

Submission by Ethical Partners Funds Management to the consultation of Public Country-by-Country Reporting

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About Ethical Partners Funds Management

Ethical Partners Funds Management is a boutique Australian Fund Manager, managing around \$1.8 billion dollars in ASX listed equities on behalf of large Australian super funds, schools, charities, foundations, and other investors who wish to have their money managed with a deeply integrated responsible investment approach.

Ethical Partners have a dual focus on performance and investing ethically. Our approach directly manages risk and identifies opportunities, provides the ability to invest in line with our clients' values, actively assesses the impact of our investments and engages and advocates for change.

Ethical Partners believe that a genuine and integrated approach to assessing a company's management of ESG is fundamental to assessing both investment risks and the investment opportunities that are presented by the changing world in which we live. Our active company engagement and wider advocacy program is also integral to our approach to responsible investment. Ethical Partners Opportunity and Risk Assessment (EPORA) to assess relevant ESG related risks and opportunities for our investments.

Ethical Partners (AFSL 504749) is also a signatory to the Principles for Responsible Investment (PRI) and is a member of the Responsible Investment Association of Australasia (RIAA).

Our Founders and Principals both have extensive experience in the industry, Nathan Parkin (Investment Director) having over 28 years of experience, most recently before this role as the Deputy Head of Equities at Perpetual Funds Management. Matt Nacard (CEO) has over 20 years' experience, most recently before this role as Co-Head of Equities, Asia at Macquarie Bank.

As per our previous submissions, Ethical Partners firmly believes that a company's tax practices are financially material. We also believe that fair taxation practices are a key element of corporate responsibility, and crucial to achieving the Sustainable Development Goals, and addressing many of the key crisis facing our world today.

As such, Ethical Partners has undertaken active advocacy in this area in partnership with the PRI, Publish What You Pay, and PIRC. We have also engaged regularly on this issue with numerous ASX

listed companies, with a key focus on being our belief that companies must be annually publishing data on a country-by-country basis and on a project-by-project basis, including sector specific payment.

Terms of reference addressed in this submission.

This submission is in response to the request for stakeholder views on the exposures draft legislations and accompanying material implementing this measure. This submission follows our previous submission to the previous consultation on other multinational enterprise tax integrity and transparency proposals was held in August and September 2022.

Comments on the current consultation

Ethical Partners congratulates the Australian Government on the proposed draft legislation. We believe that this proposed legislation will bring Australia to the forefront of the increasing push for greater tax transparency. We applaud the government for taking this leading position.

We furthermore believe this legislation will have a significant positive effect on investors' ability to assess the risk profile and to incorporate tax issues in our decision making. As noted in our previous submissions, the ability for investors to do this in any dependable and rigorous fashion has been severely limited with previous inadequate voluntary company disclosures.

Furthermore, we strongly believe this is a key positive step for the Australian Government towards your responsibilities in addressing the Sustainable Development Goals, something we strongly support, and believe that fair taxation is a key enabler towards the attainment of.

Ethical Partners, both directly and as members of the PRI Tax Transparency Investor Working Group and the Global Policy Reference Group also strongly supports the alignment between the draft legislation country-by-country (CBC) information requirements with the 207- 4 CBC requirements of the [GRI 207 standard](#). A broad range of stakeholders, including investors, provided input into the design of the GRI 207 standard. It is also positive to note the significant alignment of the standard with the OECD BEPS Action 13. The PRI believes this will minimize the compliance burden for entities and avoid the emergence of various CBC information reporting formats.

We also strongly welcome the requirement that CBC information should be reported for all jurisdictions of operation, without exemptions. This level of disaggregation will provide much needed clarity on operations in lower tax jurisdictions and other higher risk transactions. Because of the growing momentum on tax, we, as well as the PRI, believe it is important that investors have access to this information as soon as practically feasible for entities.

We also believe the proposed effective date for income years starting after July 2023 is reasonable as most affected companies already collect and disclose CBC information under OECD Action 13 BEPS.

We also note that entities can choose to supplement these mandatory disclosures by voluntarily publishing additional qualitative information to provide context and narrative and assist investors and other stakeholders in interpreting and appraising the CBC information.

As such, we would also be very supportive of the guidance from government clearly noting that these voluntary additional disclosures would be welcomed by the large and growing cohort of responsibly focused investors, as well as any advocacy the government might consider in collaboration with responsible investment groups such as the PRI or the Responsible Investment Association of Australia.

Furthermore, it would be very welcomed to see guidance and additional disclosures recommendations on taxation as a point of discussion in the government's commendable work towards the elements considered in the Sustainable Finance Taxonomy and broader sustainability related mandatory disclosures over time.

In closing, Ethical Partners, both as Australian members of the PRI Tax Transparency working group, and as individual responsible ASX listed equities investors would like to extend our sincere congratulations on the proposed legislation and we look forward to a new paradigm on tax reporting that will significantly enhance stakeholders' understanding of corporate tax activities and contribute to a more informed dialogue between corporates and investors.

Ethical Partners Funds Management also thanks the consultation for the opportunity to make a further submission on this very important topic.



Robyn Parkin

Head of Sustainability

Ethical Partners Funds Management