

Director
International Tax Branch
Corporate and International Tax Division
Treasury
Langton Cres
Parkes ACT 2600, Australia

Milan, 28th April 2023

Consultation on Public country-by-country reporting

Dear Director,

Etica Sgr is an Italian asset manager that since its establishment in 2000 offers only sustainable and responsible mutual funds. Etica's mission is to "represent the values of ethical finance in financial markets and promote socially responsible investment and corporate social responsibility" (art. 4, company bylaws). Etica manages assets worth over Eur 7 bn on behalf of over 420,000 clients. We are a member of the PRI network since 2009 and we are part of PRI's reference tax group.

Etica is engaging companies on tax transparency since 2018.

In 2017, Etica participated in the [collaborative engagement](#) on corporate tax transparency organized by the PRI. In 2022, we co-filed a [shareholder resolution](#) at the AGM of US based multinational Cisco Systems, requesting the company to publish information in line with [GRI 207 standard](#) on tax: our resolution was supported by 27% of shareholders.

Etica believes the proposed [draft legislation](#) would bring Australia to the forefront of the push for greater tax transparency, by making it the first jurisdiction to mandate the public disclosure of full country-by-country (CBC) information.

As companies remain reluctant to provide¹ or discuss² CBC information with investors, the introduction of mandatory requirements by the Australian Treasury will have a significant positive impact on our ability as an investor to assess the risk profile of an entity's tax affairs and incorporate tax issues in our decision-making processes.

Etica 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 Etica, provided input into the design of the GRI 207 standard³. It is also positive to note the significant alignment of the standard with the OECD BEPS Action 13. Etica believes this will minimise the

¹ [World Benchmarking Alliance 2022 study](#) of 1,000 influential companies showed that 9% of companies disclose CBC information

² None of the companies engaged as part of [PRI's collaborative engagement](#) on tax, of which Etica was a participant, responded to investors demands on the disclosure of public CBC information

³ <https://www.globalreporting.org/media/amyaycyg/gri-perspective-we-need-to-talk-about-tax.pdf>



compliance burden for entities and avoid the emergence of various competing CBC information reporting formats.

Etica strongly welcomes the requirements 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.

We 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.

Because of the growing momentum on tax, it is important that investors have access to this information as soon as practically feasible for entities. Therefore, Etica believes 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 congratulate the Australian government on the proposed legislation and look forward to this new paradigm on tax reporting that will significantly enhance our understanding of corporate tax activities and contribute to a more informed dialogue between corporates and investors.

Sincerely,
Aldo Bonati
Stewardship and ESG networks Manager