIS
AND HELPS BUILD A
FUTURE WHERE EVERYONE
CAN TRULY THRIVE.**

Oliver Bäte
CEO, Allianz

ACCOUNTABILITY ON RESPONSIBLE TAX — HOW ARE COMPANIES DOING?

The primary motivations behind this initiative are two-fold: **promoting accountability** and **encouraging progress over time**.

The path toward responsible tax is different for every company. There is no single destination at which all companies will, or should, arrive. Although each tax journey is different, the issue of accountability along the way cannot be overlooked. Public commitments to responsible behaviors need to be matched by action. In practice, signatories to the Principles have regularly demonstrated their commitment to the Principles, as evidenced, for example, in their public pronouncements and voluntary tax reporting. This accountability tool, now in its first iteration and the subject of this report, can help demonstrate that statements are matched by action.

At the same time, the accountability tool helps measure progress over time. Many companies are taking meaningful steps toward responsible tax practice, but it is difficult to know *how much* progress without some sort of benchmark. The accountability tool helps answer a range of questions about progress over time, by evaluating the overall performance against the Principles, identifying the Principles that are easier/more challenging to fulfill and measuring the pace of advancement.

There were many other reasons behind The B Team's drive to move forward with this initiative. The concept of responsible tax is inherently complex, with various interpretations and challenges for companies to navigate. The B Team facilitates collaboration among companies through platforms like the Responsible Tax Working Group, enabling them to share experiences and best practices. This forum for the exchange of insights and information also helps companies to better understand, and navigate, some of these challenges. While some aspects of responsible tax are objectively analyzable, others are more subjective, potentially leading to differing interpretations among companies.

The process of peer review - as well as the publication of results - also provides companies with opportunities to hear and accept challenges, both from peers and wider stakeholders; this is fundamental to accountability, and to improvement over time.

Finally, identifying and collectively addressing challenges, especially those that are common across different sectors and geographies, requires systematic analysis. This initiative allows The B Team - and the companies it is working with - to gain a clearer sense of what these challenges are, and to inform efforts to foster improvement over time.

“ OUR IKEA VALUES ARE GUIDING US AND APPLY TO ALL PARTS OF OUR BUSINESS, INCLUDING TAX PRACTICES. HUMBLINESS AND WILLPOWER ARE EXAMPLES OF THESE VALUES. WE NEED TO BE HUMBLE AND DETERMINED TO KEEP LEARNING, TO BE OPEN, TO LISTEN AND TO BE TRANSPARENT, SO THAT WE ARE ABLE TO SHARE AND INFLUENCE IN AN EVOLVING SOCIETY.

Juvencio Maeztu

Deputy CEO and Chief Financial Officer, Ingka Group

METHODOLOGY

The B Team sought to design an accountability tool that is robust yet relatively light touch. A fundamental decision of the tool was that it should allow direct review and discussion among individual companies, but as a whole reflect aggregate progress of the group. On balance, it was felt that this approach could demonstrate accountability while showing gaps, challenges and fostering opportunities for advancing learning and change.

After some trial and error in the pilot stage, the approach involved a three-stage process of self-assessment, peer assessment and peer engagement. The basis of the assessments was a template based on the Responsible Tax Principles. The B Team provided guidance regarding the assessment, which consisted of 'traffic light' red/amber/green ratings, as well as questions to help shape peer engagement. The B Team also established company pairings, matching participating companies from across the group.



The seven Responsible Tax Principles form the basis of the assessment:

- Principle 1 - Accountability and Governance
- Principle 2 - Compliance
- Principle 3 - Business Structure
- Principle 4 - Relationships with Authorities
- Principle 5 - Seeking and Accepting Tax Incentives
- Principle 6 - Supporting Effective Tax Systems
- Principle 7 - Transparency

Each of the Principles consists of a number of Sub-principles, with 37 Sub-principles in total in the template.

The 'traffic light' system is an assessment of each Sub-principle, as follows:



RED: Do not currently meet this Sub-principle



AMBER: Largely meet this Sub-principle / Have made significant progress toward meeting this Sub-principle



GREEN: Meet this Sub-principle in full

In evaluating the traffic light system, The B Team weighted the assessments to arrive at a % of fulfillment: fully green assessments received a 100% weighting, amber 50%, and red 0%. Where there was disagreement in assessment between a company and its peer, the lower assessment was used. Differences of opinion emerged within six pairs, reflecting varied perspectives on 4% of assessments on the Sub-principles.

Stage one involved companies completing a comprehensive self-assessment against each of the 37 Sub-principles. Companies were encouraged to populate the template with relevant evidence to support their assessments (e.g., tax or financial reports or links to relevant sections on their websites). These self-assessments were then shared with their peer-matched company.

Stage two involved the peer company reviewing the self-assessment and associated evidence, and providing their own red/amber/green assessment. Peer-matched companies were encouraged to challenge self-assessments and identify where sufficient (public) evidence of a company's demonstrated compliance with a given Sub-principle was lacking.

Finally, **stage three** involved the companies meeting to review both the self-assessments and peer reviews. They were encouraged to focus on any Sub-principles on which there was a disparity in assessment, and on those Sub-principles where self-assessment, peer assessment or both were amber or red. Companies were asked to reach a final assessment, highlighting where disagreements in assessment couldn't be resolved. They also used this opportunity to share experiences, knowledge and best practices, with a view toward guiding and supporting their peer-matched company toward improved compliance with the Principles.

Upon completion, companies shared with The B Team their finalized assessments as well as key learnings from the process. Learnings were also shared with the wider group.

APPLICATION

The first full implementation of the Accountability Tool was in 2023. 20 companies out of a total 27 in the Responsible Tax Working Group took part, from February until October 2023. Initial feedback has been very positive. Most participants felt that the greatest value of the initiative was in the discussion and dialogue rather than the assessment itself.

The B Team and the signatory companies agreed that the process would be repeated, to track progress against a benchmark set of results. The B Team will revisit the methodology, with a view toward refining it over time. In 2024, however, for the first repeat exercise, the methodology will be retained, for the sake of comparability.

MAIN FINDINGS OF THE ASSESSMENTS

Overall performance is strong across the Principles. The average fulfillment rate across all companies and Principles was high, at 93% With 20 companies participating in the process and 37 Sub-principles, a total of 740 assessments were made. Of these:

- 11 were "red"
- 86 were "amber"
- 643 were "green"

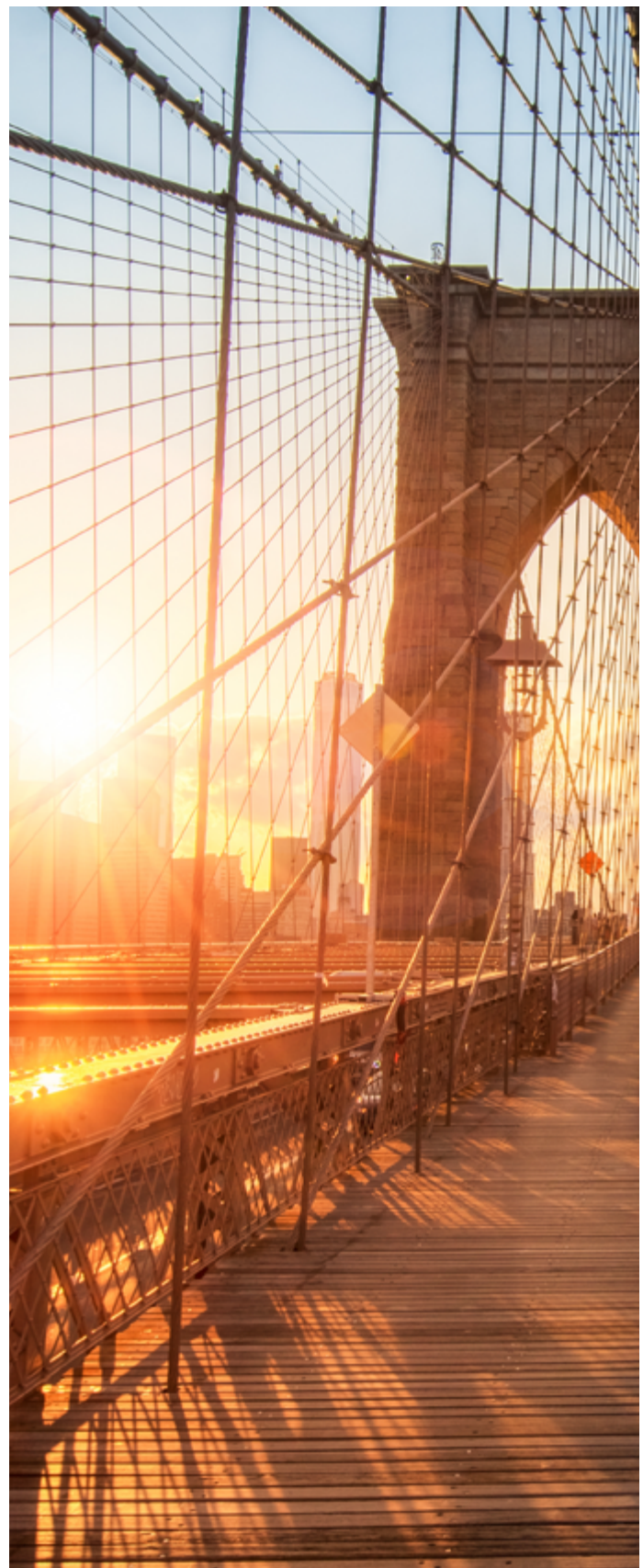
All companies achieved 'green' -- 100% fulfillment -- across less than 25% of the Sub-Principles. Across most of the Sub-principles, the results were more mixed, with a range of performance across the 20 companies.

Certain Principles remain challenging – namely those related to transparency. Significant differences emerged in the levels of fulfillment across the seven headline Responsible Tax Principles. For instance, there was a 99% fulfillment rate for Principle 2 ('Compliance') yet just an 81% fulfillment rate for Principle 7 ('Transparency'). All 11 "red" assessments pertained to Principle 7 ('Transparency').

Even within the transparency area, differences emerged. Significant differences emerged in the levels of compliance between the Sub-principles. Under Principle 7 ('Transparency'), for instance, there was a 95% fulfillment rate on Principle 7A (regarding publication of a tax strategy or policy, including details of governance arrangements, tax risk management and approach to dealing with tax authorities), but just a 63% compliance rate on Principle 7F (regarding the provision of information on the use of tax incentives).

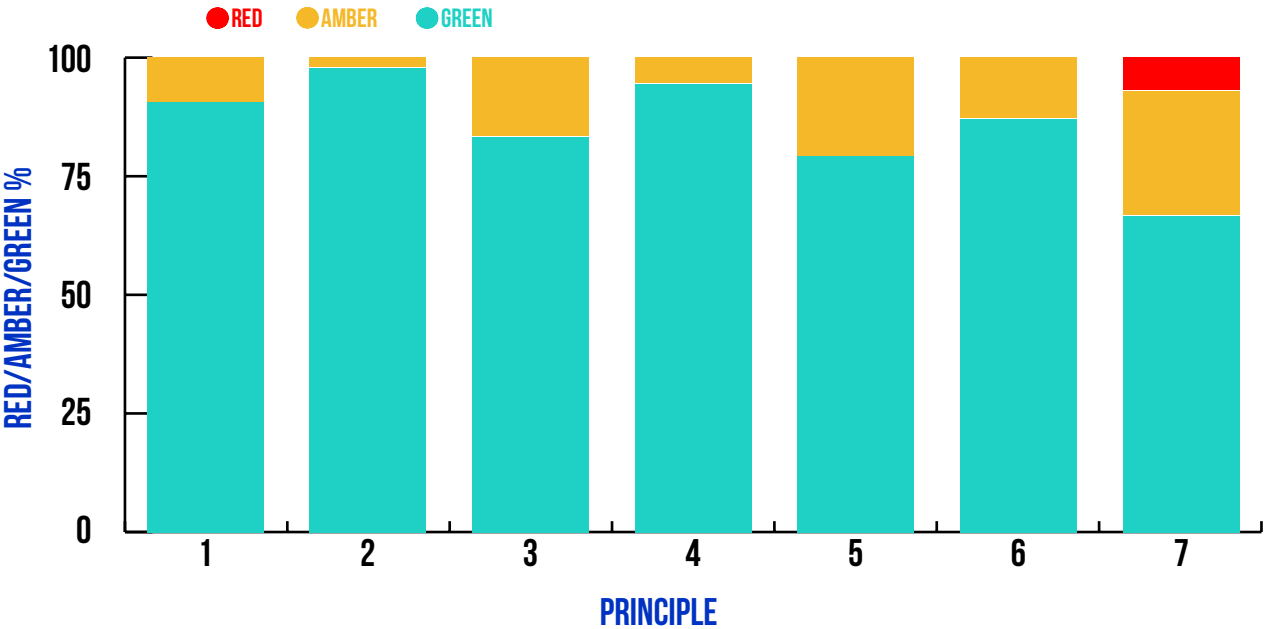
RESULTS ACROSS THE PRINCIPLES

Across each of the seven headline Responsible Tax Principles, a fairly high degree of variation in fulfillment rates emerged. Principle 2 (Compliance) and Principle 4 (Relationships with Authorities), had the highest fulfillment rates. This points to strong practice by companies not only in terms of compliance with tax law and refraining from transactions aimed solely at tax benefit, but also in terms of engagement with tax authorities, initiatives of cooperative compliance and commitments to zero tolerance of bribery of tax officials. For Principle 7 – Transparency, fulfillment rate was significantly lower, at 81%.



GRAPH 1

RED/AMBER/GREEN % ACROSS THE PRINCIPLES



COMPANY LEARNING

A.P MOLLER-MAERSK: INSIGHTS FROM PEER REVIEW CATALYZE A RECALIBRATION OF REPORTING PRIORITIES

One of the original tranche of signatories to the Responsible Tax Principles, **A.P Moller-Maersk** has been evolving its approach to tax practice and reporting over several years.

Operating in the shipping sector, the Danish company has focused its disclosures, to date, on the industry-specific tax rules that apply to shipping. Maersk routinely receives the most stakeholder interest and questions on its application of sector-specific rules.

The business of Maersk covers a broad range of logistic services, which might not get a fair reflection in the current transparency reporting due to the main focus on shipping taxation. Feedback from other sectors has inspired Maersk to broaden the focus on

tax transparency reporting in the future. Maersk may face less scrutiny on these other taxes, but company leadership sees the value in proactive transparency and a comprehensive approach to explaining its tax position.

“Our primary objective in our tax reporting is to respond to the legitimate questions posed by our stakeholders,” said Mette Mellemgaard Jakobsen, Head of Global Tax at Maersk. “Looking to the future, we want to further develop how we communicate our tax position more generally, including how it is influenced by the full range of our businesses’ constituent parts.”

RESULTS ACROSS THE SUB-PRINCIPLES

Across a range of Sub-principles, companies performed uniformly well. These included important elements of tax governance, such as board accountability for tax strategy and tax risk management. Some of these elements could be considered 'low hanging fruit', basic expectations that stakeholders might have of any company, such as the tax compliance elements mentioned previously (Principle 2) but also extending to use of the arm's length principle. However, consistent top marks were also achieved for more controversial areas, such as companies not using tax havens to avoid tax on activities that took place elsewhere.

Even when they seem obvious or reasonable to expect, each Sub-principle was included for good reason. The most basic Sub-principles seek to make best practice more explicit. Take the example of board oversight of tax risk management, which is commonplace. The delegation of tax risk management to key individuals and an established board sub-committee is likely much less a standard practice, but companies have agreed it is the practice goal in this area.

Fulfillment rates were lower in some of the Sub-principles on 'business structure' (3A) and 'seeking and accepting tax incentives' (5D). In the case of the former, company ownership transparency has been a growing norm around the world, but many companies do not fully disclose. While most companies were making clear efforts to be transparent about their structure, not all provided public disclosures of their ownership surrounding all group entities (amongst some companies, the number of entities runs into the hundreds). In the case of tax incentives, some companies felt unable to assess themselves or their peers as fulfilling this Sub-principle in full, given the unclear definition of tax incentives in many settings. This highlighted the different ways in which this Sub-principle might be interpreted by companies.

Generally, the lowest fulfillment levels concerned tax transparency, with the exception of provision of a tax strategy or policy. This reflects the remaining challenges with three areas in particular: 1) corporate disclosure of

group structure, including ownership transparency, 2) the rationale behind company structures placed in low tax jurisdictions and 3) overall effective tax rate and taxes paid at country level.

COMPANY LEARNING

INGKA GROUP (IKEA RETAIL) : BENCHMARKING IS CONDUCTIVE TO TARGETED, TANGIBLE PROGRESS

Ingka Group (IKEA Retail) endorsed the Responsible Tax Principles in 2022. Since then, Ingka has made positive strides toward tax transparency and meaningful tax reporting: it now voluntarily publishes an annual Tax Report which includes disclosure of the company's approach to tax, country-by-country tax payments and information about the group's corporate structure.

The company has ambitions to go further, and an important part of this has been their participation in the peer review process. Its tax leadership highlighted the value of benchmarking in particular. Their view is that companies can make more meaningful progress on responsible tax if they have a clear and honest understanding of where they currently stand.

In addition to benchmarking, Ingka has been able to calibrate its performance relative to its peer companies, providing valuable insights, learnings and contacts that will form part of the toolbox for the company's ongoing work in this area.

"We want to maintain momentum on our tax journey," said Rudolf van Ooijen, Senior Tax Advisor at Ingka, "and being part of a responsible tax community has made a meaningful contribution to that end."

In many cases, companies fulfilled aspects of these Sub-principles, but did not assess themselves or their peers as fulfilling them completely. Examples include companies that provide an explanation of their structure and the various entities within it, but do not elucidate in detail the type and geographic scope of activities relating to each entity (regarding Sub-principle 7C).

The lowest fulfillment rate of any Sub-principle concerned Sub-principle 7F:

- “We provide information on financially-material tax incentives (e.g. tax holidays), where appropriate, including an outline of the incentive requirements and when it expires.”

This Sub-principle represents a relatively high bar; in general, very few companies voluntarily provide this level of disclosure. Among the signatories to the Responsible Tax Principles, more are making proactive efforts to become more transparent about their use of tax incentives, however many were assessed as not completely fulfilling the Principle; others did not fulfill it at all. Companies cited multiple reasons for this. One was the lack of a commonly agreed definition of a ‘tax incentive.’ Another was a lack of clarity around materiality thresholds.

A few companies also shared that they are in receipt of some tax incentives to which governments have attached conditions around confidentiality/disclosure - in those cases, companies did not assess themselves to have fulfilled the Principle, since they were legally prevented from disclosing certain information. While this appears to apply in only a few jurisdictions, companies assert that they do not have a legal way around this. Given these results, signatory companies agreed to work to improve performance in this area, focusing on questions around definitions and materiality, for example.

COMPANY LEARNING

ENEL: VALUABLE INSIGHTS EMERGE FROM A DIVERSITY OF PERSPECTIVES

Enel, an Italy-headquartered company operating in the power, gas and renewables markets, was paired with E.Sun Bank, a Taiwan-headquartered financial services company.

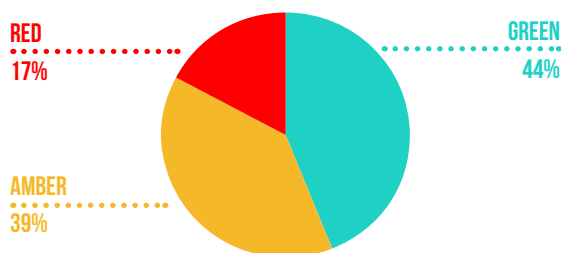
The two companies have little in common, which initially prompted surprise from Enel’s tax team about the coherence of the pairing. What might two companies with such different profiles — in geography, sector and size — learn from each other?

After several productive meetings with E.Sun, the Enel team’s doubts washed away. They quickly recognized the value of understanding how unique business needs, regulatory frameworks and cultural contexts influence a company’s approach to tax policy and practice. Despite their contrasting profiles, both companies shared the same goal of becoming transparent, responsible taxpayers — even if the individual means to that common end take different forms.

“By pairing with a company in an industry and geography far from our own, we gained great insight into the positive aspects of difference,” said Alessandro Bucchieri, Enel’s head of tax affairs. “A recent focus for us has been voluntary disclosures around our responsible use of tax incentives, a very relevant issue for a power company like Enel. But what else might be material, and where might we turn our attention next? Engagement with E.Sun challenged us to ask these questions, which will shape what comes next in our responsible tax journey.”

GRAPH 2

TRANSPARENCY IN THE USE OF TAX INCENTIVES (SUB-PRINCIPLE 7F)



COMPANY LEARNING

BP: EXTERNAL PERSPECTIVES INFORM AND COMPLEMENT INTERNAL PROCESSES

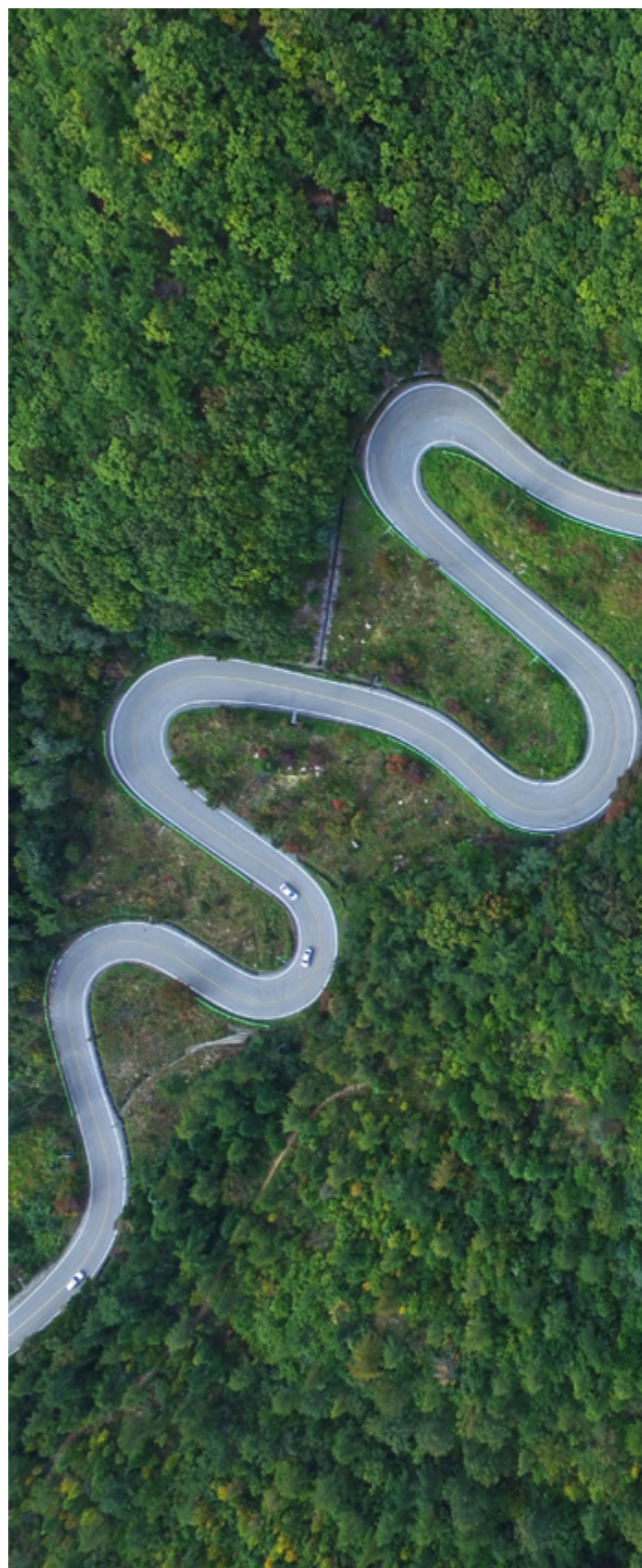
For some years, **bp** has voluntarily disclosed information about its approach to tax and taxes paid. The multinational took two significant steps forward in 2020: endorsing the Responsible Tax Principles and publishing its inaugural tax report.

The report (and subsequent editions) were well received by the company's stakeholders, and bp leadership has continued to use the Responsible Tax Principles to evaluate the effectiveness of its reporting on a regular basis. They regard the Principles as a useful framework against which to measure and report on progress to stakeholders.

To facilitate ongoing self-reflection and tax reporting, bp has established internal processes to guide its tax team. The company has also internalized the importance of complimenting robust internal processes with external perspectives and challenges. bp regularly and proactively engages with stakeholders, and has taken tangible steps in response to those perspectives: examples include adding new commentary around its approach to windfall profit taxes, as well as the relevance of tax incentives for the energy transition, in its 2022 report.

bp saw the opportunity to carry out a peer review with a member of the Responsible Tax Working Group as another important avenue through which it could gain external perspectives on its efforts, while also offering the chance to exchange learnings and best practice, particularly in relation to tax transparency.

"We are keen to listen to the needs of different stakeholder groups," said Jaqui Freeman, VP Tax Policy at bp. "We're pleased that our tax reporting has been very well received, but we will not rest on our laurels. We know that the expectations of stakeholders are constantly evolving, and it is through proactive engagement that we can understand how best to respond. Throughout, the Responsible Tax Principles act as a helpful framework to guide us."



COMPANY LEARNING

TOTALENERGIES: A DEEP DIVE ENCOURAGES A FOCUS ON THE MORE CHALLENGING ASPECTS OF RESPONSIBLE TAX.

TotalEnergies' commitment to responsible tax is well established. Through its long-standing involvement in the Extractive Industries Transparency Initiative (EITI), the French multinational has disclosed its approach to tax and tax payments for many years. The company's 2019 endorsement of the Responsible Tax Principles, nurtured by open and fruitful exchanges with peers and stakeholders within the Responsible Tax Working Group, further strengthened its commitment to transparency and was a key element in its decision to publish a tax transparency report every year.

Even from its advanced starting point, TotalEnergies has sought to evolve and improve its approach to responsible tax in response to stakeholder expectations. The peer review process proved useful to the TotalEnergies team; they were able to utilize engagement with peer companies for a deeper exploration of the Principles that are open to interpretation, and as such raise a particular challenge to implement, such as Principle 3 regarding the presence in low tax countries or Principle 7 relating to the responsible use of tax incentives.

A specific learning for the company: transparency is about much more than data disclosure. It highlights the information that matters to TotalEnergies' stakeholders, as well as what helps others to better comprehend the company's tax situation. Engagement with external stakeholders, including peer companies, is critical to answering the question of what is "meaningful."

"A key challenge we have to grapple with is definitions," shared Nathalie Mognetti, Senior Vice President for Tax at TotalEnergies. "Perspectives differ on what constitutes a controversial country for tax purposes or a 'tax incentive,' for instance. Working alongside company peers helped us to better understand some of these differing perspectives and allowed us to share on the way different companies tackled this issue."

"On tax controversial countries, our solution was to disclose the full list of our affiliates with their countries of incorporation and of activities, and let our stakeholders make their own assessment, according to their own sensitivities. When it comes to such complex issues, we will not always agree with our peer companies or wider stakeholders, but it is only through understanding the full diversity of perspectives that we can seek to make our disclosures as meaningful and useful as possible."



Six years on, the 27 companies who have signed up to The B Team Responsible Tax Principles have shown that, overall, they have not only made progress but are in a good position on the road to responsible tax. The snapshot presented here, based on self-assessment and peer review, demonstrates good practice in a number of areas, especially tax governance, compliance and relationships with tax authorities. Tax incentives and - in particular - transparency continue to be challenging for some companies, given lack of definitions (e.g. around incentives) and the issue of materiality, which raises questions about how to achieve meaningful disclosure.

Above all, the steps taken by 20 companies, namely to engage in an accountability tool exercise, demonstrates the willingness and ambition to improve in the area of responsible tax. Several companies felt the learning and insights from the process helped them even more than the final scores. Peer learning proved important for internal processes, decision-making and greater understanding of the challenges they face. It also helped set an agenda for the companies and The B Team, to explore some issues in greater depth.

As with responsible tax, accountability is also a journey. The B Team invites feedback and suggestions from interested stakeholders as it shapes next steps, both for the Principles and for the Responsible Tax Working Group.

For further information about The B Team and the Responsible Tax Principles, please contact info@bteam.org

“ WE NEED AN ECONOMIC TRANSFORMATION - ONE THAT DRIVES INVESTMENT AND REVENUES FOR GOVERNMENTS AND EMPOWERS CITIZENS TO HOLD THEM TO ACCOUNT. RESPONSIBLE TAX PRACTICE PLAYS A CRUCIAL ROLE IN THIS, BUT IT CANNOT BE DONE BY A SINGLE COMPANY, SECTOR OR ORGANIZATION. WE MUST WORK TOGETHER.

Guilherme Leal,
Co-Founder and Co-Chair,
Natura &Co

APPENDIX: THE B TEAM RESPONSIBLE TAX PRINCIPLES

PRINCIPLE 1 - ACCOUNTABILITY AND GOVERNANCE

Tax is a core part of corporate responsibility and governance and is overseen by the board of directors (the Board).

1A We have a tax strategy and set of principles approved by the Board.

1B The Board is accountable for the tax strategy and responsibility for tax risk management is clearly delegated to key individuals and overseen by an established board sub-committee (e.g. Audit and Risk).

1C We put mechanisms in place to ensure awareness of and adherence to our tax strategy and principles and provide opportunities for employees to raise confidentially any issues of concern.

1D We have clear procedures in relation to tax risk management and carry out risk assessments before entering into any tax planning on significant transactions.

1E We report at least annually to the Board (or delegated sub-committee) on tax risks and adherence to the tax strategy.

1F Our tax strategy and principles apply to all our local tax practices in all jurisdictions, and wherever possible to all subsidiaries and entities.

1G We employ appropriately qualified and trained tax professionals with the right levels of expertise and understanding.

PRINCIPLE 2 - COMPLIANCE

We comply with the tax legislation of the countries in which we operate and pay the right amount of tax at the right time, in the countries where we create value.

2A We prepare and file all tax returns required, providing complete, accurate and timely disclosures to all relevant revenue authorities.

2B Our tax planning is based on reasonable interpretations of applicable law and is aligned with the substance of the economic and commercial activity of our business.

2C We will not undertake transactions whose sole purpose is to create a tax benefit which is in excess of a reasonable interpretation of relevant tax rules (legislation, regulation or treaties).

2D We aim for certainty on tax positions, but where tax law is unclear or subject to interpretation, we evaluate the likelihood and where appropriate seek an external opinion, to ensure that our position would, more likely than not, be upheld.

2E We use the arm's length principle, pricing in-line with best practice guidelines issued by the OECD, and apply this consistently across our businesses (contingent on local laws).

PRINCIPLE 3 - BUSINESS STRUCTURE

We will only use business structures that are driven by commercial considerations, are aligned with business activity and which have genuine substance. We do not seek abusive tax results.

3A The Group is transparent about the entities that it owns around the world and about who owns them.

3B We do not use so-called 'tax havens' in order to avoid taxes on activities which take place elsewhere. Entities which are based in low or nil-rate jurisdictions exist for substantive and commercial reasons.

3C We pay tax on profits according to where value is created within the normal course of commercial activity; we do not use artificially fragmented structures or contracts to avoid establishing a taxable presence in jurisdictions where we do business.

3D Our tax principles extend to our relationships with employees, customers and contractors. We will not engage in arrangements whose sole purpose is to create a tax benefit which is in excess of what is reasonably understood to be intended by relevant tax rules.

PRINCIPLE 4 - RELATIONSHIPS WITH AUTHORITIES

We seek, wherever possible, to develop cooperative relationships with tax authorities, based on mutual respect, transparency and trust.

4A We follow established procedures and channels for all dealings with tax authorities, government officials, ministers and other third parties, in a professional, courteous and timely manner.

4B We are open and transparent with tax authorities, responding to relevant tax authority enquiries in a straightforward and timely manner (providing

information held in other jurisdictions where relevant) to assist in the evaluation of tax liability.

4C We endeavor to build relationships of cooperative compliance with tax authorities where both parties engage in a proactive and constructive dialogue to discuss tax planning strategy, risks and significant transactions.

4D Where there are misunderstandings of fact or law, we will seek to work with tax authorities, where possible, to identify the issues and explore options to resolve any misunderstandings or disagreements.

4E If we seek rulings from tax authorities to confirm an applicable tax treatment, we do so based on full disclosure of all of the relevant facts and circumstances

4F We will seek to enter into an early dialogue with tax authorities, wherever possible, where there is significant uncertainty about how the tax rules apply to our business.

4G We will not bribe or otherwise induce tax officials, government officials or ministers with the aim of obtaining more beneficial outcomes with respect to tax matters.

PRINCIPLE 5 - SEEKING AND ACCEPTING TAX INCENTIVES

Where we claim tax incentives offered by government authorities, we seek to ensure that they are transparent and consistent with statutory or regulatory frameworks.

5A Where we accept tax incentives offered by a Government authority to support investment, employment and economic development, we will seek to implement these in the manner intended by the relevant statutory, regulatory or administrative framework.

5B We will only use tax incentives where they are aligned with our business and operational objectives and where they require economic substance.

5C Ideally, tax exemptions and reliefs should be specified by law and generally available to all market participants. Where there are exceptions, we will work with relevant authorities to encourage publication of those incentives and contracts.

5D We will make data available for governments to assess the revenue and economic impacts of specific tax concessions where appropriate.

PRINCIPLE 6 - SUPPORTING EFFECTIVE TAX SYSTEMS

We engage constructively in national and international dialogue with governments, business groups and civil society to support the development of effective tax systems, legislation and administration.

6A We give constructive input to industry groups, governments and other external bodies (e.g. OECD and the EU) and engage with civil society on tax issues in order to contribute to the development of future tax legislation and practice.

6B We support initiatives to help develop the capability of tax authorities and systems if requested.

6C We promote responsible tax practices which are in line with The B Team Responsible Tax Principles through our involvement in industry associations and other governmental or external bodies and, where appropriate, through our relationships with suppliers, contractors and customers.

PRINCIPLE 7 - TRANSPARENCY

We provide regular information to our stakeholders, including investors, policy makers, employees, civil society and the general public, about our approach to tax and taxes paid. We will therefore publish:

7A A tax strategy or policy, including details of governance arrangements, our tax risk management strategy and our approach to dealing with tax authorities.

7B A regular update on our progress and key issues related to our tax strategy and principles.

7C An overview of our group structure and a list of all entities, with ownership information and a brief explanation of the type and geographic scope of activities.

7D An explanation of why we have subsidiaries, branches and joint ventures operating in low tax jurisdictions.

7E Annual information that explains our overall effective tax rate and gives information on the taxes we pay at a country level, together with information on our economic activity.

7F Information on financially-material tax incentives (e.g. tax holidays), where appropriate, including an outline of

APPENDIX: THE B TEAM RESPONSIBLE TAX PRINCIPLES

the incentive requirements and when it expires.

7G An outline of the advocacy approach we take on tax issues, the channels through which we engage in regard to policy development and the overall purpose of our engagement.

