The ATP Group

2021
Tax

Part of ATP's responsibility

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ATP's work with taxes

It is important to our credibility and the long-term returns of ATP's members that we pay the correct amount of tax while supporting sound tax practices in our investments to manage potential risks. Accordingly, we focus on transparency and clarity in our policy and processes for paying taxes and reporting.

Basis

ATP plays a significant role in many areas in Danish society, and we are therefore also taking responsibility for tax practices for the benefit of both society and ATP.

When we invest, tax matters are an important parameter. We need to ensure that ATP is paying the correct taxes - neither too little or too much - and we want to influence the companies we invest in to avoid aggressive tax planning.

This is why we have requirements for the tax area. It is not always that we can get everyone to fall in line, but by taking the lead, we believe that we can help to make a positive difference.

Processes

ATP's tax policy was updated in 2021 to make it better able to address our approach to investments in listed companies. Among other things, the policy specifies that there should be a tax policy adopted by the board of directors and that the individual companies' approaches to taxes should, as a general rule, be highlighted in their communications with the outside world.

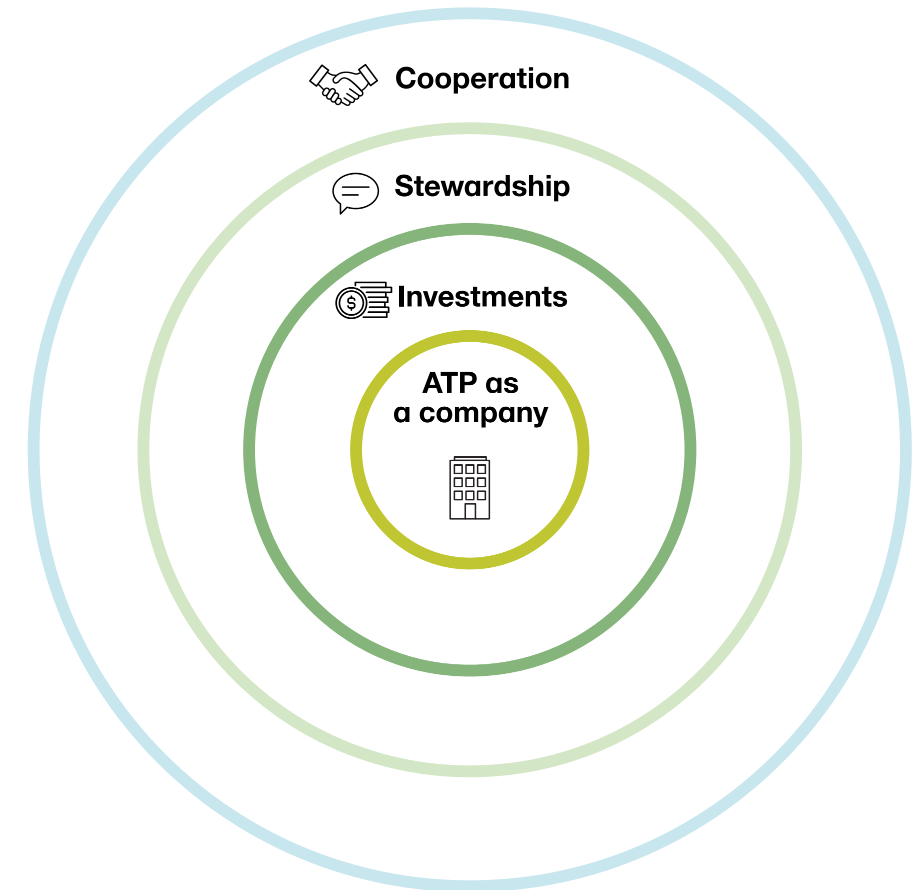
In our tax policy, we also encourage individual companies to investigate the opportunities for voluntarily (while taking due account of business secrets) publish country-by-country reports on taxes.

We have fixed processes for how we manage taxes in our unlisted investments. Before we invest, we use the due diligence process to map and uncover the tax-related risks of the investment, including determining whether the investment complies with our tax policy. And once we have invested, we follow up on an ongoing basis to ensure that things are moving forward as expected.

Activities

As part of our stewardship activities, in 2021 we continued our dialogues with listed companies about their tax affairs. Among other things, the focus has been on investigating how certain foreign listed companies view effective tax rates and how they feel about doing business in countries blacklisted by the EU. The dialogues confirmed our view that many companies have taken a stance on whether or not they want to work with blacklisted countries but they also confirmed - and this particularly applies to the explanation given by companies for their effective tax rates - that these are areas where more transparency is still needed.

In 2021, ATP has also worked on spreading awareness about the Tax Code of Conduct which states what expectations ATP and a number of other institutional investors have for external asset managers.



ATP's responsibility is about what we do ourselves, how we invest, how we manage our stewardship activities and the way we work with others.

For ATP, ESG is about moving companies in a better direction so as to benefit society at large, the company itself and, finally, ATP as an investor. Some companies have made more progress than others, but for us, it is about ensuring that they take their part of the responsibility for the ESG transformation.

ATP has paid (net) **DKK 22.7bn** to the Danish state in 2021, which includes own taxes, duties and withholding taxes.	The pension yield taxes of the past 10 years amount to **DKK 74.6bn**. In 2021, ATP's pension yield tax basis was negative.	**17** investors have signed up for the Tax Code of Conduct
4 spot check performed on external managers of unlisted investments	Tax matters in **21** of our existing unlisted investments have been reviewed during 2021	ATP's **tax policy has been updated** so that it now also sets out our approach for listed investments

ATP wants clarity and transparency on tax payments

ATP plays a significant role in a number of areas in Danish society, and it is our assessment that when it comes to taxes, ATP can also assume responsibility for the benefit of both society, companies and ATP. We believe that ensuring clarity and transparency in ATP's policy and processes for tax payments is part of the responsibility we carry.

Tax is an important parameter in investing, and particularly in relation to international investments across countries with different tax regimes. The globalised economy has created a great deal of growth and prosperity around the world, but it has also resulted in complex legal structures where taxable returns and earnings can be moved across borders.

In many cases, the use of complex legal structures is completely legitimate in order to avoid double taxation, but as a number of controversial cases have demonstrated, they can also be used to bypass the intentions of tax legislation. Among other things, this is because national tax legislation and rules are not yet sufficiently adapted to a globalised world, and as a result, aggressive tax planning remains an international challenge that investors need to take into account in their work.

ATP has high standards for ensuring that we are paying the correct amount of tax, i.e. neither too much nor too little. This is so that ATP can exert its influence to fight aggressive tax planning. We recognise that ATP is not always the sole decider in our investments, and we also recognise that we cannot force companies, external asset managers and co-investors to follow our tax policy. ATP is thus not capable of changing the world all by itself, and therefore we apply both a proportionality and an effect principle.

What we can and do is give priority to our efforts so that it is concentrated where the impact is greatest. We align the effort with the value of ATP's investment and assess it against ATP's ownership stake and the opportunity to get individual companies, external managers and co-investors to accept our requirements. If aggressive tax planning is to be prevented, it requires more international cooperation, legislation and common standards.

HOW ATP PAYS ITS TAXES

Danish pension companies - unlike most other pension companies abroad - have to pay taxes on their realized and unrealized returns. Thus, ATP pays a Danish pension yield tax on all investment income, no matter where in the world the returns are generated. Generally speaking, this means that if ATP realises a positive return, then it will pay 15.3 per cent in taxes on the return on behalf of our members. In addition, the pensioners are taxed on the money as they are paid out.

As an investor, ATP does not have a mandate to monitor the actions of companies, co-investors and external asset managers. That is the job of the authorities. However, ATP will work towards ensuring that the money we are responsible for is invested in accordance with ATP's tax policy and that, as a result, the funds that Danes contribute to ATP are taxed correctly. ATP will also work towards selecting external asset managers that operate in accordance with the spirit of the tax legislation, though we recognise that there are no guarantees. That is one of the reasons why we perform spot checks.

ATP's experience is that it is not easy to get everyone to accept ATP's firm standpoint against aggressive tax planning. In some cases, this has meant that ATP has turned down investment opportunities. Conversely, ATP has also found market participants who are very willing to embrace the agenda of contributing to good tax practices and increased transparency.

Greater cooperation between investors is key to influencing companies and external asset managers. ATP is working to improving this cooperation and knowledge-sharing between investors who share a common interest in sound tax principles. A broad collaboration ensures that we can better influence developments towards more responsible tax practices.

ATP's tax policy has four purposes

1. **To ensure the correct payment of taxes**
   ATP wishes to pay the correct tax – not too little, not too much – and comply with current tax legislation and practice.

2. **To reduce tax risks**
   ATP seeks to apply robust and functional investment structures with a view to reducing tax risks which may negatively affect the investment return in the long term, and to minimise risk of structures and transactions being challenged by tax authorities.

3. **To formulate clear expectations for external managers, co-investors and companies**
   ATP wants to communicate clearly about what tax behaviour ATP accepts and does not accept, and ATP seeks to influence the external managers, co-investors and companies in which ATP invests to act accordingly.

4. **To support increased transparency on tax matters**
   ATP supports the efforts to have more transparency about taxes and it supports the OECD and EU initiatives aimed at this. At the same time, ATP wants to be transparent about its own tax affairs and, in addition, to contribute in general to a broader understanding of the complex tax conditions that investors and global companies navigate through.

No thank you to aggressive tax planning

We consider aggressive tax planning as an investment risk that does not contribute to the long-term value creation in investments. At the same time, however, we have a strong interest in ensuring that our members are not unduly taxed on the returns of their investments, e.g. via double taxation.

Therefore, it is important for us to understand the background of the tax-related choices that are taken on behalf of ATP. It is important for ATP that the correct tax is calculated and determined on the basis of the international tax consensus, which is found, for example, in the OECD's Base Erosion Profit Shifting (BEPS) project and in the EU's efforts to tackle aggressive tax planning. ATP also generally supports the OECD's ongoing work with creating global taxation standards, including the efforts to introduce rules for a global minimum tax.

ATP defines aggressive tax planning as taking advantage of technicalities in a tax system or inconsistencies between several tax systems for the purposes of reducing tax liability which goes against the spirit of the law. In addition, ATP considers it to be aggressive tax planning if a corporate structure exploits tax legislation to gain an unwarranted tax advantage.

TAX STRUCTURES MUST FOLLOW OUR TAX POLICY

Before we make new investments, we examine the tax structure of the investment object. The tax structure needs to comply with legislation and our tax policy. If the proposed structure is not in line with our tax policy or legally controversial, we attempt to change the structure. Failing that, we turn down the investment.

International tax legislation is constantly changing. As are the norms for what is considered acceptable. Our goal is to remain at the forefront of these developments. In practice, this means that we screen several of our investments every year to determine whether any changes have occurred that require our attention.

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It is important for ATP to look into whether a company's tax practices are acceptable and not just where a company is headquartered.

We must ensure that our investments are not engaged in aggressive tax planning while also ensuring that ATP's members are not taxed unnecessarily on their pensions.

Lars Toft, Tax Director at ATP

ATP does not accept...

constructs that make use of the following structures:

- The use of companies domiciled in countries on the EU's blacklist. However, ATP does accept that companies that have part of their business activities in those countries can carry out those activities via subsidiaries established locally.
- Exploiting agreements on double taxation by using holding companies with insufficient substance for the sole purpose of reducing or avoiding withholding taxes
- Transfer pricing planning, where risks and earnings are systematically transferred to low tax countries
- The use of financial instruments for aggressive tax planning
- The use of hybrid companies for aggressive tax planning
- The use of equities for dividend arbitrage, including making equities available to others via lending them out.
- The use of highly geared acquisition structures for the purposes of unduly reducing the taxable earnings
- The use of tax incentive schemes that are in clear contrast to the purpose of the specific legislation

ATP does accept...

tax planning that is intended to ensure fair competition and avoid double taxation. For example, there are structures characterised by:

- Use of available double taxation treaties where the business substance justifies the use of a specific double taxation treaty
- Using historical tax lossess to reduce the future taxable earnings
- Use of a reasonable level of debt financing
- Use of tax depreciations, for example, on infrastructure assets

How ATP incorporates tax considerations into the investment process

ATP has established processes in place to incorporate tax considerations into our new investments. We thereby manage compliance with taxes and risks in our investments, which protects us against unnecessary surprises when we step in as owners in a company. Similarly, we are working towards ensuring that our tax policy is implemented to the greatest possible extent.

- The due diligence phase is aimed at mapping out ATP's tax position and uncovering the tax-related risks in the investments, including assessing whether the investments comply with ATP's tax policy. ATP has its own tax specialists who ensure that ATP can act swiftly and thoroughly when investment opportunities are identified. If the investment do not live up to ATP's tax policy, we will investigate whether we can adapt the investment or the contractual basis so that it addresses our requirements for the area.

- During the structuring phase, it will be analysed whether the investments are structurally optimally for ATP within the specified framework of the tax policy or if the structure needs to be adjusted to address our requirements.

- In the negotiation phase, we discuss the following matters with our business partners:

  a. Ensuring that ATP's tax policy is implemented in the contractual basis for the investment.
  b. ATP's requirements for the tax-related and legal structure.
  c. Ensuring that the purchase sum reflects any potential extra tax expenses due to historical events in the investment.
  d. Requirements for tax reporting.

- In the implementation phase, we ensure that the investment is implemented correctly in all of ATP's systems so that the correct tax is paid. We also investigate whether there are issues that need to be reported to the tax authorities under the so-called DAC6 rules.

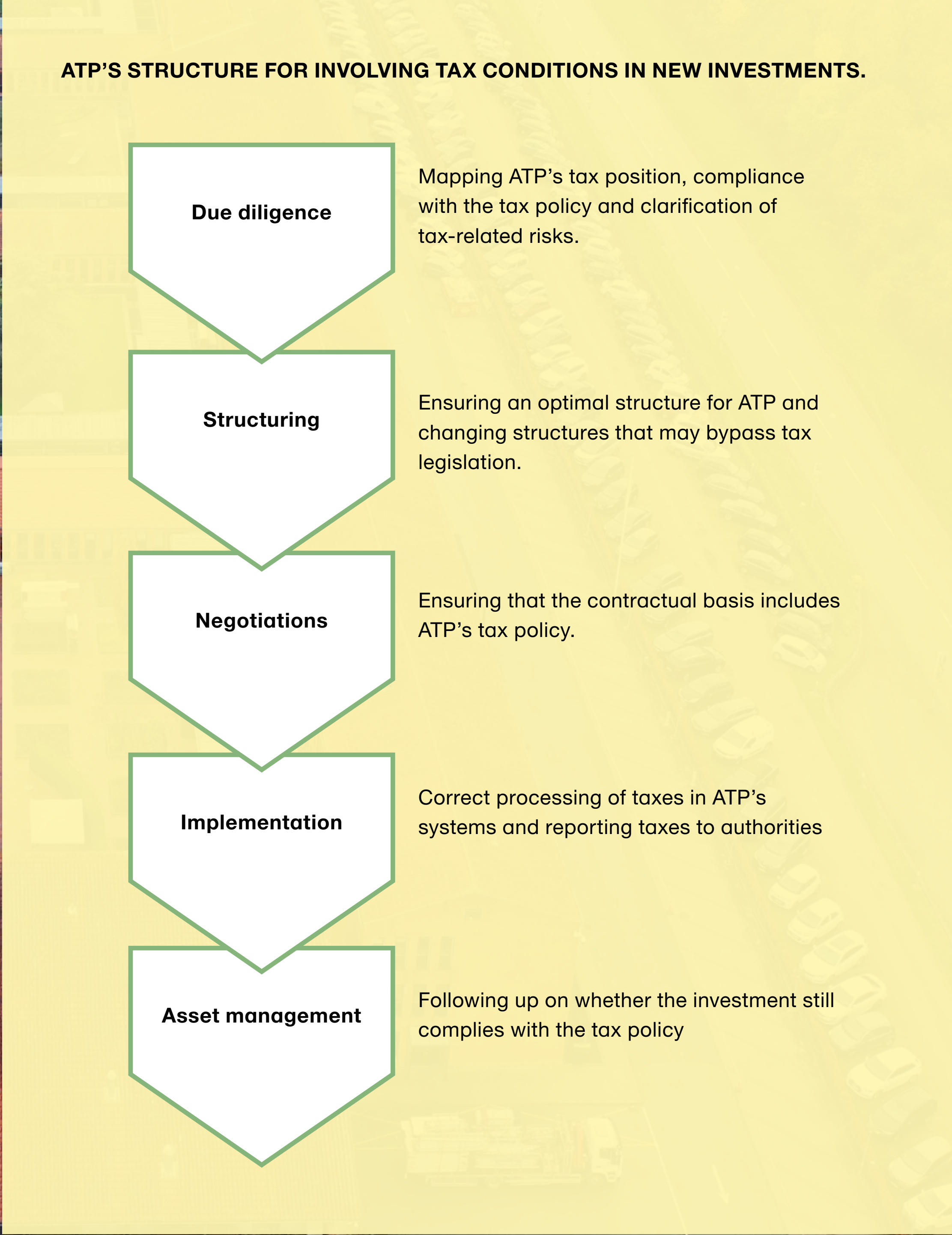
- The asset management process is part of ATP's ongoing work with our investments, where we follow up on whether the investment continues to remain in compliance with ATP's tax policy and the signed agreements. Likewise, we also assess the tax structure compared to general developments on the area.

ATP regularly influences asset managers through dialogue on specific tax matters.

We have found that it is not easy to get everyone to accept ATP's standpoint against aggressive tax planning. In some cases, this has meant that ATP has had to turn down investment opportunities. Conversely, ATP has also found market participants who are very willing to embrace the agenda of contributing to good tax practices and increased transparency. Generally, we have seen a growing willingness among our asset managers and investment partners to address tax issues in the investment partnerships we enter into.

PRIORITISING ASSET MANAGEMENT

We are continuously increasing our focus on the asset management process. Several dialogues with asset managers and investment partners have in the past few years demonstrated that this dialogue results in change. For example, we can have dialogues where we encourage asset managers and investment partners to develop tax policies or avoid working with/in countries blacklisted by the EU, and we have seen several instances where they end up taking action on the basis of that dialogue.



ATP'S STRUCTURE FOR INVOLVING TAX CONDITIONS IN NEW INVESTMENTS.

Phase	Description
Due diligence	Mapping ATP's tax position, compliance with the tax policy and clarification of tax-related risks.
Structuring	Ensuring an optimal structure for ATP and changing structures that may bypass tax legislation.
Negotiations	Ensuring that the contractual basis includes ATP's tax policy.
Implementation	Correct processing of taxes in ATP's systems and reporting taxes to authorities
Asset management	Following up on whether the investment still complies with the tax policy

New tax policy focusing on listed companies

As part of our ongoing focus on taxes in our investments, in 2021 we updated our tax policy so that it now also specifies the principles for our approach to the tax affairs of listed companies.

Aggressive tax planning is a global challenge that requires international cooperation, legislation and standards. At the same time, aggressive tax planning has also resulted in the area of taxation being in a crisis of trust that needs to be overcome with more transparency. That companies need to be transparent about their tax affairs is a core message of our new tax policy, and it is not just a matter of compliance with statutory requirements. In order to restore trust in the system through transparency, it is important that companies embrace transparency and make it clear what information is relevant to the companies' stakeholders and, as part of this, find the balance between relevant and irrelevant data.

At ATP, we are continuously trying to have dialogues about tax affairs with the companies we invest in. In our dialogues, we try to wield our influence to create positive developments towards more transparency and responsibility based on the four following messages:

1. **The overall management of tax affairs is a matter for the board of directors**
   There should be a tax policy adopted by the board of directors and it should be publicly available. The policy must be specific to the individual company and address the specific situation of the company. The policy should be evaluated with a fixed frequency, such as annually, and compliance should be reported on to the board of directors.

2. **Aggressive tax planning does not contribute to long-term value maximisation**
   Companies that not only comply with the wording, but also the aim of the tax legislation, in ATP's view, have a more robust approach to taxes and will be better positioned in relation to new national and international tax reforms.

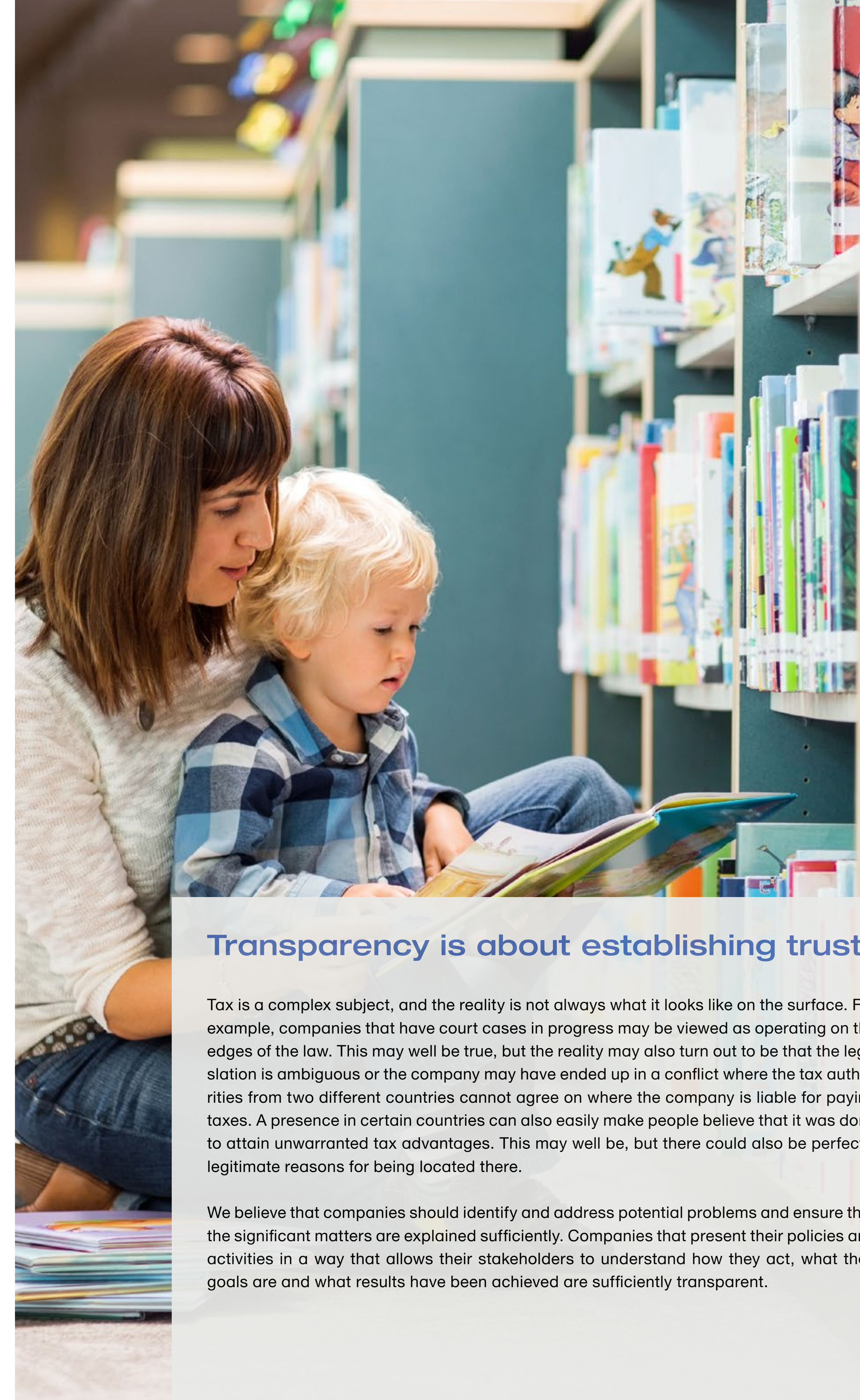
3. **The attitudes and approaches towards tax matters should be highlighted in the company's communications**
   Tax reporting should go beyond financial reporting and it should be clear how the company works with and ensures good tax behaviour. Depending on the individual company, this may involve notifying of the company's attitudes towards tax planning, describing the overall structure of intra-group trades, explaining a presence in low or zero tax jurisdictions and describing the system used to identify and manage tax risks.

4. **An encouragement to submit country-specific reports and to report on tax levels**
   ATP encourages the individual companies to look into the opportunities for voluntarily (while taking into account issues such as business secrets) publishing country-specific reports in addition to the reporting that will soon be statutory in the EU. The reporting can also be broadened and include the overall tax footprint globally and at the country level, including being divided into taxes paid directly and taxes collected on behalf of others.

We will also continue to work with like-minded investors to create common standards. Partnerships might give us better access to dialogues, because together, we will represent a larger proportion of the companies' shareholders.

In recent years there has been made a number of recommendations from various organisations about transparency and good tax behaviour. We use a wide variety of sources, for example, the Global Reporting Initiative's standard for tax reporting (GRI 207: Tax), PRI's Engagement Guidance on Corporate Tax Responsibility, B-team's Responsible Tax Principles and OECD's Guidelines for Multinational Enterprises.

ATP's tax policy can be found at www.atp.dk/en/tax-policy



Transparency is about establishing trust

Tax is a complex subject, and the reality is not always what it looks like on the surface. For example, companies that have court cases in progress may be viewed as operating on the edges of the law. This may well be true, but the reality may also turn out to be that the legislation is ambiguous or the company may have ended up in a conflict where the tax authorities from two different countries cannot agree on where the company is liable for paying taxes. A presence in certain countries can also easily make people believe that it was done to attain unwarranted tax advantages. This may well be, but there could also be perfectly legitimate reasons for being located there.

We believe that companies should identify and address potential problems and ensure that the significant matters are explained sufficiently. Companies that present their policies and activities in a way that allows their stakeholders to understand how they act, what their goals are and what results have been achieved are sufficiently transparent.

Dialogues about tax risks show that more transparency is needed

As part of ATP's stewardship activities, we are also focused on taxes when engaging in dialogues with companies. Our focus has been on companies that have reported a low effective tax rate or which operate in countries blacklisted by the EU. This is because such things can be indications of aggressive tax planning, and therefore we enter into a dialogue with the company to discover if there are legitimate reasons for, for example, using blacklisted countries.

A review of our portfolio has shown that many listed companies have subsidiaries in countries that are on the EU's blacklist. During 2021, we have asked a number of companies to explain their use of countries on the EU's blacklist, what effect the use of such countries has on the company's overall tax payments and the process the company uses to ensure that the group structures are appropriate.

The answers we received show that the vast majority of the groups have subsidiaries in blacklisted countries because local business is being done through them. Some have stated that the companies have other functions related to their international activities which are not related to tax planning.

What all the responses have in common is that none of the companies believe that they are gaining significant tax savings via the companies in blacklisted countries. The majority state that they expect that the tax payments overall would not change if the companies were removed. Some even explain that they pay higher taxes due to their presence in such countries. For example, one company explained that they have local business via a company that is paying corporate taxes in Trinidad & Tobago - which are higher than in the country the group is domiciled in.

Many of the companies also state that they have a policy that governs the use of tax havens and holding companies. The dialogues confirm our view that many companies have already considered their use of countries on the EU blacklist or similar countries and use them for well-justified reasons.

A low effective tax rate can also indicate aggressive tax planning, but there may be perfectly legitimate reasons for a company having a low effective tax rate for a certain period. We have no requirements concerning paying a certain effective tax rate that is higher than some percentage in our investments, but we encourage companies to provide an honest explanation of their effective tax rates.

Therefore, we selected a number of our portfolio companies with low effective tax rates and asked about the reasons for this, the impact of things such as tax incentives and their expectations for legislative initiatives concerning minimum tax rates. The responses we received indicate that, among other things, the low effective tax rates can be due to tax incentives or having significant business activities in countries with low corporate tax rates. However, we do have to note that this is an area where there is still room for more transparency and we will therefore continue to monitor the developments in the companies closely.

There are many ways of measuring effective tax rates

The effective tax rate, which is calculated on the basis of financial statements, expresses what proportion of a company's profits are taxed. The figure can be measured in multiple ways. ATP uses the GAAP ETR (Effective Tax Rate) as the basis for its screening work. This calculation uses the companies' tax expenses in their financial statements and includes both current tax for the year and deferred taxes on the companies' balance sheets as this is measurement is easily accessible and over time shows the effect of the differences between the time where earnings are generated and expenses paid in the financial statements and in the companies' tax calculations.

Other ways of measuring effective tax rates includes "Actual ETR", which shows the expenses for current taxes calculated based on earnings for the year in the financial statements without the effect of deferred taxes. It may also be relevant to examine the tax that a company actually pays, which is listed under the cash flow statement, and compare it to the profits generated and thus calculate the "Cash ETR".

In the recently proposed OECD agreement on a global minimum tax, the aim is to ensure a minimum tax rate of 15 per cent as expressed via the so-called GloBE ETR (Global Anti-Base Erosion Effective Tax Rate), which is calculated on the basis of an adjusted tax expense compared to an adjusted figure for earnings. GloBE ETR is therefore not directly comparable to the other commonly used ways of calculating effective tax percentages.

The minimum tax rate is to ensure a certain minimum for global tax rates, but there is no upper limit. In Denmark, the statutory corporate tax rate will continue to be higher than the minimum tax rate and the same will apply to most other countries. Even if the rules concerning a minimum tax rate are adopted, there will therefore still be reason to look at the individual companies' tax payments.

The difference between the statutory corporate tax rate of the country in which the company is domiciled and the effective tax rate that is actually paid by a company can also occur when:

- The company has a significant part of its earnings generated from countries with different tax rates than its home country.
- The company is entitled to tax incentives, for example, in the form of a favourable tax rate on a certain portion of its earnings or from higher deductions from expenses or tax depreciations. Incentives are often granted to encourage investment in manufacturing or research or the development of a country.
- The company is entitled to deduct tax losses from earlier years from its taxable income.

Common tax principles must increase transparency and reduce aggressive tax planning

For a number of years, ATP has actively used its tax policy in negotiations with potential investment partners and asset managers. Even though we have succeeded in changing a number of conditions and structures in several investment agreements, we have not yet reached our goal. The more we form a united front on setting standards for responsible tax practices, the more impactful we will be.

Therefore, together with a number of Denmark's largest investors, ATP has prepared a common Tax Code of Conduct outlining the expectations for the tax practices of external asset managers.

If enough investors set standards for responsible tax practices, it will limit the possibilities of market participants who do not want to align their tax practices to the standards set by ATP and other responsible investors.

Initially, Industriens Pension, PensionDanmark and PFA Pension joined ATP in adopting the common Tax Code of Conduct in 2019. Since then, the number of participants has expanded significantly. In 2020, an additional seven pension funds adopted the code, followed by six Danish funds and associations in 2021.

In 2021, the Tax Code of Conduct has been spread even further, as the Danish industry association for capital and venture funds, Aktive Ejere, has also adopted the tax code of conduct and used its principles to formulate a set of recommendations for its members concerning tax behaviour.

Finally, the common tax principles encourage a process of continuous learning and knowledge-sharing between the group of investors. Tax on investments is a complex and resource-intensive area, and tax regulations and societal norms develop over time. At ATP, we are continuously monitoring new developments in this area and adapting our efforts accordingly.

ATP CONTRIBUTES TO BEST PRACTICE

ATP is a regular participant in a number of national and international forums in which we inform others of our tax policy and the experiences we have gained. The reason why this is important is that it allows us to engage in dialogue with investors, asset managers and advisors on our experiences with responsible tax practices and share our view on what best practice in this area entails.

Tax Code of Conduct

The Tax Code of Conductcovers six areas and outlines the expectations for external asset managers and investors.

Expectations for external asset managers
Investors expect that external asset managers do their best to ensure compliance with tax legislation in the countries where investments are made and that this includes taking into account future developments in tax legislation and international initiatives.

Tax planning
Investors are obliged to effectively manage investments, and therefore they expect that external asset managers apply an acceptable level of tax planning for the purposes of limiting double taxation for investors and ensuring fair competition. Aggressive tax planning, which takes advantage of technicalities in the tax legislation or inconsistencies between different tax systems is not acceptable.

Blacklisted countries
The investors behind the Tax Code of Conduct support increased transparency and the international initiatives that are working towards this under the auspices of the EU and the OECD. Therefore, the investors expect that external asset managers are not investing in companies that are based in countries that are on the EU's blacklist or which do not meet the requirements in the OECD's peer review for tax transparency.

Investments in developing countries
The investors recognise that governments, particularly in developing countries, can use tax incentives as part of their development policy, but external asset managers are encouraged to be cautious when using these - for example, by being cautious about using shareholder loans that can be used to decrease the taxable income.

Transparency and dialogue
The investors expect that external asset managers should be transparent in their approach to taxes and also be willing to enter into a constructive dialogue with the investors about taxes, including providing the investors with access so that they can perform spot checks of the tax matters for the investment.

Future development
The investors behind the Tax Code of Conduct are continually monitoring the developments in the area and entering into active dialogues with other investors and asset managers about it as well. The Tax Code of Conduct will be updated on an ongoing basis if developments require it.

Three tax dilemmas for investors

As investors, we are continuously faced with tax dilemmas that we need to take into account. In essence, these dilemmas arise because corporate taxation is a complex issue that is impacted by the legislations of various countries interacting with each other. This can result in both misunderstandings and violations of the law. For ATP, transparency is the most important tool to judge behaviour.

The EU blacklist is not perfect, but it is a step in the right direction

There is a need for more consensus on the international level about what is either within or outside the limits of acceptable tax planning. The EU blacklist is an example of an initiative that is aimed to avoid countries facilitating harmful tax practices. ATP backs this initiative and does not invest via holding structures that make use of blacklisted countries. As a global investor, it is important for us and how we can wield our influence to support a list that has broad international political support.

However, the blacklist sometimes faces criticism for being too lenient and hard to understand, and the EU parliament has also on several occasions spoken critically about the blacklist and made proposals for revising the criteria. We support the EU's efforts to increase requirements on an ongoing basis and to introduce objective and transparent criteria for the list.

Despite the criticism, however, the blacklist is a step in the right direction. And in the end, it is not just about creating a long list of certain excluded geographical areas, it is about avoiding aggressive tax planning. The blacklist is also not the only tool, it is just one of many used to fight aggressive tax planning. After all, there are still consequences from using low-tax and zero-tax countries that are not on the blacklist. In our risk assessment, we look to more than just the blacklist, and when we are presented with investment opportunities that use companies in either low-tax or zero-tax countries, we take an extra thorough look at the structures, even if the countries being used are not blacklisted.

Lack of transparency about tax behaviour among large international companies

ATP wants to ensure that there is more transparency about tax matters. The focus on good tax practices is a relative new one compared to the rest of the ESG area. We can note that in certain industries and in certain geographical areas, there are major challenges for investors when it comes to collecting data that can be used to properly assess the tax behaviour of companies.

We see this in our ongoing dialogues with companies and it is also confirmed by, for example, the Global Trends in Corporate Tax Disclosure report which is prepared by FTSERussell on behalf of PRI, where it is stated that less than 25 per cent of companies in North America, Latin America and China have publicly available information on their tax behaviour. Both in the ongoing dialogues and via published data, Danish companies are much more advanced in this respect.

ATP cannot solve this challenge with international companies alone. We support the introduction of mandatory common standards for reporting and comparability across companies, countries and industries, and in our dialogues we encourage a high degree of transparency while also trying to work with other global investors about specifying common expectations for good tax behaviour. As we see it, this is just as much about pushing the large group of companies who can demonstrate more transparency as it is about going after individual companies.

Large parts of the world are exempt from reporting on a country-by-country basis

The EU has adopted rules for publicly available country-by-country reporting, which commits large companies to publicly report on corporate taxes paid in the countries where they operate. ATP views this is a significant initiative that can contribute to people having more trust in companies' responsible tax behaviour and we expect that the rules will help to normalise and increase the extent of publicly available tax information.

However, the EU rules only require that tax payments made in EU member states and countries on the EU's blacklist and grey list must be reported individually. When it comes to regions outside of the EU, we still need to see if similar legislation will be introduced. There is a need for common rules in order to ensure equal terms of competition.

ATP supports full transparency and we expect more companies to over time choose to publish information that goes beyond what the legislation demands. ATP encourages each company to explore the possibilities of publishing a country-by-country report voluntarily and with reasonable consideration, among other things, for competitive conditions. To the extent that a company takes such considerations and then decides to stick to the bounds of legislation in terms of their reporting framework, it would be good tax behaviour to notify of the reason for this decision.