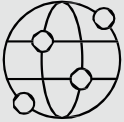


# abrDN Position Statement – Tax Transparency

December 2023

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## The issue

Scrutiny of tax has grown, driven by the trends of globalisation, digitisation, and transparency. Globalisation has facilitated the growth of Multi-National Enterprises, and international flows of capital, goods, and other assets. This has led many companies to enter into complex tax planning to shift profits and tax liabilities. Digitisation has challenged the concept that the value and profits of a company can be attributed to the location where its assets are domiciled. Investors, governments, and society increasingly expect transparent corporate disclosure on a range of issues, including tax.

## Our view

abrDN supports greater tax transparency among the companies in which it invests. Tax transparency can illuminate material risks to profitability and reputation. It also provides insight on the extent to which a company is prepared for changes in tax rules and helps inform public policy debate and discussion on tax.

In alignment with our commitment to promoting tax transparency, abrDN's tax report can be accessed on our Corporate Reporting Webpage.

## Our approach to investments

We consider tax in our investment process and expect companies to have clear governance mechanisms for oversight of tax policy and practices. This can mitigate the risk of failure to meet tax compliance and tax reporting requirements. Tax governance disclosure should include reference to risk appetite and the controls that ensure it is not exceeded.

Where a company seeks to operate as a sustainable business, it should be able to demonstrate how its tax approach is appropriately aligned with the sustainability strategy. Our objective is to understand a company's approach to tax, evaluate the extent to which it is aligned with broader objectives, and identify potential risks.

## Engagement

Engagement on tax issues can provide additional insight and assurance regarding a company's approach. Our focus is on encouraging transparent disclosure that enables investors to understand a company's approach to tax and the mechanisms for governance and oversight. We do not seek to impose a particular approach to tax – we believe the board and executive are best placed to determine this.

## Voting

Where necessary, we may seek to influence appropriate tax disclosure through voting at company meetings. Voting action will tend to be concentrated on companies that are particularly exposed to changes in tax rules or which operate in sectors where expectations of tax disclosure are higher.



**Investment involves risk. The value of investments and the income from them can go down as well as up and an investor may get back less than the amount invested.**

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