



**NORGES BANK**  
INVESTMENT MANAGEMENT

Global Sustainability Standards Board  
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## GSSB public consultation on Tax and Payments to Governments

We refer to the Global Sustainability Standards Board (GSSB)'s public consultation on the proposed Global Reporting Initiative (GRI) topic-specific Standard: *Tax and Payments to Governments*, published on 13 December 2018. We welcome the opportunity to contribute our perspective.

Norges Bank Investment Management (NBIM) is the investment management division of the Norwegian Central Bank (Norges Bank) and is responsible for investing the Norwegian Government Pension Fund Global. We work to safeguard and build financial wealth for future generations. NBIM is a globally diversified investment manager with about USD 1 trn in assets under management, including 66.3 % in equities.

We have laid out our expectations of companies on tax and transparency in a public expectation document<sup>1</sup>. As an investor, NBIM expects multinational enterprises to exhibit appropriate, prudent and transparent tax behaviour. In line with the G20/OECD Principles of Corporate Governance, our starting point is that that company boards should oversee company tax strategies and planning. Company boards should also discourage practices such as aggressive tax avoidance, which do not contribute to the long-term interests of the company and its shareholders.

Our expectations to companies make clear how business operations that are driven by tax planning rather than long-term value creation may be more vulnerable to changes in regulation or enforcement. Institutional investors benefit from well-functioning, consistent, predictable and transparent tax reporting frameworks. To ensure harmonization and reduce uncertainty, we support international standards for the disclosure of taxes and payments to governments. We support the GSSB's objectives of promoting greater transparency on companies' approaches to taxes, including strategy, governance and actual taxes and payments to governments.

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<sup>1</sup> NBIM, [Tax and Transparency, expectations towards companies](#).



We agree with the GSSB's proposed 'management approach disclosures', which would enable investors to better understand a company's approach to tax, including how boards oversee and manage tax risks. The proposal is aligned with NBIM's expectations of companies. We emphasise that boards should take the lead in setting corporate tax priorities and should disclose their policy on tax. Tax policies should be integrated with core business considerations and companies should routinely assess tax risks. We also believe that companies should help ensure that tax authorities have sufficient information to reach robust conclusions regarding the tax treatment of their activities. Although not yet common behaviour, we observe that companies are increasingly publishing information on tax management. In our view, the proposed disclosures are therefore feasible.

Concerning the proposed 'topic-specific disclosures', we consider that taxes should be paid where economic value is generated and see country-by-country reporting as a core element of transparent corporate tax disclosure. As an investor, NBIM analyses opportunities and risks to our investments. Complex or opaque ownership and organisational structures hamper transparency and may compromise investors' fundamental financial analysis. It seems unlikely that transparent geographical reporting of value generation and the taxes paid in relation to that value, would necessarily impair competitive advantage. It is not clear that the principal content of such reports would comprise sensitive information on which commercial competitors could capitalise. We therefore favour such reporting, and believe that where companies choose not to apply such transparency principles, they should publicly state why.

International norms and standards for public country-by-country reporting are still emerging. The proposed 'topic-specific disclosures' by the GSSB could contribute to more consistency and to a level playing field in terms of tax transparency. Nevertheless, it is important that existing and emerging tax reporting requirements and practices are taken into account to avoid unnecessary reporting burdens for companies. GSSB may also wish to consider mechanisms to create some future flexibility in the standards' level of prescription at this point to account for these matters.

We appreciate your willingness to consider our perspective.

Yours sincerely

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