

THE B TEAM RESPONSIBLE TAX PRINCIPLES: ACCOUNTABILITY AND IMPACT REPORT

May 2025

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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Since their publication in 2018, The B Team’s Responsible Tax Principles (the “Principles”) have become an established framework for action within the private sector. Developed by The B Team in collaboration with nine multinational companies—alongside civil society organizations, investors, and international institutions—the Principles have gained traction over the years. Today, 28 companies formally support them, with many others using them as inspiration for their approach to tax governance and transparency.

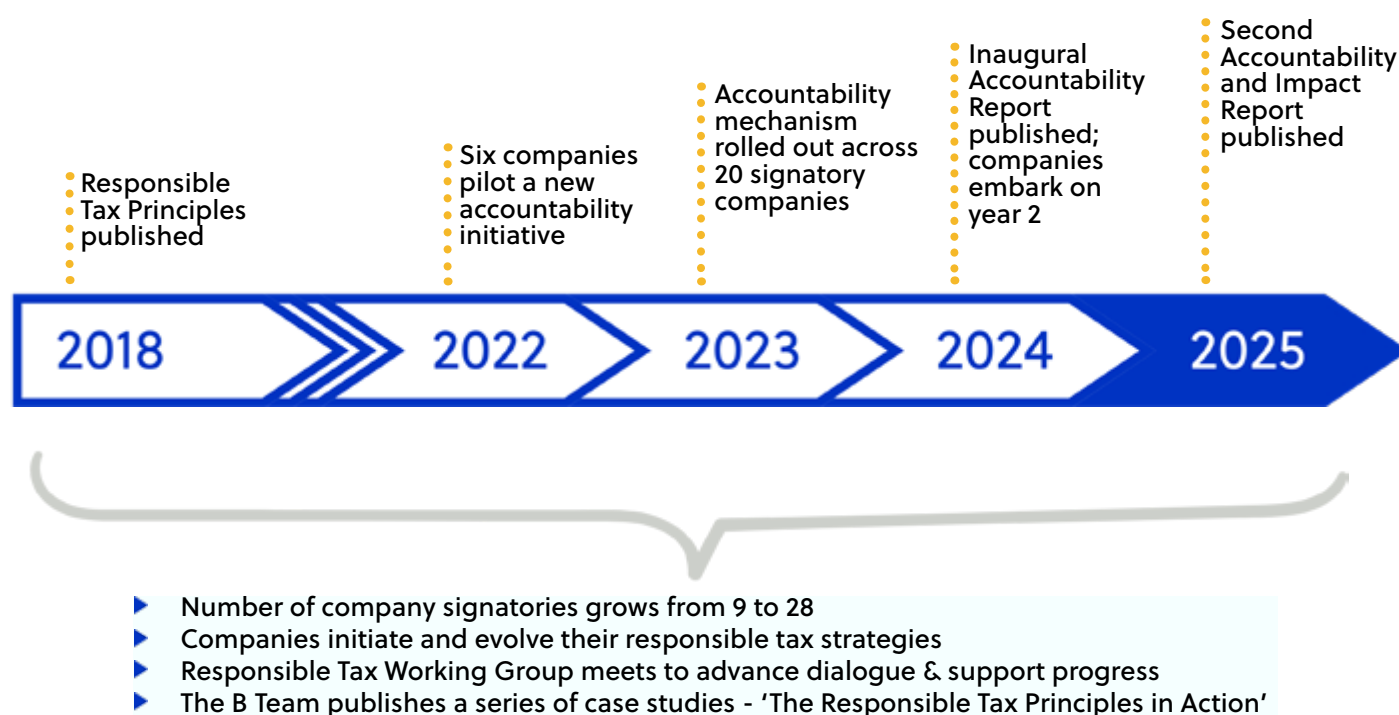
In 2023—five years into this work—company signatories to the Principles felt it was time to assess progress and enhance accountability. In response, The B Team introduced a new accountability mechanism combining self-assessment and peer review. Twenty companies participated, and the findings were published in the [2024 Accountability Report](#).

The 2024 report showed strong progress toward implementation of the Principles. However, as it only provided a one-year snapshot, participating companies agreed to repeat the process in 2024 to track trends over time. This report presents the findings from the second year of this accountability initiative, identifying key changes and lessons learned.

While data provides valuable insights, it does not tell the full story. For example, many of the companies involved in the accountability exercise found more value in the informal conversations—both bilateral and group exchanges—than in the formal assessments and peer reviews. Additionally, some signatories had well-established responsible tax practices, making year-to-year changes appear minimal. However, these should be viewed against the backdrop of a strong baseline of adherence to the Principles.

Therefore, to showcase the practical impact of the Principles as a blueprint for action, this year’s report includes a series of case studies illustrating how companies have leveraged them as a framework for meaningful company action.

Signatories to the Principles recognize that a diverse group of stakeholders—from activists and NGOs to investors and tax authorities—have a legitimate interest in their approach to tax. As such, The B Team welcomes feedback to this report from all these groups.



SIGNATORIES TO THE B TEAM RESPONSIBLE TAX PRINCIPLES

THE B TEAM ►



Original (2018) signatories: Allianz, BHP, Maersk, Natura &Co, Repsol, Safaricom, Shell, Unilever and Vodafone

RESPONSIBLE TAX: DEMONSTRATING ACCOUNTABILITY

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

The path toward responsible tax differs for every company—there is no single destination that all companies will or should reach. Although each tax journey is unique, accountability along the way remains essential. Public commitments to responsible behavior should be matched by action.

In practice, signatories to the Principles have regularly demonstrated their commitment through public statements and voluntary tax reporting. However, The B Team, in agreement with company signatories to the Principles, recognized the value of a more systematic analysis. This accountability tool—now in its second iteration and the subject of this report—is designed to **demonstrate that statements are matched by action**. Please see Appendix B, which outlines the methodology employed in greater detail.

At the same time, the accountability tool helps track progress over time. Many companies are taking meaningful steps toward responsible tax practices, but without a benchmark, measuring progress is challenging. The tool helps assess progress over time by:

- Evaluating overall performance against the Principles
- Identifying which Principles are easier/more challenging to fulfill
- Measuring the pace of advancement

Although a slightly different selection of companies participated in the 2024 process (making direct comparisons inadvisable), some high-level comparisons were considered useful.

There were additional reasons for The B Team's commitment to this accountability initiative. The concept of responsible tax is inherently complex, with varying interpretations and challenges for companies to navigate. The B Team facilitates collaboration through platforms like the Responsible Tax Working Group, enabling companies to share experiences and best practices. This forum fosters the exchange of insights and helps companies better understand and address these challenges. While some aspects of responsible tax can be objectively analyzed, others are more subjective, leading to differing interpretations among companies. The peer review process—along with the publication of results—provides opportunities for companies to receive

and respond to challenges from both peers and wider stakeholders. This is fundamental to accountability and continuous improvement.

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 its partner companies to gain a clearer understanding of these challenges and guide efforts toward long-term improvement (see overleaf).



RESPONSIBLE TAX: DEMONSTRATING ACCOUNTABILITY

HOW ACCOUNTABILITY DATA INFORMS RESPONSIBLE TAX WORKING GROUP PRIORITIES

The 2024 Responsible Tax Principles Accountability Report (based on 2023 data) found that signatory companies performed well overall against most of the Principles. However, it also highlighted areas for improvement—specifically, certain Principles and sub-principles, where a significant number of companies assessed themselves and their peers as only partially compliant.

Principle 7 focuses on tax transparency, with sub-Principle 7F stating that “we [signatory companies] 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 sets a relatively high bar, as few companies voluntarily disclose this level of detail. Among the signatories to the Responsible Tax Principles, more companies are making proactive efforts to enhance transparency regarding their use of tax incentives. However, in 2024, the lowest fulfilment rate concerned this Principle, with 35% of companies assessed to be fulfilling this Principle

(with another 45% partially fulfilling the sub-principle). Given these results, signatory companies committed to improving performance in this area, with The B Team facilitating the process.

Tax incentives were the focus of various discussions. Companies were invited to present to the Responsible Tax Working Group, sharing some of the diverse ways in which they have sought to reflect the spirit of the Principle in order to inspire others and share learnings about how their reporting has been received by stakeholders. The B Team also facilitated group discussions focused on definitions and materiality, and commissioned a consultant to support this work.

In 2025, these discussions will continue at the request of signatories. The B Team will bring together companies and key stakeholder groups—including civil society organizations, investors, and journalists—to better understand stakeholder needs and expectations. The goal is to ensure that companies can better reflect these considerations in their reporting.



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OVERALL PERFORMANCE

- Overall performance across the Responsible Tax Principles remained strong in 2024, with an **average fulfillment rate of 92% across all companies and principles**.
- With 20 companies participating in the process (each making assessments for each of the 37 sub-principles), a total of 740 assessments were made, with the following distribution:
 - **15 marked "red"** (non-compliance or significant issues)
 - **75 marked "amber"** (partial compliance or improvement needed)
 - **650 marked "green"** (full compliance)
- Reflecting the 2024 Accountability Report (based on 2023 data), companies continued to perform very strongly against a number of Principles, including:
 - Principle 1 (accountability and governance) - **96%**
 - Principle 2 (compliance) - **97%**
 - Principle 4 (relationships with tax authorities) - **98%**
- However, the data also highlighted that some identifiable (and persistent) areas of challenge remain, notably:
 - Principle 7 (transparency) - **fulfillment rate of just below 80%** in 2024.
 - Principle 7F (information on financially material tax incentives) - **fulfillment rate of 57.5% in 2024**, reflecting continued challenges in transparency and disclosure. This marks a decline from the 63% fulfillment rate in 2023 and remains the weakest sub-principle.

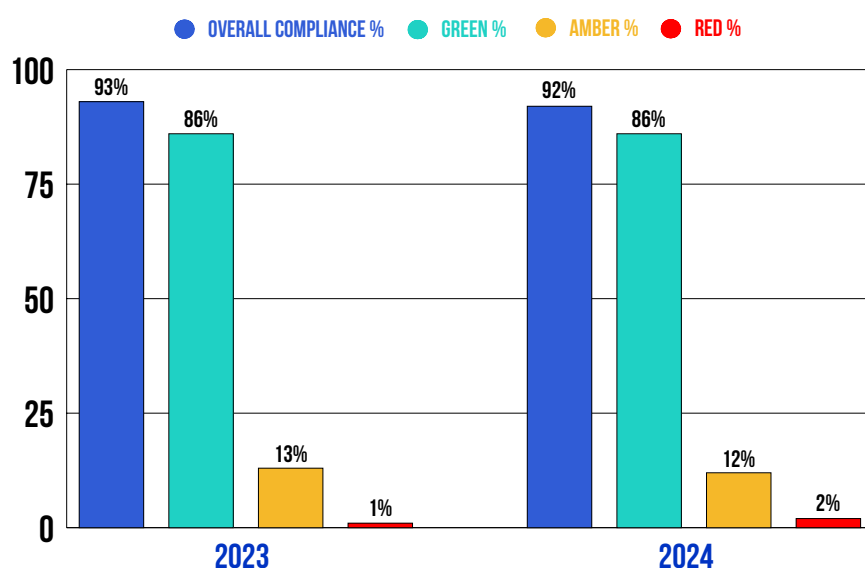


CHANGES AND TRENDS

Overall, the data show a fairly consistent picture over time. Overall performance across the Responsible Tax Principles remained strong in 2024, with an average fulfillment rate of 92% across all companies and principles. This represents a slight decline from the overall fulfillment rate of 93% in 2023.

GRAPH 1

YEAR-ON-YEAR COMPLIANCE TRENDS (2023 V 2024)



Digging deeper, some sub-Principles show modest improvement in fulfilment relative to 2023, while others show modest declines. The three principles that saw the highest increases were:

- Principle 7C (disclosure of group structure) - up 7.5%
- Principle 4A (engagement with tax authorities) - up 5%
- Principle 4D (tax dispute resolution) - up 2.5%

However, the data also indicates that for a number of sub-Principles, fulfilment rates declined:

- Principle 7B (tax strategy transparency) - down 7.5%
- Principle 6B (supporting effective tax systems - policy advocacy) - down 7.5%
- Principle 7G (stakeholder engagement on tax transparency) - down 5%



There was an increase in the number of ‘red’ assessments, which are assigned when a company is deemed not to comply with a Principle, in part or in full. While the increase came from a very low baseline (1% of total assessments), ‘red’ assessments still accounted for only 15 of 740 total assessments (2%) in 2024.

Overall, these changes—positive and negative—do not seem significant enough to draw firm conclusions about long-term trends. While twenty companies participated in the accountability process—a strong sample—the sample is not large enough to prevent individual company circumstances from influencing the aggregate data.

Furthermore, The B Team recognizes that responsible tax journeys take time. Every company’s path is different, and refining their approach requires ongoing testing and adjustments. Supporting this refinement is one of the core purposes of The B Team Responsible Tax Working Group, which provides a space for dialogue, sharing best practices, and stakeholder engagement. As such, while the overall numbers remain encouraging, it doesn’t seem surprising that the data are similar year after year. Additionally, this is only the second year that The B Team has organized this accountability initiative; more meaningful trends will likely emerge if the process continues over a longer period.

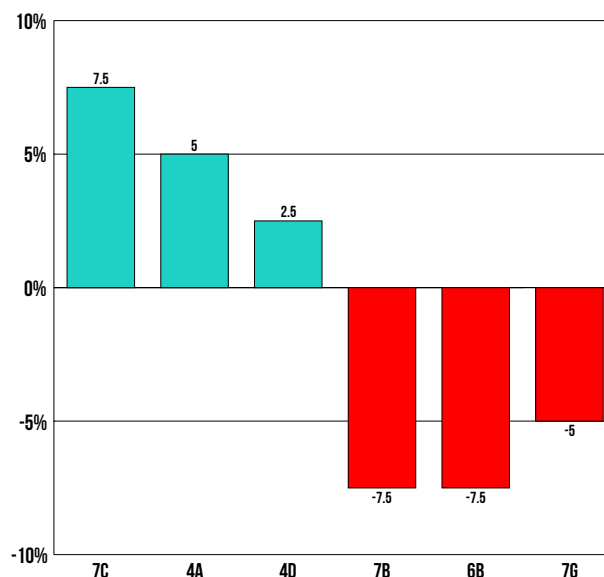
It is important to note that the group of companies participating in the 2024 process differed slightly from those in 2023. As a result, these findings are intended to be indicative only. Declines in fulfillment rates do not necessarily represent regression among individual companies.

In fact, some decline in fulfilment rates is to be expected as The B Team continues to build the responsible tax movement, welcoming new companies as formal signatories to the Responsible Tax Principles. Naturally, newer signatories—those earlier on their responsible tax journeys—are likely to have lower fulfilment rates than companies with long-standing commitments.

The B Team believes that its greatest impact comes from mainstreaming responsible tax among a broader audience rather than focusing on improving performance among companies already leading the way.

GRAPH 2

COMPLIANCE CHANGES (2023 V 2024)



“ WHEN COMPANIES COMMIT TO RESPONSIBLE TAX, THEY HELP TO BUILD THE FOUNDATION OF TRUST WE NEED FOR A WORLD THAT SUPPORTS THE PUBLIC SERVICES PEOPLE NEED.

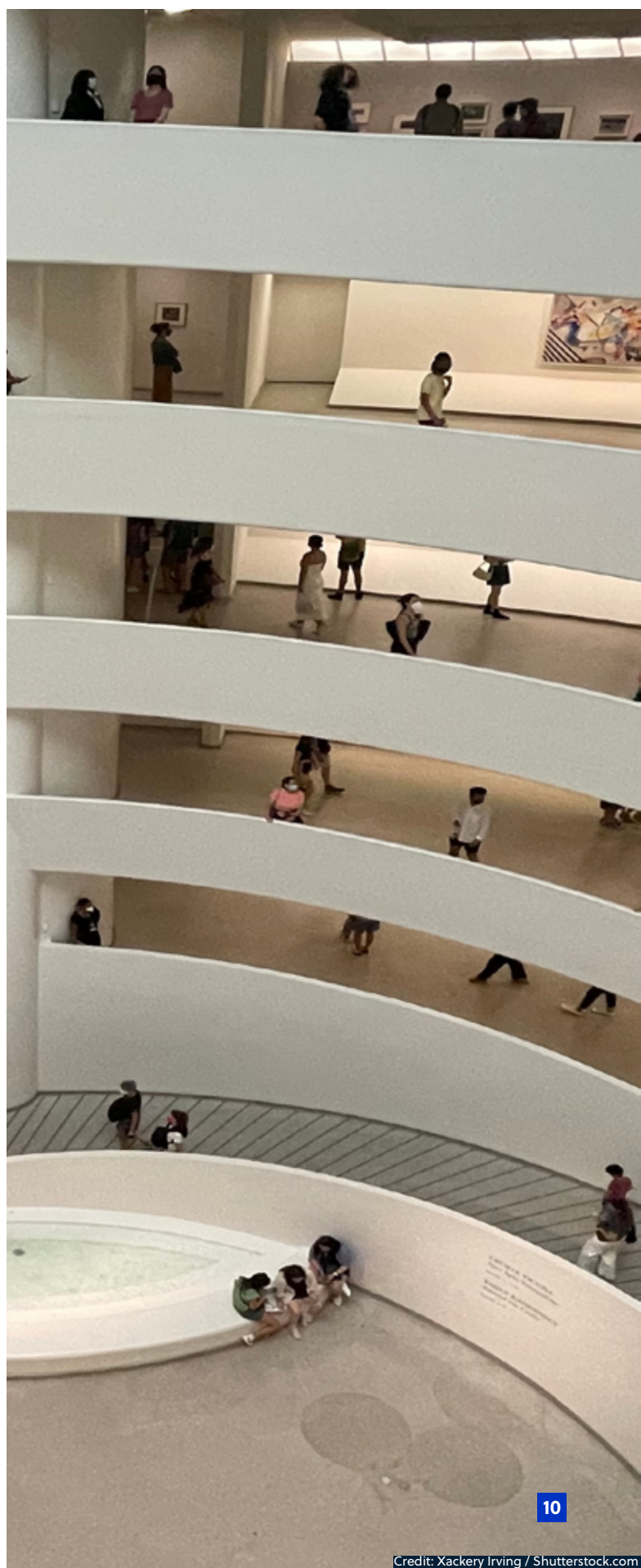
Sharan Burrow
Co-Chair, Taskforce on
Inequality and Social-related
Financial Disclosures (TISFD)

The data helps to tell the story of The B Team Responsible Tax Principles, offering stakeholders an overview of how companies are performing and highlighting areas that need further attention. However, responsible tax is not a straightforward subject, and data alone can only tell part of the story.

Signatory companies regularly share how they have leveraged the Principles to positive effect. A multitude of benefits have been cited—both internal, such as streamlining tax decision-making, elevating tax issues to the C-suite and board level, and fostering trust and pride among staff, and external such as providing a platform for stakeholder engagement, building relationships of mutual trust with tax authorities, and acting as a reference point in response to investor interest.

Furthermore, The B Team has been encouraged to see instances where the application of the Responsible Tax Principles has directly informed business decision-making, with tangible implications for public revenues.

Several signatory companies—Anglo American, Fortum, RELX, SBM Offshore, Shell, and Unilever—share their experiences below.



SBM OFFSHORE

ESTABLISHING TAX AS A CORE DRIVER OF CORPORATE RESPONSIBILITY

SBM Offshore, a Dutch-based offshore energy services company, endorsed the Responsible Tax Principles in 2021.

Prior to this, SBM shared that many of its colleagues viewed the company's tax function as being exclusively focused on matters of compliance, such as the submission of tax returns. Some within the company also perceived tax to be something of a mysterious discipline—inaccessible and misunderstood by colleagues outside the tax function.

Endorsement of The B Team's Responsible Tax Principles—and the associated publication of the company's global tax footprint and principles—began to shift these perceptions. SBM's work with The B Team and the Responsible Tax Working Group has enabled the company's tax team to showcase its work in a different light. It has been able to communicate internally in a different way—highlighting, to name just a few examples—significant tax contributions made to society; improved engagement with external stakeholders including investors; and enhanced control processes. The contribution that tax makes to higher principles, including the U.N. Sustainable Development Goals, has also been demonstrated. Meanwhile, the tax team felt better able to reconcile responsible tax with business competitiveness, demonstrating to colleagues that the two are not mutually exclusive, but rather complementary.

This has changed perceptions within the company. Tax is no longer perceived as a 'back room' function, and has become better understood by colleagues across the organization. Furthermore, trust and collaboration between tax and other departments has been enhanced, and tax is increasingly seen as a core driver of corporate responsibility.

SBM's endorsement of the Principles has had a positive impact externally, also. The company's adherence to the Responsible Tax Principles has been cited in project negotiations, with external stakeholders encouraged to align their positions with the spirit of the Principles.

Summarising the company's work with The B Team since 2021, an SBM representative stated simply that the Responsible Tax Principles are "an enabler for change".

RELX

STRENGTHENING TAX SYSTEMS IN ETHIOPIA

RELX, a signatory to The B Team's Responsible Tax Principles since 2019, recognized a critical gap in Ethiopia's tax infrastructure. The country's tax laws were scattered across various documents, and some were only available in Amharic, creating barriers to compliance and transparency. This lack of accessibility made it challenging for taxpayers, businesses, and authorities to navigate and apply tax regulations efficiently. In alignment with the sixth Responsible Tax Principle—which emphasizes supporting effective tax systems—RELX identified an opportunity to contribute to the modernization and accessibility of Ethiopia's tax system.

Over three years, RELX partnered with the Ethiopian government and the LexisNexis Rule of Law Foundation to enhance access to Ethiopia's tax laws. The tax team at RELX and the group's LexisNexis South Africa business worked on a pro bono basis to translate the country's tax laws from Amharic into English, consolidating them in both languages to ensure clarity and accuracy. For the first time in Ethiopia's history, these tax laws were published online, making them freely accessible on the websites of the Ethiopian Ministry of Finance, Ministry of Revenue, and Customs Commission. By digitizing and centralizing tax regulations, RELX contributed to a more transparent and navigable tax environment.

The project faced several challenges, including the complexity of legal translation, which required precision to maintain the integrity of legal terminology. Additionally, coordination among multiple stakeholders required extensive collaboration and communication. Despite these challenges, the initiative underscored the importance of public-private partnerships in strengthening tax systems. A key lesson was the need for ongoing updates to the digitized laws to ensure they remain relevant and effective in the long term.

The initiative significantly improved the accessibility and transparency of Ethiopia's tax laws. With tax regulations now available in both Amharic and English, businesses and individuals can better understand their obligations, fostering greater compliance. This increased clarity has contributed to a more predictable tax environment, critical to attracting investment and promoting economic growth. RELX's work has been recognized as a model of corporate responsibility in tax practices, and demonstrates how companies can play a direct role in supporting effective tax systems. This commitment to responsible tax practices is further reflected in [RELX's 2024 Corporate Responsibility Report](#), which highlights its adherence to high ethical standards, including in tax governance and transparency.



FORTUM

EMBEDDING RESPONSIBLE TAX PRINCIPLES ACROSS BUSINESS LEADERSHIP

Fortum—a Nordic energy company headquartered in Finland—has publicly reported its total tax contribution by country since 2012, long before most companies embraced the importance of tax transparency. However, the company recognized that transparency alone was not enough—stakeholders needed to see a clear commitment to (and demonstration of) responsible tax behavior as well. Therefore, in order to reinforce its longstanding commitment, Fortum adopted The B Team's Responsible Tax Principles in 2018, aiming to integrate responsible tax practices more deeply into its business operations.

Over time, responsible tax became embedded within the company's tax and finance teams. But Fortum sought to go further and, in 2024, set a new goal: to broaden the company's understanding and commitment to responsible tax. To achieve this, Fortum leveraged The B Team's self-assessment approach, modifying the questions to make them more accessible to business leaders. The company then introduced the self-assessment process to its business division leadership teams, encouraging them to evaluate their alignment with Fortum's tax principles.

One primary challenge was that tax and business terminology often differ, making it difficult for non-tax professionals to grasp their role in responsible tax practices. Additionally, overcoming initial skepticism from division leadership teams was a hurdle, as many viewed tax as a specialized area best left to finance professionals. Fortum simplified the self-assessment language to bridge the gap between business and tax terminology, conducted discussions with leadership teams to contextualize the questions, and encouraged direct participation by assigning a designated leader within each team to oversee the process.

This initiative significantly increased awareness of Fortum's responsible tax commitments across its leadership teams. Business leaders gained a clearer understanding of how responsible tax practices align with company values and operations, while the company also refined and clarified its tax principles based on leadership feedback. Leadership teams began recognizing the importance of considering tax implications early in business decision-making, fostering a stronger commitment to compliance with both the letter and the spirit of tax law.

The company's board now has a higher level of awareness, which has enabled stronger oversight. Additionally, The B Team's Responsible Tax Principles have provided Fortum with a structured framework and clear guidance on how tax considerations should be integrated into business decisions.

UNILEVER

CEMENTING AND EVOLVING A LONG-STANDING COMMITMENT TO RESPONSIBLE TAX

Unilever is one of the nine companies that worked with The B Team to develop the Responsible Tax Principles, which were launched in 2018 with the company's endorsement.

Unilever had already established its own set of Tax Principles in 2013, which included conducting a review to ensure existing structures were aligned with the Principles. It then introduced a Tax Principles scorecard to assess new transactions against them. The scorecard is used to assess whether material transactions or changes in the way Unilever does business comply with their Tax Principles, and is completed by tax managers and reviewed by senior members of the tax team. Material transactions must be scored against the various Tax Principles, and the transactions will not be approved unless they achieve a certain score. Unilever's Head of Tax reports annually to the Audit Committee on compliance with the Tax Principles and whether any changes are needed.

Unilever also developed a training course on the Tax Principles which was refreshed in 2024 and rolled out with mandatory attendance for the Global Tax Organisation as well as other relevant stakeholders and functions within the company.

Unilever's Tax Principles are very much aligned with those of The B Team. Unilever publishes a document showing its level of compliance with The B Team Responsible Tax Principles and how they link to Unilever's own. It also participated in The B Team accountability exercise, in both 2023 and 2024, pairing up with another multinational company and performing a self-assessment and peer review which was then discussed and agreed. It found this to be a valuable exercise which confirmed its level of compliance, but with the benefit of an outside perspective in the peer review.

Unilever believes that providing accessible information about its corporate tax position to a broad range of stakeholders plays an important role in improving transparency and public trust. Over time, it has gradually expanded the tax-related information on its website. As an example it began by providing information on tax paid and Total Tax Contribution by region. It then expanded this disclosure to include country-specific data in its *Tax Paid by Country Report*.

The Responsible Tax Principles begin with an explicit recognition that tax is foundational to corporate sustainability and inseparable from wider sustainability concerns; Unilever's ongoing commitment reflects its endorsement of that view.



SHELL

BUILDING INTERNAL MECHANISMS TO EMBED RESPONSIBLE TAX, BUSINESS-WIDE

Shell Plc has been publicly committed to responsible tax practices for some time. It was one of the nine multinational companies that worked with The B Team to develop the Responsible Tax Principles in 2018, complementing its long-standing participation in the Extractive Industries Transparency Initiative (EITI).

To support its implementation of the Principles, Shell has established a number of internal mechanisms to ensure that its commitment is reflected across the company. In particular, it wanted to be certain that its practices weren't limited to senior leaders or members of the tax policy team, but rather that they were embedded across the organisation, in everything that the company does.

Therefore, Shell made a conscious decision to actively review its tax management framework and control process, in order to identify where—and how—the Principles could and should apply. The company also wanted to confirm that it had covered the full breadth of issues covered by the Principles. For example:

- Shell established, and continues to run, a project to review all entities in low tax jurisdictions. It has established annual controls, to ensure that it adheres to one of the Responsible Tax Principles' core premises (Principle 3B), which stipulates that: "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 zero tax rate jurisdictions exist for substantive and commercial reasons". Shell conducts an annual review, which requires relevant country

tax leads to analyze each individual entity located in these jurisdictions, in order to establish that it is still appropriate. This analysis is made with explicit reference to Principle 3B.

- If the company determines that the entity no longer serves a valid business purpose, it takes steps to ensure that it is liquidated, or restructured, as appropriate. At the time of publishing its 2023 Tax Contribution Report, Shell had liquidated 33 legal entities in low-tax jurisdictions (since 2019)—including in Bermuda and Saint Lucia—and is currently in the process of liquidating 19 others.
- Where tax support is required for businesses investment or financing proposals, Shell has established a protocol to engage with specific business divisions in order to ensure that all aspects of the deal align with the Responsible Tax Principles. Typically, this involves review by specialist tax experts, and sign off by the Head of Tax for that business. If any concerns about misalignment with the Principles are identified, they are escalated to Shell's Tax Leadership Team. This protocol helps to ensure alignment with a number of the Principles including Principle 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."

These efforts and others have helped to embed the Responsible Tax Principles across Shell's businesses, becoming a fundamental and foundational part of the organization—for individuals at every level; within different departments; and for every jurisdiction in which Shell operates.

ANGLO AMERICAN

FROM TRANSPARENCY TO TRUST

Anglo American, a global mining company, has had a longstanding commitment to tax transparency. Since 2005, it has voluntarily published tax data, but evolving stakeholder expectations demanded a more structured approach. In 2018, Anglo American endorsed The B Team's Responsible Tax Principles, reinforcing its commitment to responsible tax governance. This required a shift in mindset—from always aiming to lead to recognizing the value of being part of a broader movement.

To align with the Principles, Anglo American sought to embed tax responsibility more widely within its corporate leadership. The company also enhanced its Tax and Economic Contribution Report, providing clear insights into taxes paid, royalties, and economic contributions across jurisdictions.

Crucially, Anglo American also streamlined its reporting processes, ensuring its Tax and Economic Contribution Report was published on the same day as the financial report. This required significant investment in data collection and reporting systems, but it was an investment that the company deemed

worthwhile. More integrated reporting allowed the C-suite to present a coherent narrative to investors, preventing tax disclosures from being overlooked while illustrating the company's commitment to the responsible tax agenda. Previously, tax transparency was largely confined to the finance and tax teams; now, it is a visible part of the company's broader financial and governance strategy.

A key lesson was the importance of breaking tax out of its traditional 'bubble.' By aligning tax and financial reporting, the company aimed to foster stronger accountability, uplift the importance of tax, and engage with stakeholders in a more holistic manner.

Throughout, The B Team's Responsible Tax Principles have informed the company's approach. Anglo American also recognizes that stakeholder expectations continue to evolve, so it continues to play an active role in The B Team's Responsible Tax Working Group, learning from peers and engaging with stakeholders, to ensure that its disclosures continue to evolve, meet expectations, and provide truly meaningful reporting.

PRINCIPAL CHANGES INTRODUCED:

2021

- Introduction of 'Total cash value distributed to stakeholders' metric to show how the overall economic value generated is distributed - including returns to shareholders and other providers of capital.
- Accelerated delivery of report in order to align with the release of the Annual Report.
- Change of basis of preparation to ensure consistency with the Sustainability Report.

2022

- New visual representation to explain the tax and economic contribution through the value chain.

2023

- New visual representation of the 'Total cash value distributed to stakeholders' metric to aid stakeholder understanding.
- Introduction of a 'Changing tax environment' page to capture policy developments in year.
- Value chain case studies to bring the business to life.

2024

- Summary of Anglo American's peer reviewed 2024 self-assessment against The B Team's Responsible Tax Principles.
- Case study on Co-operative Compliance.
- Insight into how tax incentives are evaluated.
- Focus on Pillar 2 preparedness.

Since the launch of The B Team Responsible Tax Principles in 2018, the landscape of responsible tax has evolved significantly. Stakeholder expectations have shifted, and there is an increasing demand for companies to proactively communicate their approach to tax and their tax contributions. While gradual, tax transparency is becoming mainstream.

By formally endorsing The B Team Responsible Tax Principles, 28 companies have sent an important signal of intent. Through their participation in this accountability initiative, they aim to demonstrate that their actions align with their public commitments.

Overall, the data shows that companies continue to perform well in areas such as tax governance, compliance, and relationships with tax authorities. The case studies featured in this report highlight the diverse ways companies have used the Principles to positive effect.

However, it is also evident that challenges remain—particularly around tax incentives and some elements of transparency. A core aim of this accountability initiative is to identify opportunities for improvement. By creating spaces for dialogue, information sharing, and stakeholder engagement, The B Team seeks to both support and challenge signatory companies.

These companies are also working to support each other and hold one another accountable. Above all, engagement with this accountability initiative demonstrates a willingness and ambition to improve.

Just as they hold one another accountable, company signatories to the Responsible Tax Principles also seek to be accountable to their wider stakeholders. To that end, The B Team welcomes feedback on this report, its work on accountability, and the Principles more generally. For further information, or to share your thoughts, please email responsibletax@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 A: 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

APPENDIX A: THE B TEAM RESPONSIBLE TAX PRINCIPLES

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 A: 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.



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-to-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 – and avoiding whenever possible pairings involving direct competitors or peers.



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.

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.

“ 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

THE B TEAM ►