

INVESTOR STATEMENT ON RESPONSIBLE CORPORATE TAX PRACTICE

As investors with exposure to multiple sectors and to companies operating across markets, we believe that responsible, transparent tax behavior is an integral part of corporate responsibility. We also view tax as a financially material, systemic issue, intrinsically linked to numerous environmental, social and governance concerns.

It is in society's collective interest to ensure a healthy tax base and a fair, sustainable tax system: tax is essential to support the public services and safety nets on which societies around the world rely.

It is ultimately the role of governments to establish rules and regulations around tax, and the role of multilateral institutions to bring those governments together to ensure that these rules function internationally. However, when it comes to the interpretation of these rules and regulations, companies also have a role to play. We believe that responsible companies should publicly commit to responsible tax practices including tax transparency, and to operating within both the letter and the spirit of the law.

There is a widespread perception that multinational enterprises sometimes do not pay tax according to where they generate economic value, but according to where it is most advantageous for them to report economic activity for tax purposes. Some assert that companies, through their directors, owe a fiduciary duty to their shareholders to minimize taxes. We are uncertain about the long-term validity of this assertion. In our view, maximizing long-term value does not require aggressive tax behavior.

As investors, we view tax avoidance as a risk to our portfolios, and see responsible tax practice as a key part of the solution to managing this risk. Aggressive tax behavior undermines the effectiveness of tax systems and may expose investors to reputational and financial risks. Business operations that are unduly shaped by tax planning rather than long-term value creation may be more vulnerable to changes in regulation or enforcement. Aggressive tax behavior may also create additional investment risks that are hard for investors to diligence or monitor.

We recognize that many companies are seeking to be responsible taxpayers. However, in order for us to assess potential investment risk, companies need to be transparent, to effectively communicate the principles and policies that guide their approach to tax, and to engage in meaningful dialogue with stakeholders.

We therefore encourage efforts to promote responsible tax practice amongst companies. The B Team is one such example, and we commend its [Responsible Tax Principles](#), as well as the companies that have publicly stated their support for the Principles. We encourage all companies to adopt a public commitment to responsible tax, and to endorse a robust set of Principles such as those published by The B Team. We also encourage other investors to join us in this statement.

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