TAX

A comparative study of 51 Dutch and 65 EU stock-listed companies

TRANSPARENCY BENCHMARK 2024

Tax Transparency Benchmark 2024

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Lead:

Freek van Til (VBDO) and Keetie van der Torren-Jakma (PwC NL)

Input and support:

Angélique Laskewitz, Emiek Heemstra, Christa Geurts (VBDO)
Edwin Visser, Job Lutjens, Helena Thijssen,
Matthijs Schut, Calvin Gu (PwC NL)

For more information:

Please contact: Dutch Association of Investors for Sustainable Development (VBDO), Utrecht, the Netherlands

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Preface

Reflecting on nearly a decade of dedication to enhancing tax transparency, VBDO is proud to present the tenth iteration of the Tax Transparency Benchmark. Since the inception of this benchmark in 2015, we have actively engaged with companies in scope, fostering a collaborative spirit and achieving consistently high feedback rates throughout the years. The journey has been significant: what began as a critical assessment highlighted by the then Dutch Minister for Foreign Trade and Development Cooperation, Lilianne Ploumen, has evolved into a robust tool that drives companies toward greater accountability and transparency in tax matters.

Angélique Laskewitz
Executive Director of VBDO

In 2015, the highest-ranking company scored just over half of the maximum available points, and only 45% of the 64 evaluated companies were publishing a tax strategy. Fast forward ten years, and we now observe that 93% of the 116 companies in scope have published a tax strategy, with the total average score nearly equalling the top score from 2015. This progress is commendable, yet it is crucial to acknowledge that not all areas have seen such improvements. Stakeholder engagement regarding tax remains stagnant, with figures rising from 23% in 2015 to just 27% in 2024. This highlights a persistent challenge that companies must address to meet evolving societal expectations and maintain legitimacy.

As we reflect on developments in 2023 and 2024, it is evident that the landscape of tax transparency is shifting. Noteworthy global initiatives, including the recent UN resolution advocating for tax justice, signify a critical move away from traditional OECD frameworks toward a more inclusive and equitable approach. The Corporate Sustainability Reporting Directive (CSRD) continues to gain traction in the European Union, reinforcing the importance of tax as a possible material topic. As companies adapt to these changes, we anticipate increased reporting on tax strategies and performance, further integrating tax practices within broader sustainability efforts.

Analysing the 2024 data, we observe a growing commitment to transparency among companies, yet challenges remain, particularly in stakeholder engagement. The average score reflects improvements across various principles; however, the lack of progress in engaging external stakeholders underscores the need for companies to prioritise this area as they navigate their governance responsibilities.

Looking ahead, the expectation is clear: companies must elevate their practices, ensuring tax transparency aligns with their sustainability goals. The evolving regulatory landscape and heightened stakeholder scrutiny necessitate a proactive approach, integrating tax policies throughout companies' value chains and enhancing their commitment to responsible tax practices.

Finally, I would like to express my gratitude to all participating companies for their valuable contributions to this report and to our partners for their unwavering support. I look forward to further elevating tax transparency together, fostering a culture of responsibility and trust in the years to come.

Angélique Laskewitz
Executive Director of the VBDO

Tax Transparency Benchmark 2024

Top 10

Ranking	Company name	Score 2024	Country
1	NN Group	38	The Netherlands
1	Philips	38	The Netherlands
1	Enel	38	Italy
4	KPN	37	The Netherlands
5	Repsol	36	Spain
6	Randstad	35	The Netherlands
7	Achmea	34	The Netherlands
8	Aegon	33	The Netherlands
8	Banco Bilbao	33	Spain
8	Telefónica	33	Spain

Company ranking 2022-2024

Ranking	Company name	Score 2024		Score 2023		Score 2022		Country
1	NN Group	38	100%	39	98%	36	90%	NL
1	Philips	38	100%	40	100%	32	80%	NL
1	Enel	38	100%	35	88%	-	-	IT
4	KPN	37	97%	35	88%	28	70%	NL
5	Repsol	36	95%	38	95%	38	95%	ES
6	Randstad	35	92%	30	75%	25	63%	NL
7	Achmea	34	89%	36	90%	29	73%	NL
8	Aegon	33	87%	36	90%	32	80%	NL
8	Banco Bilbao	33	87%	29	73%	-	-	ES
8	Telefónica	33	87%	33	83%	-	-	ES
11	Adyen	32	84%	35	88%	30	75%	NL
11	Van Lanschot Kempen	32	84%	31	78%	24	60%	NL
11	Vopak	32	84%	32	80%	19	48%	NL
14	Prosus	31	82%	31	78%	26	65%	NL
14	a.s.r.	31	82%	31	78%	31	78%	NL
14	Rabobank	31	82%	33	83%	24	60%	NL
14	Vestas	31	82%	26	65%	-	-	DK
14	Assicurazioni Generali	31	82%	21	53%	-	-	IT
19	Ahold Delhaize	30	79%	29	73%	25	63%	NL
19	ING Group	30	79%	33	83%	32	80%	NL
19	Signify	30	79%	26	65%	21	53%	NL
22	Allianz	29	76%	32	80%	30	75%	DE
22	AXA	29	76%	33	83%	23	58%	FR
22	Eni Group	29	76%	33	83%	-	-	IT
25	InPost	28	74%	28	70%	25	63%	NL
25	SBM Offshore	28	74%	29	73%	24	60%	NL
25	Intesa Sanpaolo	28	74%	18	45%	-	-	IT
28	ASML	27	71%	29	73%	26	65%	NL
28	DSM	27	71%	32	80%	29	73%	NL
28	Fugro	27	71%	23	58%	17	43%	NL
28	Heineken	27	71%	24	60%	22	55%	NL
28	RELX	27	71%	28	70%	25	63%	NL
28	Shell	27	71%	31	78%	29	73%	NL
34	AkzoNobel	24	63%	20	50%	11	28%	NL
34	Unilever	24	63%	27	68%	28	70%	NL
34	KBC	24	63%	24	60%	-	-	BE
34	Ørsted	24	63%	31	78%	26	65%	DK
38	IMCD	23	61%	14	35%	17	43%	NL
38	L'Oréal	23	61%	21	53%	15	38%	FR
40	Amadeus	22	58%	15	38%	9	23%	ES

Ranking	Company name	Score 2024		Score 2023		Score 2022		Country
40	Tryg	22	58%	21	53%	-	-	DK
40	Royal Unibrew	22	58%	18	45%	-	-	DK
43	JDE Peet's	21	55%	21	53%	21	53%	NL
43	Wolters Kluwer	21	55%	19	48%	18	45%	NL
43	Bayer	21	55%	24	60%	24	60%	DE
43	Vattenfall	21	55%	23	58%	21	53%	SE
43	UCB	21	55%	23	58%	14	35%	BE
48	ABN AMRO	20	53%	24	60%	20	50%	NL
48	Beiersdorf	20	53%	4	10%	-	-	DE
48	Engie	20	53%	23	58%	-	-	FR
51	AMG Critical Minerals	19	50%	24	60%	23	58%	NL
51	Eurocommercial Properties	19	50%	17	43%	17	43%	NL
51	OCI	19	50%	17	43%	17	43%	NL
51	BNP Paribas	19	50%	19	48%	18	45%	FR
51	Nexi	19	50%	16	40%	-	-	IT
51	Gruppo TIM	19	50%	24	60%	-	-	IT
51	Banco Santander	19	50%	24	60%	24	60%	ES
58	Aperam	18	47%	20	50%	9	23%	NL
58	TKH Group	18	47%	23	58%	22	55%	NL
58	Orange	18	47%	11	28%	-	-	FR
58	Recordati	18	47%	19	48%	-	-	IT
58	Carlsberg Group	18	47%	20	50%	-	-	DK
63	Corbion	17	45%	19	48%	12	30%	NL
63	CTP	17	45%	17	43%	12	30%	NL
63	SAP	17	45%	15	38%	23	58%	DE
63	Schneider Electric	17	45%	11	28%	6	15%	FR
63	Novo Nordisk	17	45%	19	48%	17	43%	DK
63	Nordea Bank	17	45%	12	30%	-	-	DK
69	ACCIONA Energía	16	42%	21	53%	-	-	ES
69	Argenx	16	42%	3	8%	-	-	BE
71	TotalEnergies	15	39%	29	73%	27	68%	FR
71	Novozymes	15	39%	17	43%	-	-	DK
73	Just Eat Takeaway.com	14	37%	14	35%	12	30%	NL
73	Logista	14	37%	8	20%	-	-	ES
73	Elia International	14	37%	19	48%	-	-	BE
76	Besi	13	34%	19	48%	11	28%	NL
76	Linde	13	34%	11	28%	-	-	DE
76	Tele2	13	34%	7	18%	-	-	SE

Ranking	Company name	Score 2024		Score 2023		Score 2022		Country
76	Campari Group	13	34%	17	43%	-	-	IT
76	Grifols	13	34%	14	35%	-	-	ES
76	EDF Group	13	34%	11	28%	-	-	BE
82	Arcadis	12	32%	16	40%	16	40%	NL
82	Flow Traders	12	32%	19	48%	20	50%	NL
82	RWE	12	32%	19	48%	-	-	DE
82	Deutsche Bank	12	32%	13	33%	14	35%	DE
82	Deutsche Telekom	12	32%	3	8%	-	-	DE
82	Sanofi	12	32%	14	35%	15	38%	FR
82	Handelsbanken	12	32%	9	23%	-	-	SE
82	Colruyt Group	12	32%	1	3%	-	-	BE
90	Air France-KLM	11	29%	10	25%	7	18%	NL
90	Universal Music Group	11	29%	12	30%	10	25%	NL
90	Henkel	11	29%	18	45%	-	-	DE
90	Carrefour	11	29%	8	20%	-	-	FR
90	Rovi	11	29%	9	23%	-	-	ES
95	Aalberts	10	26%	12	30%	8	20%	NL
95	ASM	10	26%	13	33%	14	35%	NL
95	Swedbank	10	26%	12	30%	-	-	SE
95	DiaSorin	10	26%	10	25%	-	-	IT
99	Essity	8	21%	11	28%	-	-	SE
99	Telenet Group	8	21%	1	3%	-	-	BE
99	SimCorp	8	21%	11	28%	-	-	DK
102	Galapagos	7	18%	8	20%	8	20%	NL
103	Sartorius	6	16%	3	8%	-	-	DE
103	Ageas	6	16%	7	18%	-	-	BE
103	Netcompany	6	16%	12	30%	-	-	DK
106	ArcelorMittal	5	13%	5	13%	4	10%	NL
106	Basic-Fit	5	13%	7	18%	7	18%	NL
106	Eurofins Scientific	5	13%	7	18%	-	-	FR
109	Alfen	4	11%	6	15%	5	13%	NL
110	Ericsson	3	8%	4	10%	-	-	SE
110	Proximus Group	3	8%	1	3%	-	-	BE
112	Vivoryon	2	5%	2	5%	5	13%	NL
113	AB InBev	1	3%	7	18%	4	10%	BE
114	Fagron	0	0%	9	23%	11	28%	NL
114	WDP	0	0%	0	0%	0	0%	NL
114	Pila Pharma	0	0%	0	0%	-	-	SE

Executive Summary

For the past ten years, we have seen the companies in scope make steady progress towards greater tax transparency. In 2015, the first edition of this benchmark, 45% of the companies published their tax strategy; this year, this number has almost doubled to 93%. Similarly, the total average score has increased gradually over the years, with only a small, expected, dip in 2022 when the methodology saw its largest update and European companies were added to the scope. In figure 1, the historic data is presented to provide a clear picture of the improvement made by companies. Note that the total average score in 2021, before the update, had already doubled from 25% in 2015 to 50%. With 2022 showing a brief setback, the 2023 numbers gave a sense of the resilience in terms of good tax transparency present at the companies in this scope, and we are pleased to share that there's a further increase in 2024: the total average score of the 116 companies is now 49%. While this is still lower than the average score in 2021, it is a considerable improvement on the 42% that this newer scope of companies achieved just two years before.

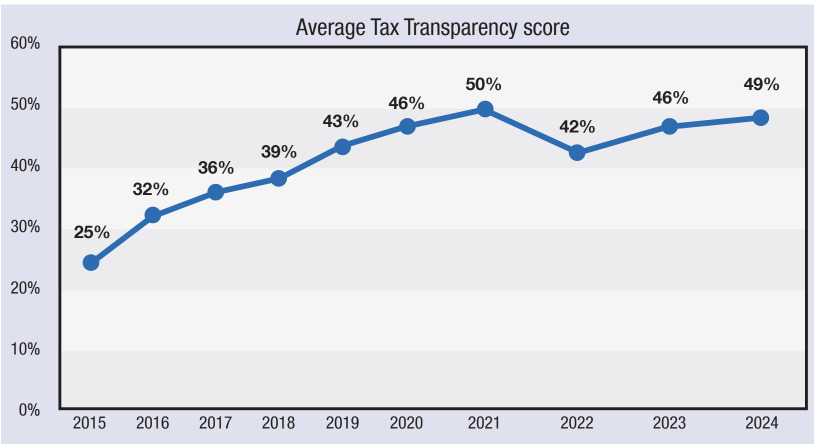

Figure 1: Historic performance - Total Average Score 2015-2024

Last year showed considerable differences between the eight countries, and this remains the case in 2024. There are three clear front-running countries: Italy (60%), Spain (58%), and the Netherlands (56%), all of which score well above the average of 49%. On the other end of the scale, there is Sweden (25%) and Belgium (31%), both scoring far below average. Even so, we can report that progress has been made by almost every country in scope and see particularly strong progress being made by the two most southern countries (Italy and Spain), as well as Belgium. The scope of this benchmark features 116 companies from eight different European countries and from five different sectors to provide in-depth insights. In this report, we provide further analysis on the differences per country and sector.

Table 1: Average score per country 2024 and 2023

	2023	2024
The Netherlands (51)	56%	56%
Europe (65)[1]	41%	44%
Italy (9)	55%	60%
Spain (9)	53%	58%
Denmark (10)	47%	47%
France (10)	44%	44%
Germany (10)	36%	40%
Belgium (10)	24%	31%
Sweden (7)	24%	25%

Table 1 provides a clear picture of the level of progress made by each country. Note that the scope has remained intact coming from the 2023 benchmark. We list a few key takeaways below:

- Both Italy and Spain post significant improvements, reaching scores of 60% and 58%, respectively, suggesting strong momentum in tax transparency and governance practices.
- Dutch companies maintain a high score of 56% with no change from 2023. Potentially having reached their ceiling, this shows stagnation in terms of further tax transparency progress.
- Belgium shows the most progress, rising from 26% in 2023 to 31% in 2024. Starting from a lower baseline, Belgian companies demonstrate rapid improvement yet have a long way to go before they draw even with high-scoring countries.
- Germany's score has risen from 36% to 40%, and the EU average has increased from 40% to 44%.
- Sweden shows a smaller increase, moving from 24% to 25%, and France maintains its previous score of 44%. For Sweden, the low score suggests considerable room for improvement.

1 Europe or EU in the text and tables refer both to the same following countries in the context of this benchmark: Italy, Spain, Denmark, Belgium, Sweden, Germany, and France.

- The 2024 data underscores a broader European trend of advancing good tax governance practices, with countries improving at varying rates due to country-specific regulatory environments, initial score baselines, and sectoral composition.

In 2024, we are focusing on the same sectors as the previous two years: Financial, Energy, Pharmaceutical, Technology, and Fast-Moving Consumer Goods (FMCG). This presents the opportunity to analyse the progress made by the different sectors, as well as differences between sectors.

Table 2: Average score per sector in 2022

	Financial	Energy	Pharma	Technology	FMCG
Europe (25)	66%	70%	22%	28%	31%
NL (78)	55%	59%	39%	48%	53%

Table 3: Average score per sector in 2023

	Financial	Energy	Pharma	Technology	FMCG
Europe (65)	50%	61%	31%	29%	30%
NL (51)	79%	61%	13%[2]	61%	53%

Table 4: Average score per sector in 2024

	Financial	Energy	Pharma	Technology	FMCG
Europe (65)	54%	57%	33%	37%	37%
NL (51)	77%	62%	12%	61%	59%

It is important to note the number between the brackets in the first column, indicating the total number of companies in that scope. In 2022, we ran a pilot with just 25 companies from European countries outside of the Netherlands, which subsequently progressed to 65 in 2023 and remains the same in 2024. In addition, the scope of Dutch companies has declined from 78 in 2022 to 51 in 2023 and 2024. This makes it more difficult to compare this year's results with those of 2022.

2 Only two companies assessed in the Netherlands are included in this category, therefore this is not a fully representative indication of the sector. We, however, do report on this sector as it provides some insights into the differences between the NL companies and the EU companies.

Even so, the three tables show a number of interesting developments worth discussing more in depth, which we will do in the "Results" chapter of this report. Here are the key takeaways for the five sectors:

- The Financial sector in the Netherlands shows a strong average score of 77% for 2024, down slightly from 79% in 2023, but a significant increase from 55% in 2022. The European score for this sector has increased from 50% in 2023 to 54% in 2024, indicating that while Dutch financial firms maintain high standards, overall the European performance shows room for improvement.
- The Energy sector in the Netherlands scores 62% in 2024, a slight improvement from 61% in 2023, but relatively stable compared to 59% in 2022. The European average has decreased from 61% in 2023 to 57% in 2024, suggesting that Dutch companies are effectively enhancing their transparency while other European counterparts may be struggling.
- The FMCG sector in the Netherlands has improved its score from 53% in 2022 to 59% in 2024, reflecting a growing commitment to tax transparency. The European average for FMCG remains low, increasing from 30% in 2022 to 37% in 2024, indicating positive movement but still far from ideal.
- The Technology sector in the Netherlands maintains a score of 61% in 2024, consistent with 2023 and up from 48% in 2022. The European average has increased from 28% in 2022 to 37% in 2024, showcasing an upward trend in transparency practices across Europe.
- The Pharmaceutical sector in the Netherlands scores 12% in 2024, a slight decrease from 13% in 2023 but down considerably from 39% in 2022. This highlights a critical need for improvement in tax transparency practices, as Dutch companies in this sector lag significantly behind their peers in all other sectors. The European scores are significantly higher, with 33% in 2024 being the highest recorded score to date, although there is clearly still much room for improvement.

Overall, the analysis shows positive trends in tax transparency across most sectors, particularly in Finance and Technology, as scores have increased significantly from 2022 to 2024. However, the Pharmaceutical sector remains a critical area for improvement. The divergence in EU averages indicates varying performance across countries, underscoring the need for targeted efforts to enhance tax governance and transparency practices.

In the 2024 Tax Transparency Benchmark, the shift towards requesting concrete examples represents a significant evolution in assessment criteria, further moving from a "tell you" to a "show you" approach. For instance, rather than merely requiring companies to state their commitment to adhering to both the letter and the spirit of the law, the benchmark now emphasises the importance of elucidating these commitments with clear, understandable examples. This approach aims to enhance transparency and accountability, pushing companies to provide tangible evidence of their ethical tax practices. By articulating specific instances that demonstrate their compliance and commitment to ethical considerations, companies can foster greater trust among stakeholders, showcasing their dedication to responsible tax governance in a more meaningful way. As a consequence, the incorporation of this requirement has seen Dutch companies score just 33% in 2024 for the “spirit of the law” question, a significant drop from 80% in 2023. Similarly, the EU average for this question was 42% in 2023 and drops to just 18% in 2024, underscoring the challenges faced by all companies in adapting to this new benchmark expectation. This shift could result in more nuanced evaluations by VBDO, as we acknowledge that there is no one-size-fits-all approach. It also highlights the need for companies to explain their ethical practices in more detail, ultimately strengthening their position in a landscape where corporate responsibility is increasingly scrutinised.

This benchmark aims to establish a clear pathway for tax transparency, promote the sharing of best practices, and assist companies on their journey toward greater transparency. As we celebrate this tenth edition, we can reflect on a rich history of progress. The strides taken by these companies in their quest for transparency and commitment to being responsible taxpayers are both significant and commendable, as many of them have now set the standard for others to emulate. Notably, 2023 marked the first time a company achieved a perfect score of 100% against our benchmark, and in 2024, this milestone has been surpassed with three companies attaining this highest achievement. This year’s top three companies are:

Philips (38 points) is awarded full marks for the second year in a row. The company is complimented for publishing a full Country Activity and Tax Report, including a narrative linking Philips’ business and activities to taxation.

NN Group (38 points) has increased its score and is awarded full marks. The company is complimented for being a pioneer in the field of tax transparency for many years, especially for its detailed description of how the tax strategy is linked to the broader strategy and values of NN Group as a whole, and for its extensive reporting on tax risks and controls.

Enel (38 points) is awarded full marks for the first time, meaning that it stands out in each and every principle that has been assessed as part of the Tax Transparency Benchmark. The company showcases clear awareness of the important developments in the tax landscape, notably by making the explicit link with Pillar 2 in its definition of tax havens.

It is encouraging to see three companies achieving top scores in this year's benchmark, and we are equally pleased with the overall increase in the average score. However, it must also be noted that alongside these high achievers, there are laggards that need to be motivated to seek improvement. These companies must actively work to avoid falling further behind. This year, we have 18 companies scoring below the minimum threshold of 25% (scoring below 9.5 points), with 11 being EU companies and seven from the Netherlands. This means that, overall, 16% of the companies are still lagging behind, underscoring the need for continued efforts to enhance transparency across the board. Out of these 18 companies, it needs to be noted, only three companies have provided feedback on our assessment. As, overall, 80% of the NL companies and 50% of the EU companies provided feedback, this might hint at a stakeholder engagement barrier that could limit these lower-scoring companies' ability to improve their benchmark score.

On a more positive note, several companies have made impressive strides in their tax governance, significantly enhancing their scores. Notable examples include IMCD (NL), Argenx (BE), Colruyt (BE), and Intesa Sanpaolo (IT), which have set an example for others to follow. Beiersdorf (DE) leads the charge with a remarkable 16-point increase, showcasing its commitment to transparency. These companies are transitioning from laggards to learners and some even to leaders, demonstrating that proactive strategies yield positive results. Conversely, the decline in scores for companies like Fagron (NL), Flow Traders (NL), and Total Energies (FR) raises concerns. It is crucial to understand the reasons behind these setbacks, especially as stakeholder expectations continue to grow. Companies must address these challenges to ensure they remain competitive and align with the best practices in tax governance.

Good Tax Governance Principles

In the tables below, we present the scores for each of the six Good Tax Governance Principles defined by VBDO. The tables show the average score for each of the principles for 2024, the average score for each country, and the total average score for companies in the Netherlands and for those in other EU countries. In table 5, we share the results of 2022 and 2023 for comparison.

Table 5: Average score per principle in 2022 – 2024

Good Tax Governance Principles	Average % by companies per principle					
	2024		2023		2022	
	EU	NL	EU	NL	EU	NL
A: Define and communicate a clear strategy	53%	67%	46%	64%	53%	46%
B: Tax must be aligned with the business and is not a profit centre in itself	39%	49%	39%	45%	37%	33%
C: Respect the spirit of the law. Tax-compliant behaviour is the norm	43%	59%	44%	69%	42%	49%
D: Know and manage tax risks	46%	65%	38%	67%	46%	56%
E: Monitor and test tax controls	67%	75%	55%	74%	63%	55%
F: Provide tax assurance	22%	26%	21%	24%	18%	15%
Total average score	**44%**	**56%**	**41%**	**56%**	**44%**	**50%**

Table 6: Average score per principle per country in 2024

Good Tax Governance Principles	Average % per country							
	NL	ES	IT	SE	DK	FR	BE	DE
A: Define and communicate a clear strategy	67%	60%	63%	29%	66%	52%	45%	52%
B: Tax must be aligned with the business and is not a profit centre in itself	49%	51%	52%	33%	47%	35%	25%	32%
C: Respect the spirit of the law. Tax-compliant behaviour is the norm	59%	68%	68%	15%	48%	40%	20%	40%
D: Know and manage tax risks	65%	52%	60%	28%	40%	58%	36%	46%
E: Monitor and test tax controls	75%	93%	80%	23%	60%	83%	50%	70%
F: Provide tax assurance	26%	46%	52%	8%	10%	18%	8%	12%
Total average score	**56%**	**58%**	**60%**	**25%**	**47%**	**44%**	**31%**	**40%**

Looking at the data from 2022 to 2024, we can witness strong increases, especially in average scores on most principles. This is particularly the case for Principle E (70% overall in 2024) and A (59% overall in 2024), but Principle F "Provide tax assurance" remains the lowest, with an average score of only 24% and therefore still scoring below the minimum threshold of 25%. A dip can be witnessed notably in Principle C, which can be attributed to the strong decline on the "spirit of the law" question. A few key takeaways relating to the progression/decline of scores for the six principles are given below. The in-depth analysis starts on page 27:

- There has been a noticeable increase in the average scores for Dutch companies over the years, indicating a growing commitment to tax transparency and governance. However, this increase seems to tail off in 2024, while the larger group of other European companies is still showing a steady improvement.
- The emphasis on respecting the spirit of the law remains crucial, as Dutch companies must maintain their high standards while encouraging others in the EU to adopt similar practices.
- The provision of tax assurance is a significant area requiring attention, as low scores suggest that many companies have yet to establish robust frameworks for external verification of their tax practices.

Summary of results per principle (based on full scope unless otherwise stated)

A. Define and communicate a clear tax strategy

- Of the 51 NL companies, 94% communicate their views on tax, closely followed by the 65 EU companies at 92%. Italy, Spain, Germany, and Denmark achieve a perfect score of 100%, indicating exceptional transparency in articulating tax strategies across these countries. Note that Swedish companies score significantly lower with 71%.
- NL companies, in particular, score high on the criterion that asks whether companies describe their approach to applying for government incentives and subsidies, with 82% of the 51 companies doing so. Interestingly, this score is much lower for the 65 European companies, at 54%. Italy scores 67%, while Belgium and Denmark achieve 70% and 60%, respectively, demonstrating strong practices in this area. On the other end of the scale, we see Spain (44%) and Sweden (14%) scoring much lower.
- Above, we have mentioned the criteria with the highest average scores, yet when we assess how companies take tax into account to address specific ESG issues, we present much lower scores. Overall, 36% of the 116 companies score a point for this criterion, with the Netherlands, Italy, France, and Spain scoring well above this average. However, Sweden, Denmark, Germany and Belgium are scoring far below average, with just 10% of Belgian companies scoring a point.

- 33% of companies include their vision on concluding tax agreements (e.g., rulings) with tax authorities in their tax strategy. Both Denmark (39%) and the Netherlands (40%) obtain higher than average scores, with Sweden (0%) and France (22%) scoring well below average.
- A total of 16 companies (12 NL, four EU) score full marks on this principle. Surprisingly, seven companies score zero points in this category, meaning that they do not have a public tax strategy among other factors.

The analysis highlights that, while leading countries like the Netherlands and Italy show strong communication practices, there are critical gaps in articulating relationships with tax authorities and addressing ESG issues, suggesting areas for further improvement across all participating companies. In the "Results" chapter, we will present a more in-depth analysis, including sector-analysis.

B. Tax must be aligned with the business and is not a profit centre in itself

- There remains a strong commitment to ethical tax behaviour and alignment with business operations across the scope. 83% of all companies state that business operations take the lead in setting up international structures. Denmark is leading in this criterion, scoring full marks, closely followed by the Netherlands scoring 90%. With a much lower average of 43%, Swedish companies show room for improvement. The European average is 78%.
- This commitment is strengthened by the high scores shown on the communication of these companies that they do not use "tax havens" or "non-cooperative jurisdictions" for tax planning. Spanish (89%) and Dutch (88%) companies score especially strong on this, higher than the overall average of 76%. Italy (56%) and Sweden (29%) are at the other end of the scale. The EU average is 66%.
- Essential to Principle B is reporting on a country-by-country basis (CbC), with four specific criteria accounting for a maximum of six points. In 2023, we saw a relatively higher score on these principles for European companies compared to Dutch companies. In 2024, the gap has closed. 43% of both scopes provide CbC information on current corporate income tax, profit before income tax, accumulated earnings, and FTEs. Italian companies are scoring significantly high (89%), and Swedish companies (57%) are also scoring well above average. Belgian companies perform significantly worse (10%).
- Yet, when asked if the company also provides country-by-country information on ESG taxes, the percentage of companies saying that they do remains low. Only 8% of all European companies are providing such information, with the Dutch companies scoring slightly higher (20%). There are no outliers in this criterion.

- A total of eight companies (six NL, two EU) score full marks on this principle. Four companies score zero points in this category, meaning that they do not provide information on tax havens, report on a country-by-country basis, or provide sufficient information on their effective tax rate narrative.

The analysis of Principle B for 2024 indicates that while the Netherlands, Italy, and Spain demonstrate strong communication and alignment of tax practices with business operations, there are critical gaps in detailed tax disclosures, particularly in countries like France, Sweden, Belgium, and Germany. Enhancing clarity and transparency in tax governance remains essential for fostering trust and accountability across all participating companies.

C. Respect the spirit of the law. Tax-compliant behaviour is the norm

- Principle C shows a significant change in score for all six criteria, probably because of the added requirement for companies to provide concrete examples. This is particularly visible in criterion 15, “the spirit of the law”: last year the 51 Dutch companies performed well on this criterion, achieving an overall average score of 80%, but this has now dropped to 33%. Similarly, the 65 European companies received an overall score of 42% in 2023 and have now lowered their average to 18%. A significant point to note is the higher than average 44% score of Spanish companies, and 0% score of the Belgian companies. All in all, this indicates a current challenge with regards to concrete communication on how the spirit of the law is translated into practice in tax planning. This outcome should encourage companies to strive to improve their scores on this benchmark principle.
- Slight improvements can be seen with regard to training and whistleblowing policies in relation to tax, especially for European companies. In 2023, the 65 European companies scored 39% on both criteria, and have increased their score to 45% (training programmes) and 49% (whistleblowing policy). These improvements can mainly be attributed to companies from Italy, Spain, and France.
- A total of 22 companies (15 NL, seven EU) score full marks on this principle. Yet, 25 companies score zero points, demonstrating that they are lagging behind when it comes to communicating their tax planning strategies in alignment with the spirit of the law, lack training programmes for compliance staff, insufficiently integrate whistleblower policies, and do not reference established tax governance standards, all of which could raise questions on their credibility and accountability in ethical tax conduct.

D. Know and manage tax risks

- For Principle D, we analyse the tax risk management and reporting of companies. Specifically, we are seeking detailed examples of tax risks reported in terms of financial, regulatory, and/or reputational risks. In line with other criteria in this benchmark, we expect companies to provide concrete examples rather than mere descriptions. We can report a slight increase in the overall score on the reporting of specific tax risks from 63% in 2023 to 65% in 2024, primarily driven by companies in France (90%), Italy (72%), and the Netherlands (70%). Belgian companies (40%) are scoring significantly lower.
- When asked for a commentary on reported risks, companies have shown a slight improvement. In 2023, 42% of all companies provided such commentary, and this has increased to 49% in 2024. Notably, French companies (70%) are scoring high, with Swedish companies scoring significantly lower (14%).
- A total of 27 companies (21 NL six EU) score full marks on this principle. However, 22 companies score zero points in this category, showing no communication on their tax risk appetite, a lack of reporting on specific tax risks, no commentary on their risk responses, or a mention of the role of technology in tax data management.

The Netherlands achieved a high average score for most Principle D criteria in 2023, and this remains the case in 2024, indicating a robust understanding and management of tax risks. Many European companies show a lack of clarity when articulating their tax risk appetite and communicating responses to tax risks, suggesting a widespread need for improvement. There is a growing trend among Dutch companies to enhance training and integrate technology into tax management, reflecting an upward trajectory in governance practices. The significant disparity in technology integration between Dutch and EU companies indicates that many EU organisations need to better utilise technology in their tax strategies. Despite some positive trends, the overall low scores in certain areas highlight the critical need for enhanced transparency and accountability in tax risk management across participating companies.

E. Monitor and test tax controls

- Principle E shows progress across all three criteria and both the EU and NL scopes. Most significant is the progress of the EU scope from 55% in 2023 to 67% in 2024. The EU average score would likely be on par with the NL scope if not for Sweden (23%).
- This principle analyses the monitoring of the implementation and execution of the tax strategy, the presence of a tax control framework, and the reporting to the audit committee of tax risks.
- 100% of the Italian companies describe how the implementation and execution of the tax strategy is monitored, closely followed by Spain (89%) and France (80%). The EU average is 66%, whilst the NL average is 65%.
- 89% of the Spanish companies describe how tax risks and controls are tested and monitored, as do 80% of Dutch and French companies. The EU average is 68%.
- 100% of the Spanish companies include tax risk management when reporting to the audit committee; notably high scores are also achieved by French companies (90%), Dutch companies (80%), and Danish companies (70%). The EU average is 68%.
- Significant to mention is that a total of 64 companies (32 NL, 32 EU) score full marks on this principle. Contrastingly, 19 companies score zero points in this category, highlighting a thorough lack of transparency and accountability in monitoring and testing tax controls, significant deficiencies in their governance practices, and a failure to manage tax risks effectively.

Dutch companies are demonstrating positive momentum with consistent improvements in tax risk management and audit committee integration. Across the EU, there is a general trend towards better monitoring and testing of tax controls, indicating growing recognition of their importance. Notably, the reporting of involvement of audit committees in tax discussions is increasing, particularly in Spain and France. However, despite these advancements, many companies in the EU still require enhanced clarity in their monitoring practices. Additionally, disparities in scores across countries highlight ongoing challenges in establishing effective tax governance frameworks, underscoring the need for continued focus on best practices.

F. Provide tax assurance

- For the first time, we can report that a few European companies provide a tax in-control statement. Last year, none of the 65 companies outside the Netherlands did this, but 12% now do so. Most notably, Italian companies scores higher (22%) than the Dutch companies (20%).
- In 2022, ten companies provided third-party tax assurance on their non-financial tax disclosures. In 2023, this improved to 30 companies out of 116, of which 24 were European companies, meaning that the average score for the EU was 37%. This year, the average for European companies is again higher (at 34%) than that of the Dutch companies (15%). There is clearly still much room for improvement, especially for Dutch companies. Notably, Italian and Spanish companies score significantly higher (both 78%) and, thus, are mostly providing third-party assurance on their non-financial tax data. Belgian companies are lagging with none of the companies providing such assurance.
- Finally, we see limited movement in the third criterion of this principle: participation in cooperative compliance programmes. Last year, we reported an overall average score of 42%, in line with 43% in 2022. This year, the average remains 42%. Significant outliers are the Netherlands (59%) and Germany (0%).
- A total of seven companies (five NL, two EU) score full marks on this principle. A staggering 52 companies (45%) score zero points in this category, indicating a strong opportunity for companies to invest in obtaining tax assurance to boost the quality of communication on governance and control of taxation.

The analysis of Principle F reveals that Dutch companies are showing positive growth in tax assurance practices and remain at the forefront in providing tax in-control statements, as well as engaging in cooperative compliance with tax authorities. Meanwhile, the EU is witnessing significant improvements in external tax assurance, remaining the leader of the two scopes, reflecting a growing commitment to transparency across various companies. Despite these advancements, overall scores for tax in-control statements and external assurance remain low, highlighting ongoing challenges in demonstrating effective governance. The consistent commitment to cooperative compliance among Dutch companies emphasises the importance of fostering stronger relationships with tax authorities as a key element of responsible tax management.

1. Behold the user

Tax reporting in a European sustainability reporting context

Eelco van der Enden
CEO of Accountancy Europe

Introduction

There is something funny about tax. It seems to be quasi-unchangeable. Most countries in the world have tax systems which we know from experience are dysfunctional, cumbersome, expensive, and unfair. And still, we are not able to change them. Why are we defying logic and keeping dysfunctional tax systems in place?

The reason is that tax logic does not rule by itself, as emotions and sentiments are mixed into the occasion. And this is caused by the fact that taxes do not serve one objective, but three. Tax is, of course, used as a source of revenue for the state, but also as a tool to redistribute wealth, and to influence human and business behaviour. On top of that, tax policy is strongly influenced by human psychology. "Time to settle old scores" and political opportunism are thrown into the mix.

However, it is of course not only politicians who can be shortsighted when it comes to tax reform. Lobby groups also have to accept their "fair share" of the blame for the rigidity of tax policy.

Towards comparable public data … or not

For this report, we will explore a nice example. Over the last couple of decades, a discussion has been raging on public corporate tax transparency. Some stakeholders require more information on the tax data of businesses. They want more information for various reasons:

- Some investors look at the quality of the profits and the risk profile of the organisation.
- Other investors see opportunities for more tax savings, thus increasing net earnings.
- Civil society organisations want to know if businesses pay their fair share.
- Authorities want to understand whom they are dealing with.
- Unions and employees want to better understand the social profile of the organisation.
- Environmentalists want to reduce negative impacts of the organisation.

Upon request by a multi-stakeholder community, the Global Reporting Initiative (GRI) started to draft a reporting standard in 2017 to meet market demands. This resulted in GRI 207: Tax 2019, which was introduced in January 2020.

During the same period, the European Union started the development of its own initiative for more tax transparency: its Public Country-by-Country Reporting (CbCR) Directive.
Opposition to both initiatives has been fierce from some corners. The usual arguments against the introduction of tax transparency legislation or use of voluntary standards like GRI 207 were used:

- Tax is not an EU (or GRI) but an EU member state prerogative
  This is a very interesting argument. If it were held, it would mean any initiative around reporting which is linked to legal prerogatives at country level would not be possible. Although the topic to be reported on is "tax", it is not about "tax law" or an EU infringement on the legal prerogative of the country. It is about "reporting" and not about "drafting or adjusting tax law".
- Costs of compliance: Producing and reporting tax data will increase the costs of compliance significantly.
- Business secrets: Tax data consists of business secrets, which when made public could harm the company.
- Competitive disadvantage: If the EU introduces tax transparency legislation and the rest of the world will not, we put Europe and European businesses in a disadvantageous position.

The interesting thing about the three arguments above is they are all focused on the position of the reporter, and not on the user of that information. What would be the advantage of providing this tax data compared to the costs and risks involved for the reporting entity? This analysis seldom happens.

Interoperability or equivalence

But there is more to it. When it came to deciding which reporting format should be used under the Public CbCR Directive, the most obvious solution was disregarded: using GRI 207 as the framework. GRI 207 is the world's only comprehensive public tax reporting standard. It is used by hundreds of multinational companies all over the world. Many GRI 207 published reports are accompanied by a level of assurance from external accountants. This means accountants know how to work with it. There is a reason why Nobel Prize laureate Stiglitz called GRI 207 the "gold standard for tax reporting". So, what happened? The EU decided to draft its own reporting framework.

The current draft EU reporting framework for tax under the Public CbCR Directive is not comparable to non-public tax reporting standards based on national tax laws or the OECD's BEPS Action 13 format, or GRI 207. Nor is it aligned with financial tax reporting standards IAS 12 or FIN 48. It is a report by itself. It provides non-comparable tax data that does not meet any expectations of either investors or civil society.

If it does not provide comparable data, then where is the value added to businesses, investors, and society? If the value added to the users cannot be explained, then this CbCR exercise just adds to the costs of compliance.

With the other big corporate reporting initiatives of the EU, some fundamental objectives have been introduced to lower the compliance burden of reporters. Under the CSRD, the European Financial Reporting Advisory Group (EFRAG) is "de facto" setting European corporate reporting standards for sustainability-related topics. EFRAG and the EU make a big deal out of the concept of "interoperability" and "alignment". And rightfully so. This means that European standards are as closely linked as possible to other (existing) standards, as for example set by the International Sustainability Standards Board (ISSB) and GRI. The more these standards are aligned and "interoperable", the lower the costs of compliance will be for the reporter. We can only guess why this approach has not also been chosen for tax reporting.

Since the beginning of 2024, in the debate on the introduction of sustainability reporting standards and interoperability between the ISSB, GRI, and European Sustainability Reporting Standards (ESRS) a relatively new phenomenon has popped up, the concept of equivalence. Equivalence means that something is deemed equal to something else, and preferably has the same (legal) effects. As an example, if ISSB+GRI was equivalent to ESRS then companies would comply with the CSRD. I will not discuss the legal intricacies of this, but as a concept it could seriously reduce the cost of compliance. Companies that already use ISSB and GRI standards are "automatically" compliant with EU law. Of course, for comparability, interoperability guidance and tables are needed to guide users. As a suggestion to the EU, perhaps the concept of equivalence could be considered for tax transparency reporting. A company would comply with the Public CbCR Directive if it reported under GRI 207. Many companies already report under GRI 207 and it is a proven and tried concept. So why not? It also yields more information for investors and other stakeholders.

Conclusion

Tax is a difficult animal to change, not only tax law itself but also tax reporting standards.
In the whole debate about the pros and cons of tax transparency and tax reporting, the "users" of the information are often overlooked. And that is a pity. Capital markets, investors, and other stakeholders need comparable data to make calculated decisions. A tax transparency reporting framework that is easy to comply with, preferably on a global scale, will add value to both reporters and all users of tax information.

2. Tax transparency and competitiveness: a symbiotic relationship

Keetie van der Torren-Jakma
Director Tax Policy at PwC Netherlands

The intricate balance between maintaining transparency in tax reporting and advancing sustainability objectives while ensuring competitiveness in a global economy has emerged as a pivotal issue within the European Union (EU). The Draghi report on the competitiveness of the EU highlights the importance of decreasing the administrative burden to enhance competitiveness, aligning with the need for a balanced approach in regulatory frameworks.[3] Recent developments, including the postponement of the sector-specific ESRS and the ESRS for selected non-EU companies and the extension of the application timeline of the EU Deforestation Regulation (EUDR) have highlighted this delicate equilibrium.[4] Both initiatives signify the EU's commitment to high standards of corporate responsibility but also reflect the ongoing challenges of streamlining regulatory requirements alongside the implementation of the new regulations.

3 M. Draghi, The future of European competitiveness Part A: A competitiveness strategy for Europe, September 2024
4 REGULATION (EU) 2023/1115 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 31 May 2023 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010

The Administrative burden of tax transparency and sustainability reporting

The dual effort of enhanced tax transparency and comprehensive sustainability reporting imposes a significant administrative burden on companies. For many businesses, this translates into substantial compliance costs and resource allocation. Tax transparency, which entails detailed disclosures on tax strategies, payments, and tax risk management and governance, is intended to foster a fairer and more accountable corporate environment. However, it often requires extensive documentation, data management, and systems to ensure accuracy and compliance. In addition, companies face the challenge of creating their narrative on their tax approach.

Similarly, sustainability reporting, through frameworks like the CSRD, demands detailed information on environmental, social, and governance (ESG) factors. This includes metrics on carbon emissions, energy consumption, social impact, and governance practices. While these reports are crucial for stakeholders, they require considerable effort to compile, often necessitating cross-departmental collaboration and external auditing and, if needed, full alignment with tax transparency reporting.

The need for EU competitiveness in a global economy

In the context of a highly competitive and fragmented global economy, the EU's regulatory landscape must strike a balance between strict standards and the facilitation of the business environment. The Draghi report mentions that "more than half of SMEs in Europe flag regulatory obstacles and the administrative burden as their greatest challenge". The European market's attractiveness is partially contingent upon its ability to offer a predictable and efficient regulatory environment. Excessive administrative burdens can hamper investment and innovation, with a possible result that businesses seek more favourable conditions elsewhere. Therefore, last year the European Commission set a target of reducing the burden associated with reporting requirements by 25%.

The postponement of certain ESRS of the CSRD reflects the EU's recognition of the need to refine its approach. Originally set to advance corporate sustainability practices, the delay signals an acknowledgment of the practical challenges companies face in meeting these standards. Similarly, the deferral of the EUDR indicates the complexities of harmonising due diligence requirements across different sectors.[5] The extension would give member states, non-member states, traders, and operators legal certainty, predictability, and sufficient time for the implementation of the rules.

5 European Parliament voted on 14 November 2024 to delay the provisions of the EU deforestation law.

The competitive edge of tax transparency

Being tax transparent and reporting on sustainable topics requires a significant investment, as companies must ensure that their tax reporting is thorough, accurate, and compliant with regulatory and voluntary standards. However, this investment has the potential to enhance a company's competitiveness. The adopted Public Country-by-Country Reporting Directive[6], which came into effect for financial years starting on or after 22 June 2024, is a great stimulator for tax transparency reporting. Transparent tax practices can help companies distinguish themselves in the field of responsible tax practices, demonstrating a commitment to ethical standards and corporate responsibility. This not only builds trust with stakeholders, including investors, customers, and regulators, but also positions the company as a leader in its industry. By prioritising tax transparency, companies can foster a positive reputation, attract socially conscious investors, and ultimately gain a competitive edge in the market. However, the journey towards enhanced tax transparency is not without its challenges. Companies today face the delicate balance of adhering to increasing compliance demands while safeguarding commercially sensitive information. The rise in tax transparency reporting requirements, driven by both regulatory bodies and stakeholder expectations, asks for well-considered decisions and a well-considered narrative on the company's approach to tax.

How to accelerate feasible tax transparency reporting

The European Union faces the challenge of balancing sustainability reporting, including tax transparency, with competitiveness in a global economy. Achieving this balance requires a nuanced approach that considers the administrative burden on businesses. The EU can bring tax transparency and competitiveness together by streamlining regulatory frameworks, leveraging technology, adopting proportional regulatory approaches, and engaging with businesses.

1. Simplification and harmonisation of reporting requirements

A first step in alleviating administrative burdens is the simplification and harmonisation of reporting standards. The EU can work towards creating a unified reporting framework that integrates tax transparency and sustainability reporting. This would reduce redundancies, streamline processes, and facilitate compliance. By aligning the requirements under a single, coherent standard, the EU would enable companies to efficiently allocate resources and focus on strategic initiatives. An answer to the outstanding question relating to CSRD from a Dutch stakeholder to EFRAG would be helpful: "GRI 207 standards refers to tax, is it correct to assume this as part of the business conduct? If yes is there any specific subtopic mapped to?"[7]

6 DIRECTIVE (EU) 2021/2101 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 24 November 2021 amending Directive 2013/34/EU as regards disclosure of income tax information by certain undertakings and branches. Please note that certain member states have different dates of application.

2. Leveraging technology and digital solutions

The adoption of advanced technologies can significantly mitigate the administrative burden associated with reporting. AI is changing the tax function, enabling efficiency and innovation. Tax directors should collaborate closely with finance and technology executives to harness AI's potential in navigating sustainability reporting regulations and driving compliance. The EU can support businesses in integrating these technologies through funding initiatives and technical assistance programmes.

3. Proportionality and flexibility in regulatory approaches

Regulatory frameworks should be proportionate to the size and capacity of businesses. SMEs should benefit from tailored requirements that recognise their resource constraints. Flexibility in reporting timelines and phased implementation can also help in easing the transition to new standards.

4. Strengthening stakeholder engagement and collaboration

Engaging with stakeholders, including businesses, industry associations, and civil society, is crucial in developing practical regulations. Regular consultations and collaborative platforms should be intensified to ensure that the perspectives and needs of all parties are considered. A business-friendly climate within the EU is key.

Conclusion

The ostensible tension between the administrative burden of tax transparency and sustainability reporting and the need for competitiveness in the EU is a complex but manageable challenge. By simplifying reporting requirements, leveraging technology, and ensuring involvement of business, the EU can navigate this tension effectively. In doing so, it can uphold its commitment to transparency and sustainability while creating a favourable environment for businesses to act in a global economy.

7 See question 165: https://www.efrag.org/system/files/sites/webpublishing/Meeting%20Documents/2302241039480334/06-03%20ESRS%20QA%20Batch%20III%20categorisations%20SRB%20Meeting%20231213.pdf

3. Methodology

The Tax Transparency Benchmark 2024 is based on the benchmark methodology for Good Tax Governance Principles designed by VBDO and Oikos in 2014.[8] VBDO intends to update the benchmark methodology questions every three years. In that light, the benchmark was thoroughly overhauled in 2022 to better reflect the latest status, trends, and developments on tax transparency, as well as to include new tax laws, regulations, and ESG expectations. This update resulted in an adjustment of some of the criteria, stricter assessment (from “tell me” to “show me”) and the addition of new criteria. New questions include those on ESG and tax; how the company monitors the alignment of its tax strategy with the organisational values and overall business strategy; tax havens; government incentives; advocacy; and how tax relates to the value creation model. The eighth edition of the benchmark was the first time this updated methodology was used, and VBDO has received feedback on the materiality of the new criteria. For this year’s benchmark, we have been able to use the feedback on the past two editions to strengthen the current methodology. This has led to minor changes in the questions, which can be found in Appendix I. VBDO encourages companies to adapt to the changing environment and continuously seek to improve the quality of their reporting.

Companies in scope are assessed against the measurable criteria using publicly available information for the relevant financial year. In order to encourage companies to contribute to the ongoing debate about good tax governance and tax transparency, companies are evaluated on their current practices and are able to provide feedback on their assessed score. We are pleased to report that 80% of the Dutch companies and 50% of the EU companies made use of this opportunity. We have noticed that companies that provide feedback tend to also rank higher on the benchmark. This would imply that these companies are more active and inclined to improve the degree of transparency with regard to their tax approach, which we find very encouraging.

Quick facts
51 NL companies (AEX + AMX)
65 companies from seven other EU countries
34 criteria worth 38 points in total
80% feedback response rate from NL, 50% from EU

8 VBDO & Oikos (2014), Good Tax Governance in Transition, Transcending the tax debate to CSR.

Scope

2022 marked the first time that we assessed companies from European countries other than the Netherlands for this benchmark. For the pilot, we selected 25 companies from seven countries. Following the successful pilot and the positive progress regarding tax transparency made by the assessed companies, we decided to broaden the European scope by including more European companies while decreasing the number of Dutch companies. The 2023 benchmark included 51 Dutch companies and 65 companies from seven other European countries (Belgium, Denmark, France, Germany, Italy, Spain, and Sweden) across five sectors (Pharmaceutical, Technology, Financial, FMCG, and Energy). The scope has remained unchanged in 2024. The full list of companies can be found in the overall ranking section at the beginning of this report. With regards to those companies in the Netherlands, the benchmark focuses on AEX and AMX companies and also includes two of their non-listed peers.[9]

Criteria

The Tax Transparency Benchmark is based on the guiding Good Tax Governance Principles designed by VBDO and Oikos that were designed to help create a common language on what good tax governance looks like. The Good Tax Governance Principles are as follows:

A. Define and communicate a clear tax strategy;
B. Tax must be aligned with the business and is not a profit centre in itself;
C. Respect the spirit of the law. Tax-compliant behaviour is the norm;
D. Know and manage tax risks;
E. Monitor and test tax controls;
F. Provide tax assurance.

Each principle is separated into various elements and converted into measurable criteria. Appendix A provides a comprehensive list of these measurable criteria. The standard maximum number of points awarded for each criterion is one point. However, for the questions on country-by-country reporting; monitoring the implementation and execution of the tax strategy; and tax assurance, a maximum of two points can be awarded.

9 Two of the participating companies are non-listed (Financial) and part of VBDO's network. These companies are Achmea and Rabobank.

Approach

In order to be able to assess companies on all the criteria of the Tax Transparency Benchmark, the companies' annual reports were reviewed, together with other relevant and publicly available documents (e.g. the tax strategy, the sustainability report, a transparency report, governance documents, strategy documents, and so on). For each company in the benchmark, the scores were aggregated and subsequently returned to the company to allow for feedback. Where applicable, the feedback from the companies was incorporated in the results. To make the results as measurable and comparable as possible, a strict definition of the criteria was used.

As in previous years, following the results of our study, a top ten of best performing companies was selected. In order to be able to reach an independent verdict on the Tax Transparency Benchmark, an expert jury was appointed by VBDO to weigh the results and assess the validity of the results. See Chapter 6 for the jury report.

Jury

Appointed by VBDO, the expert jury consists of six honourable members acting in a personal capacity. All of them are experts in the fields of good tax governance and tax transparency but they come from different backgrounds:

- Klaas Bangma, Economic Policy Advisor at FNV;
- Irene Burgers, Professor of Economics of Taxation and Professor of International Tax Law at Groningen University;
- Michiel van Esch, Active Ownership Specialist at Robeco;
- Hans Gribnau, Professor of Tax Law at Tilburg University and Leiden University;
- Anna Gunn, Tax Researcher and Blogger at Leiden University and Artikel 104;
- Xander Urbach, Senior Advisor on Responsible Investment & Governance at MN.

4. Results

In this chapter, we present the results of the 2024 Tax Transparency Benchmark. This year, we can also further analyse the 116 companies in scope, as well as look for similarities and differences between the several countries and sectors. Historically, this benchmark has focused on Dutch companies, and this remains evident in the current scope. 51 of the 116 companies are Dutch , making the Netherlands the country most represented, and the remaining 65 companies come from seven different European countries, which are each represented by up to ten companies. We have selected companies from five different sectors: Financial, Energy, FMCG, Pharmaceutical, and Technology.

Reflecting on ten years of Tax Transparency (Benchmark)

Before delving into the results of the 2024 benchmark, let's provide a short overview of the first results from 2015. The first iteration of this benchmark featured 65 Dutch listed multinational companies. The average score was 25% (scoring nine out of 36 points). The practice of publishing a company tax policy was less common in 2015, with 45% of the participating companies doing so. Stakeholder discussions regarding the tax strategy were even less common (23%). Only 3% of the 65 companies provided a full country-by-country report. No company provided third-party tax assurance. This chapter presents the 2024 scores, and we can see much improvement over the ten years. Whilst this benchmark has played its role in the progress of tax transparency across the board, we acknowledge that the majority of impact comes from multiple developments.

In the past decade, the Netherlands and the wider EU have seen significant advancements in tax regulation and transparency frameworks. Key regulations, such as the EU Anti-Tax Avoidance Directive, the Directive on Administrative Cooperation (DAC6), and the EU's Public Country-by-Country Reporting (CbCR) requirements, have established clearer expectations for corporate tax behaviour, promoting accountability and transparency. These frameworks require companies to align their tax strategies with business operations, thereby enhancing overall governance.

The implementation of tax governance codes, such as the Dutch VNO-NCW Tax Governance Code, have driven substantial improvements in transparency, compelling companies to adopt robust tax practices and communicate their tax strategies effectively. Furthermore, voluntary frameworks and standards like the Global Reporting Initiative (GRI) 207, the B-Team Principles, the OECD Guidelines on Transfer Pricing, and Base Erosion and Profit Shifting (BEPS) have reinforced the commitment to transparent tax reporting. While BEPS guidelines are primarily voluntary recommendations aimed at addressing tax avoidance, many countries have integrated them into national laws, creating mandatory compliance requirements.

Collectively, these developments reflect a concerted effort to enhance tax transparency, with regulatory and voluntary frameworks working in tandem to promote responsible tax governance in the Netherlands and across the EU. This focus not only meets regulatory requirements but also aligns with broader corporate social responsibility goals, ensuring companies are held accountable for their tax contributions.

Additionally, there has been a notable increase in pressure from various stakeholders demanding greater transparency from companies regarding their tax practices. This demand comes from multiple groups, including regulators, consumers, advocacy organisations, and investors and financial actors.

Investors are increasingly recognising that tax transparency is a critical component of corporate governance and risk management. They understand that a company's tax strategy can significantly impact its financial performance and reputation. As a result, investors are seeking detailed disclosures about tax practices, in particular the contribution that the company makes to society by paying taxes and the implications for sustainability. Many institutional investors now incorporate ESG criteria into their investment decisions, making tax transparency a key factor in assessing a company's long-term viability. This shift is prompting companies to adopt more transparent tax strategies, aligning their practices with stakeholder expectations and fostering trust in their governance frameworks.

As a result, companies are increasingly compelled to prioritise tax transparency not only to comply with evolving regulations but also to meet the heightened expectations of their stakeholders, particularly investors who are keen to understand the broader implications of tax practices on financial and societal outcomes. All the more alarming then, that stakeholder engagement is stagnant within the scope of this benchmark. Companies should push themselves to higher standards by engaging a wide range of stakeholders as part of their corporate governance systems by focusing on tax transparency, especially since it is such an important societal topic.

Integral to this benchmark has been exactly this form of stakeholder engagement, with VBDO conducting hundreds of conversations with companies in and outside of this scope as well as a vast range of other stakeholders over the past ten years. These conversations centred around the rationale of the benchmark, engaging the companies on our six Good Tax Governance Principles.

VBDO can take pride in historically receiving high feedback rates from companies, which always have the opportunity to respond in-depth to the assessment made by VBDO.

In 2024, we can present a near-double average score of 49% compared to 25% in 2015. See the figure below, which represents the historic line of the average score. Note that the total average score in 2021, before the major update, had already doubled from 25% in 2015 to 50%. 2022 saw a brief setback as a result of the updated methodology and the inclusion of European companies from outside the Netherlands for the first time.

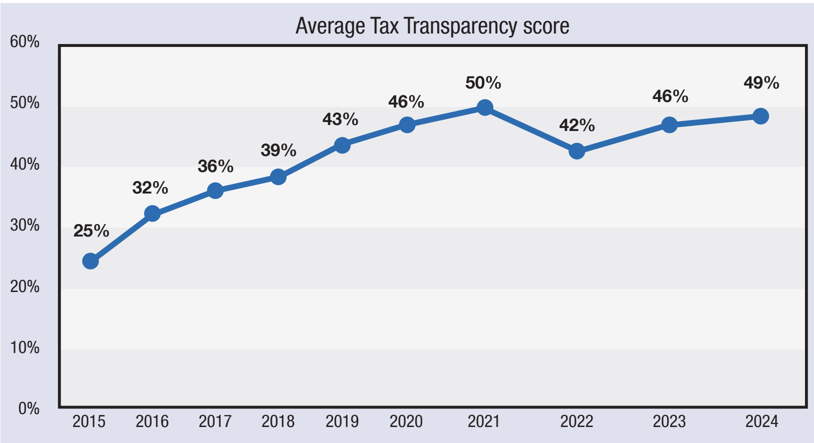

Figure 2: Average tax transparency score from 2015 to 2024

The 2024 benchmark results

The 2024 Tax Transparency Benchmark results underscore notable progress in corporate tax governance, with Dutch companies achieving an average score of 56%. In contrast, the overall average score for EU companies stands at 44%, indicating that while some progress has been made, there remains significant room for enhancement across the region. These results highlight the increasing importance of tax transparency as stakeholders, particularly investors, demand more robust disclosures and responsible corporate behaviour. As companies strive to meet these expectations, the findings emphasise the need for sustained efforts to strengthen tax governance frameworks. In this section, we present aggregated data of all companies, countries, and sectors. After which, we will provide a question-by-question analysis of all six Good Tax Governance Principles and share additional reflections on certain data points.

Last year showed considerable differences between the eight countries, and this remains the case in 2024. There are three clear front-running countries: Italy (60%), Spain (58%), and the Netherlands (56%), each scoring well above the average of 49%. On the other end of the scale, there are Sweden and Belgium, both scoring far below average. Even so, we can report the progress of almost every country and see particularly strong progress made by the two most southern countries, as well as Belgium. The scope of this benchmark features 116 companies from eight different European countries and from five different sectors to provide in-depth insights.

Table 7: Average score per country 2024 and 2023

	2023	2024
The Netherlands (51)	56%	56%
Europe (65)[1]	41%	44%
Italy (9)	55%	60%
Spain (9)	53%	58%
Denmark (10)	47%	47%
France (10)	44%	44%
Germany (10)	36%	40%
Belgium (10)	24%	31%
Sweden (7)	24%	25%

Table 7 provides a clear picture of the level of progress made by each country. Note that the scope has remained intact coming from the 2023 benchmark. We list the key takeaways below:

- Both Italy and Spain post significant improvements, reaching scores of 60% and 58%, respectively, suggesting strong momentum in tax transparency and governance practices.
- Dutch companies maintain a high score of 56% with no change from 2023. Potentially having reached their ceiling, this shows stagnation in terms of further tax transparency progress.
- Belgium shows the most progress, rising from 26% in 2023 to 31% in 2024. Starting from a lower baseline, Belgian companies demonstrate rapid improvement yet have a long way to go before they draw even with high-scoring countries.
- Germany's score has risen from 36% to 40%, and the EU average has increased from 40% to 44%.

- Sweden shows a smaller increase, moving from 24% to 25%, and France maintains its previous score of 44%. For Sweden, the low score suggests considerable room for improvement.
- The 2024 data underscores a broader European trend of advancing good tax governance practices, with countries improving at varying rates due to country-specific regulatory environments, initial score baselines, and sectoral composition.

Sectoral analysis

In 2024, we are focusing on the same sectors as the previous two years: Financial, Energy, Pharmaceutical, Technology, and Fast-Moving Consumer Goods. This presents the opportunity to analyse progress made by the different sectors, as well as differences between the sectors.

Table 8: Average score per sector in 2022

	Financial	Energy	Pharma	Technology	FMCG
Europe (25)	66%	70%	22%	28%	31%
NL (78)	55%	59%	39%	48%	53%

Table 9: Average score per sector in 2023

	Financial	Energy	Pharma	Technology	FMCG
Europe (65)	50%	61%	31%	29%	30%
NL (51)	79%	61%	13%[10]	61%	53%

Table 10: Average score per sector in 2024

	Financial	Energy	Pharma	Technology	FMCG
Europe (65)	54%	57%	33%	37%	37%
NL (51)	77%	62%	12%	61%	59%

It is important to note the number between brackets in the first column, indicating the total number of companies in that scope. In 2022, we ran a pilot with only 25 companies in European countries other than the Netherlands, which has subsequently progressed to 65 in 2023 and

10 Only two companies assessed in the Netherlands are included in this category, therefore this is not a fully representative indication of the sector. We, however, do report on this sector as it provides some insights into the differences between the NL companies and the EU companies.

remains the same in 2024. In addition, the scope of Dutch companies has declined from 78 in 2022 to 51 in 2023 and 2024. This makes it difficult to compare this year's results with those of 2022.

Even so, the three tables show a number of interesting developments. Here are the key takeaways of the five sectors:

- The Financial sector in the Netherlands shows a strong average score of 77% for 2024, down slightly from 79% in 2023, but a significant increase from 55% in 2022. The EU score has increased from 50% in 2023 to 54% in 2024, indicating that while Dutch firms maintain high standards, overall EU performance shows room for improvement.
- The Energy sector in the Netherlands scores 62% in 2024, a slight improvement from 61% in 2023, but stable compared to 59% in 2022. The EU average decreased from 61% in 2023 to 57% in 2024, suggesting that Dutch Energy companies are effectively enhancing their transparency while other EU counterparts may be struggling.
- The FMCG sector in the Netherlands has improved its score from 53% in 2022 to 59% in 2024, reflecting a growing commitment to tax transparency. The EU average for FMCG remained low, increasing from 30% in 2022 to 37% in 2024, indicating positive movement but still far from ideal.
- The Technology sector in the Netherlands maintains a score of 61% in 2024, consistent with 2023 and up from 48% in 2022. The EU average has increased from 28% in 2022 to 37% in 2024, showcasing an upward trend in transparency practices across Europe.
- The Pharmaceutical sector in the Netherlands scores 12% in 2024, a slight decrease from 13% in 2023 but significantly down from 39% in 2022. This highlights a critical need for improvement in tax transparency practices, as companies in this sector lag significantly behind their peers in all other sectors. The EU scores are significantly higher, with 33% in 2024 being the highest recorded score to date, although there is clearly still much room for improvement.

Overall, the analysis shows positive trends in tax transparency across most sectors, particularly in Finance and Technology, as scores have increased significantly from 2022 to 2024. However, the Pharmaceutical sector remains a critical area for improvement. The divergence in EU averages indicates varying performance across countries, underscoring the need for targeted efforts to enhance tax governance and transparency practices.

Main findings of the Tax Transparency Benchmark 2024

In this section, we provide a quantitative and qualitative explanation of the outcomes of the Tax Transparency Benchmark 2024. Since the benchmark methodology changed in 2022, this year we are able to provide more robust comparisons than previously. It remains, however, a limited exercise, since the 2024 scope has changed significantly from 2022. Some criteria were not changed in last year's overhaul, so where possible, we will show results dating back to 2018 or even 2015. The following pages cover the overall and most significant results of our benchmark study.

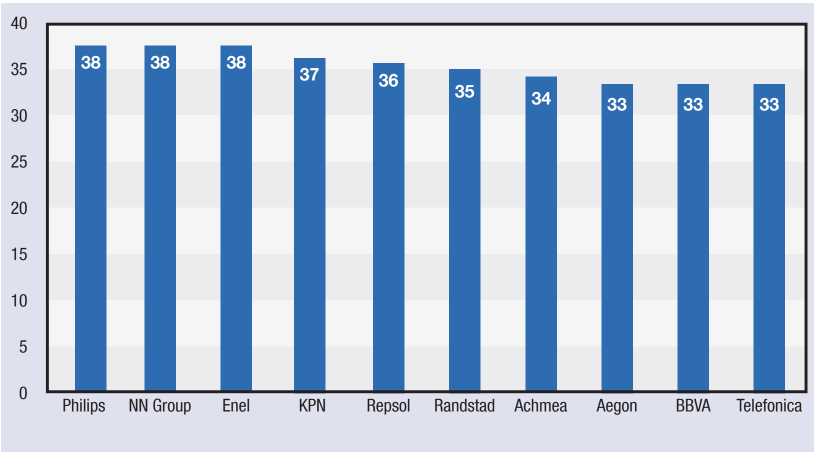

Figure 3: Scores achieved by the top ten companies in 2024

Good Tax Governance Principles

In the table below, we present the scores on each of the six Good Tax Governance Principles defined by VBDO. The tables show the average score for each of the principles for 2024, the average score for each country, and the total average scores for companies in the Netherlands and those in other EU countries. In table 11, we share the results of 2022 and 2023 for comparison.

Table 11: Average score per principle in 2022 – 2024

Good Tax Governance Principles	Average % by companies per principle					
	2024		2023		2022	
	EU	NL	EU	NL	EU	NL
A: Define and communicate a clear strategy	53%	67%	46%	64%	53%	46%
B: Tax must be aligned with the business and is not a profit centre in itself	39%	49%	39%	45%	37%	33%
C: Respect the spirit of the law. Tax-compliant behaviour is the norm	43%	59%	44%	69%	42%	49%
D: Know and manage tax risks	46%	65%	38%	67%	46%	56%
E: Monitor and test tax controls	67%	75%	55%	74%	63%	55%
F: Provide tax assurance	22%	26%	21%	24%	18%	15%
Total average score	**44%**	**56%**	**41%**	**56%**	**44%**	**50%**

Table 12: Average score per principle per country in 2024

Good Tax Governance Principles	Average % per country							
	NL	ES	IT	SE	DK	FR	BE	DE
A: Define and communicate a clear strategy	67%	60%	63%	29%	66%	52%	45%	52%
B: Tax must be aligned with the business and is not a profit centre in itself	49%	51%	52%	33%	47%	35%	25%	32%
C: Respect the spirit of the law. Tax-compliant behaviour is the norm	59%	68%	68%	15%	48%	40%	20%	40%
D: Know and manage tax risks	65%	52%	60%	28%	40%	58%	36%	46%
E: Monitor and test tax controls	75%	93%	80%	23%	60%	83%	50%	70%
F: Provide tax assurance	26%	46%	52%	8%	10%	18%	8%	12%
Total average score	**56%**	**58%**	**60%**	**25%**	**47%**	**44%**	**31%**	**40%**

We can witness strong increases in average scores on most principles. This is particularly the case for Principle E (70% overall in 2024) and A (59% overall in 2024), but Principle F "Provide tax assurance" remains the lowest with only 24% on average and therefore still scoring below the minimum threshold of 25%. A dip can be witnessed notably for Principle C, which can be attributed to the strong decline for the "spirit of the law" criterion. A few key takeaways relating to the progression of companies on the six principles are followed by a principle-by-principle analysis:

- There is a noticeable increase in the average scores for Dutch companies over the years, indicating a growing commitment to tax transparency and governance. However, this increase seems to tail off in 2024, while the larger group of other European companies is still showing a steady increase.
- The emphasis on respecting the spirit of the law remains crucial, as Dutch companies must maintain their high standards while encouraging others in the EU to adopt similar practices.
- The provision of tax assurance is a significant area requiring attention, as low scores suggest that many companies have yet to establish robust frameworks for external verification of their tax practices.

The critical role of stakeholders in tax transparency

The stagnation in stakeholder engagement scores, which has risen from only 23% in 2015 to just 27% in 2024, is a strong call for companies to improve transparency when reporting in this area. Effective stakeholder inclusion is critical as it can significantly enhance corporate governance and accountability. Without meaningful engagement, companies may struggle to meet evolving expectations regarding tax practices, potentially jeopardising their reputations and stakeholder trust.

Stakeholders play a pivotal role in encouraging and challenging companies to elevate their tax transparency practices. Investors increasingly demand that companies adhere to ethical standards, integrating tax transparency into their ESG criteria. By scrutinising tax practices, stakeholders ensure that companies contribute fairly to public funds and avoid aggressive tax avoidance schemes. This pressure not only fosters accountability but also drives companies to adopt more robust governance frameworks, ultimately benefiting their long-term sustainability and market performance.

The key stakeholders influencing this dynamic landscape include investors, particularly large institutional investors, who prioritise tax responsibility in their investment strategies. Additionally, consumers and the general public, spurred by increased media scrutiny and advocacy, have heightened awareness of corporate tax practices. Regulatory bodies and NGOs further amplify this demand for transparency, driving companies to disclose their tax practices in a clear and accountable manner. GRI 207 also emphasises the importance of stakeholder engagement in tax governance, pushing companies to involve various stakeholders in their tax strategy development.

In summary, the limited growth in stakeholder engagement regarding tax transparency highlights a significant opportunity for improvement. Companies must actively seek to involve stakeholders to enhance their governance practices and meet the rising expectations of accountability in a transparent corporate environment.

Open questions

As part of our ongoing effort to gain deeper insights into the evolving landscape of corporate tax transparency, we have posed several open questions to companies this year. These enquiries aim to clarify specific developments related to regulatory frameworks and governance practices. We specifically sought companies' perspectives on the EU CSRD and whether tax considerations will be integrated into their double materiality assessments. Additionally, we invited companies to reflect on how their tax strategies extend to their supply and value chains, particularly in light of growing expectations for responsible business practices. Through these open-ended responses, we aim to uncover trends and challenges that shape the current and future state of tax governance.

Navigating tax's marginalisation in CSRD materiality evaluations

In the context of the EU Corporate Sustainability Reporting Directive (CSRD), tax could be recognised as a crucial element in companies' sustainability strategies. However, the responses to benchmark enquiries reveal a mixed approach among companies regarding the integration of tax into their materiality assessments. While some companies affirmatively acknowledge tax as part of their double materiality assessments, many believe that it is not deemed material under current criteria. This ambivalence raises questions about the stakeholders involved and the prioritisation of tax transparency alongside other ESG issues.

Responses indicate a recognition of tax's relevance, with some companies citing the importance of tax payments in relation to sustainable development. Yet, the persistence of low scores in tax transparency practices suggests that companies may prioritise more visible environmental and social initiatives over governance issues, including taxation. For instance, one company highlighted the negative impact of unethical tax policies on public trust but ultimately did not classify tax as a material topic.

The evolving regulatory landscape, including the CSRD's stipulations, may compel companies to reassess their tax strategies and disclosures. Companies that currently do not include tax in their assessments risk falling behind as stakeholder expectations shift towards greater accountability and transparency. The GRI 207 framework further underscores this need, as it emphasises the importance of tax in the governance aspect of ESG reporting. Ultimately, while there are signs of progress, the slow increase from 23% to 27% for stakeholder engagement concerning tax indicates a pressing need for more robust integration of tax considerations in sustainability reporting, which would then ensure that companies align with evolving regulatory requirements and stakeholder expectations.

Extending tax policy to the supply chain

As companies begin to navigate the implications of the EU Corporate Sustainability Due Diligence Directive (CSDDD), the integration of their tax policy within their supply chains has emerged as a critical consideration. While the CSDDD itself does not explicitly mandate tax due diligence, the responses indicate varied levels of engagement regarding the potential influence of tax practices on broader sustainability and governance issues.

Several companies have indicated a proactive approach towards ensuring that their tax strategies align with their ethical standards and overall corporate governance. For instance, one organisation emphasises its commitment to avoiding transactions aimed solely at tax avoidance, reinforcing that its fiscal policies apply to all subsidiaries, including those abroad. This underscores an awareness that tax practices within the supply chain can impact a company's reputation and ethical standing.

However, the responses also reveal that not all companies have made substantial progress in linking their tax strategies to supply chain governance. Some organisations acknowledge ongoing assessments of how the tax behaviour of third parties affects their relationships, but specific measures and frameworks for implementation remain unclear. For instance, while some companies have detailed processes for assessing compliance with human rights standards, the integration of tax policy into these frameworks appears less comprehensive.

In contrast, some companies illustrate a growing trend to embed sustainability into procurement processes, and reference tax behaviour in supplier assessments. Nonetheless, the clarity on how tax considerations will be managed alongside the broader sustainability objectives remains limited. As companies prepare for the CSDDD, the challenge will be to ensure that suppliers' tax practices are aligned with their own corporate responsibility strategies, even if this is not directly mandated by the regulation.

As the CSDDD's requirements unfold, companies should enhance their engagement with stakeholders and address tax practices across their value chains to align with evolving expectations for accountability and governance.

Results per principle

A. Define and communicate a clear tax strategy

An appropriate tax strategy is accessible and clearly communicated (transparent). It contains the company's vision and objectives regarding taxation. It is aligned with the organisational values, the business strategy, and the sustainability strategy. It takes stakeholders' interests into consideration, explains the company's view on its relationship with the tax authorities, and describes its vision and the role of technology. Significantly, as the ESG landscape is evolving, companies are encouraged to show ESG understanding and good tax governance integration.

Top scores

A total of 16 companies score the maximum number of points for the first principle, compared to seven in 2023 and three in 2022. The 16 companies that best define and communicate their tax strategy in a clear manner are: Achmea (NL), Aegon (NL), a.s.r. (NL), DSM (NL), KPN (NL), NN Group (NL), Philips (NL), Prosus (NL), Rabobank (NL), Signify (NL), Van Lanschot Kempen (NL), Fugro (NL), Enel (IT), Assicurazioni Generali (IT), Repsol (ES), and Telefónica (ES).

Main results

- Of the 51 NL companies, 94% communicate their views on tax, closely followed by the 65 EU companies at 92%. Italy, Spain, Germany, and Denmark achieve a perfect score of 100%, indicating exceptional transparency in articulating tax strategies across these countries. Note that Swedish companies score significantly lower with 71%.
- Dutch companies, in particular, are scoring high on the criterion that asks whether companies describe their approach to applying for government incentives and subsidies, with 82% of the 51 companies doing so. Interestingly, this score is much lower for the 65 European companies, at 54%. Italy scores 67%, while Belgium and Denmark achieve 70% and 60%, respectively, demonstrating strong practices in this area. On the other end of the scale, we see Spain (44%) and Sweden (14%) scoring much lower.
- Companies score highest for the two criteria above; when we assess how companies take tax into account to address specific ESG issues, we present much lower scores. Overall, 36% of the 116 companies score a point for this criterion, with the Netherlands, Italy, France, and Spain scoring well above this average. However, Sweden, Denmark, Germany, and Belgium are scoring far below average, with just 10% of Belgian companies scoring a point.

- 33% of companies include their vision on concluding tax agreements (e.g., rulings) with tax authorities in their tax strategy. Both Denmark (39%) and the Netherlands (40%) obtain higher than average scores, with Sweden (0%) and France (22%) scoring well below average.
- A total of 16 companies (12 NL, four EU) score full marks on this principle. Surprisingly, seven companies score zero points in this category, meaning that they do not have a public tax strategy among other factors.

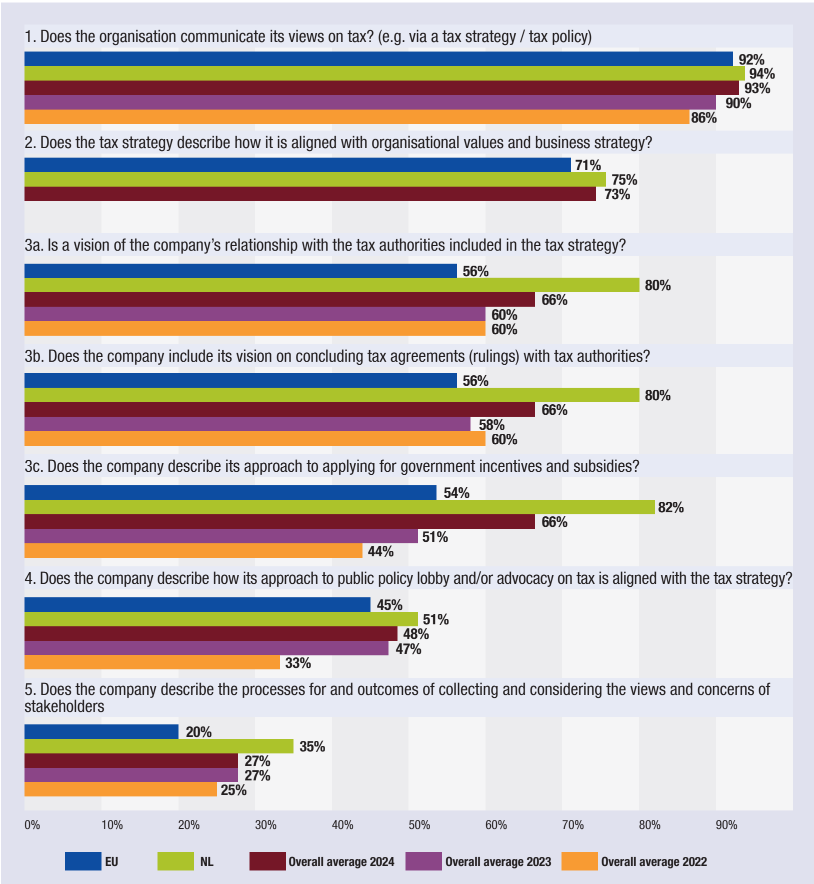

Figure 3: Scores on Principle A (1/2)

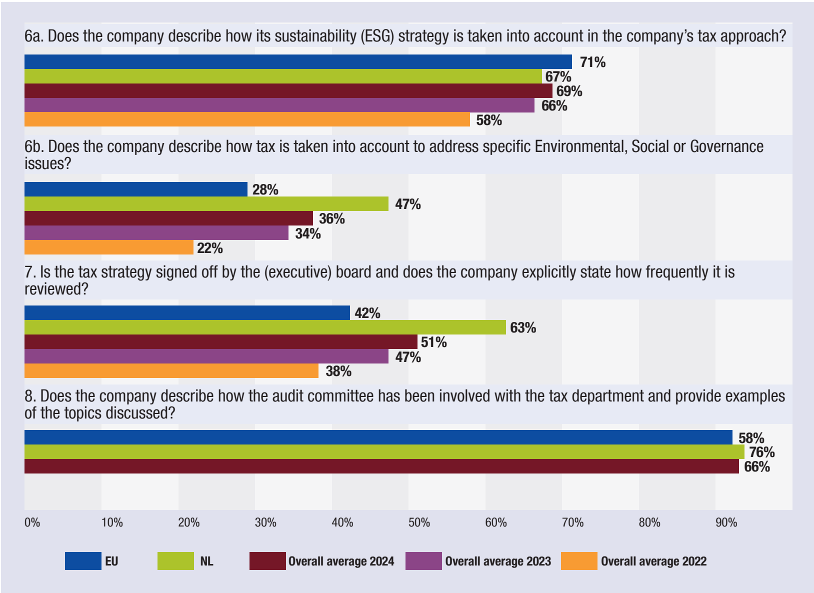

Figure 3: Scores on Principle A (2/2)

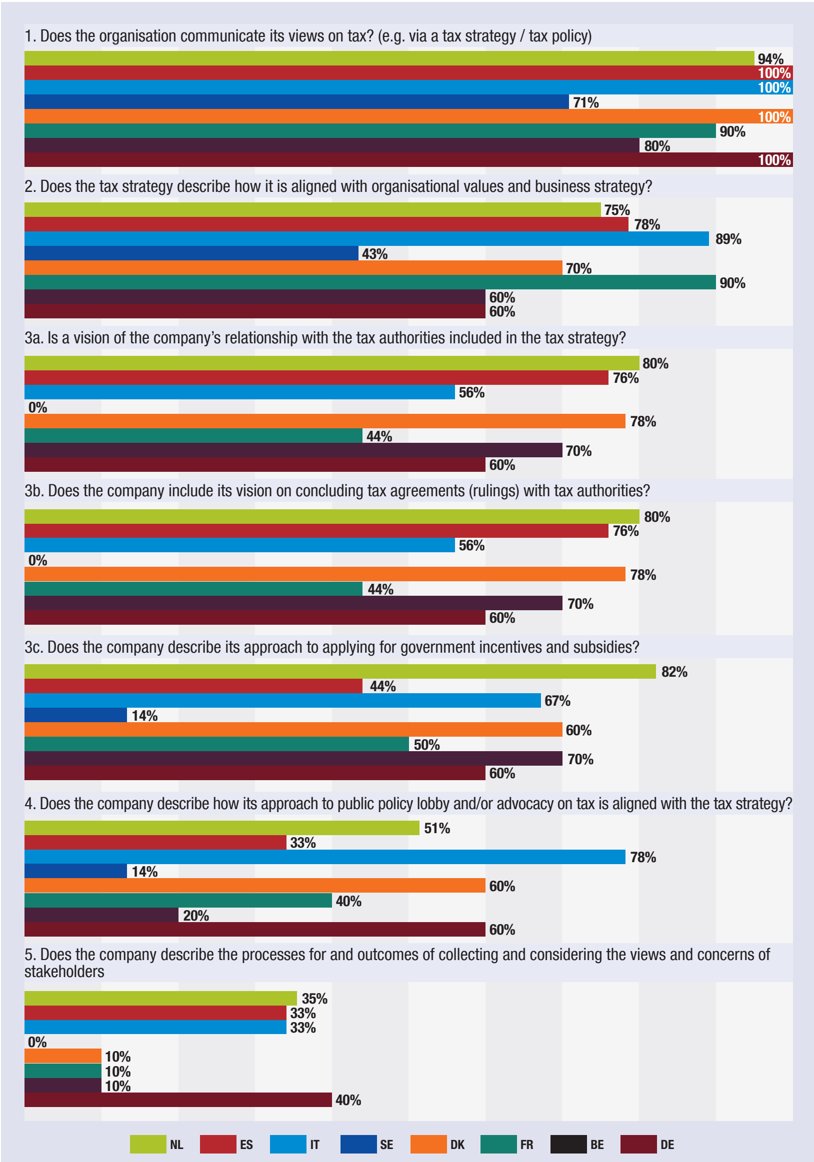

Figure 4: Scores on Principle A per country (1/2)

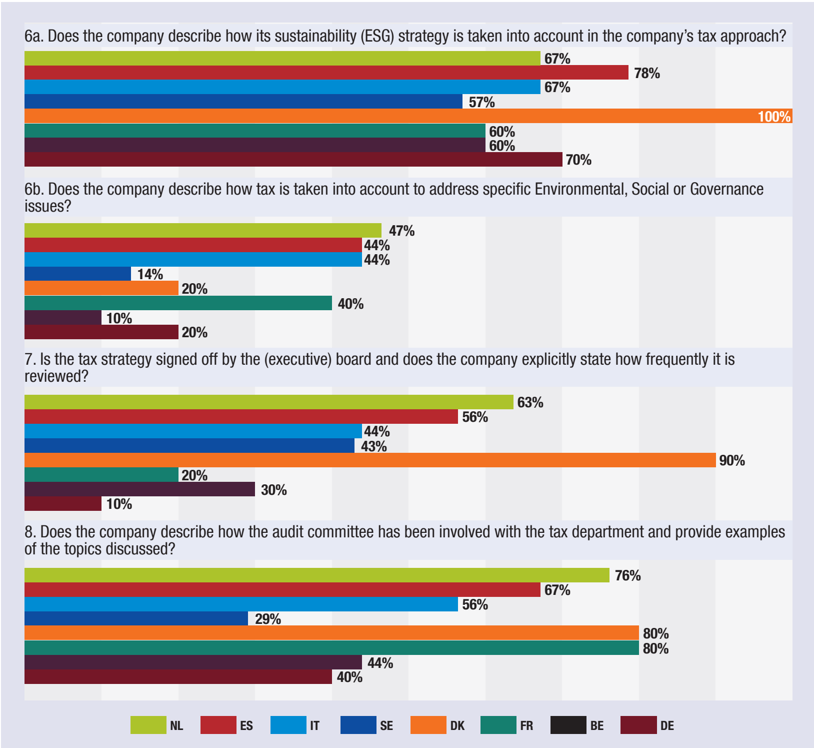

Figure 4: Scores on Principle A per country (2/2)

The 2024 results for Principle A of the Tax Transparency Benchmark reveal notable advancements in corporate tax governance, particularly among Dutch companies. The average score for Principle A in 2024 stands at 59%, a significant improvement from 54% in 2023, while Dutch companies achieve a notably higher average score of 67%, compared to the EU average of 53%.

A key area of advancement is the percentage of companies articulating their views on tax, with Dutch companies scoring an impressive 94% on this criterion, up from 90% in 2023. Overall, 93% of companies received points for stating their tax position in their annual reports or tax strategies, showcasing a strong commitment to transparency. Additionally, the criterion regarding the alignment of tax strategies with organisational values saw Dutch companies average 75%, reflecting the successful integration of tax governance with corporate strategy.

However, some criteria experienced stagnation or decline. Notably, the percentage on “vision for concluding tax agreements with tax authorities” has fluctuated, falling from 60% in 2022 to 58% in 2023 and then recovering to 66% in 2024. The need for enhanced stakeholder engagement remains critical, particularly with the upcoming CSRD, as only 27% of companies have effectively integrated stakeholder input into their tax strategies in 2024.

The criterion on the explicit sign-off by the board on tax policies, which is crucial for governance, has seen an increase to 51% in 2024, up from 47% in 2023 and significantly improved from 35% in 2022. Dutch companies continue to outperform EU counterparts, achieving an average of 63% compared to 42% for EU companies in this specific criterion.

Overall, while the 2024 results demonstrate a positive trajectory toward improved tax governance, there remains a clear opportunity for companies to enhance transparency and stakeholder involvement in their tax practices.

B. Tax must be aligned with the business and is not a profit centre in itself

Tax should not be seen as an isolated business component but as an integral part of the company and as part of the broader business strategy. As such, tax should not be the exclusive domain of the tax department. In principle, a company should declare profits and pay taxes where it conducts business activities and should be transparent on how this is done.

Top scorers

Enel (IT), Repsol (ES), Achmea (NL), Aegon (NL), a.s.r. (NL), NN Group (NL), Philips (NL), and Van Lanschot Kempen (NL) score the maximum number of points on Principle B. The same number of companies achieved this last year but it is a steep increase from 2022, when only one company (Repsol) scored maximum points.

Results

- There remains a strong commitment to ethical tax behaviour and alignment with business operations across the scope. 83% of all companies state that business operations lead in setting up international structures. Denmark is leading in this criterion, scoring full marks, closely followed by the Netherlands, scoring 90%. With a much lower 43%, Swedish companies show room for improvement. The European average is 78%.
- This commitment is strengthened by the high scores shown on the communication by these companies that they do not use “tax havens” or “non-cooperative jurisdictions” for tax planning. Spanish (89%) and Dutch (88%) companies score especially strongly on this criterion, higher than the overall average of 76%. Italy (56%) and Sweden (29%) are at the

other end of the scale. The EU average is 66%.

- Essential to Principle B is reporting on a country-by-country (CbC) basis, with four criteria relating to this accounting for a possible maximum score of six points. In 2023, we saw a relatively higher score on these criteria achieved by European companies compared to Dutch companies. In 2024, there is now no difference. 43% of both scopes provide CbC information on current corporate income tax, profit before income tax, accumulated earnings, and FTEs. Italian companies are scoring significantly high (89%), as are Swedish companies (57%). Belgian companies perform significantly worse (10%).
- Yet, when asked if the company also provides country-by-country information on ESG taxes, the percentage remains low. Only 8% of all European companies outside the Netherlands are providing such information, with the Dutch companies scoring slightly higher (20%). There are no outliers for this criterion.
- A total of eight companies (six NL, two EU) score full marks on this principle. Four companies score zero points in this category, meaning that they do not provide information on tax havens, report on a country-by-country basis, or provide sufficient information on their effective tax rate narrative.

The analysis of Principle B for 2024 indicates that while the Netherlands, Italy, and Spain demonstrate strong communication and alignment of tax practices with business operations, there are critical gaps in detailed tax disclosures, particularly in countries like France, Sweden, Belgium, and Germany. Enhancing clarity and transparency on tax governance remains essential for fostering trust and accountability across all participating companies.

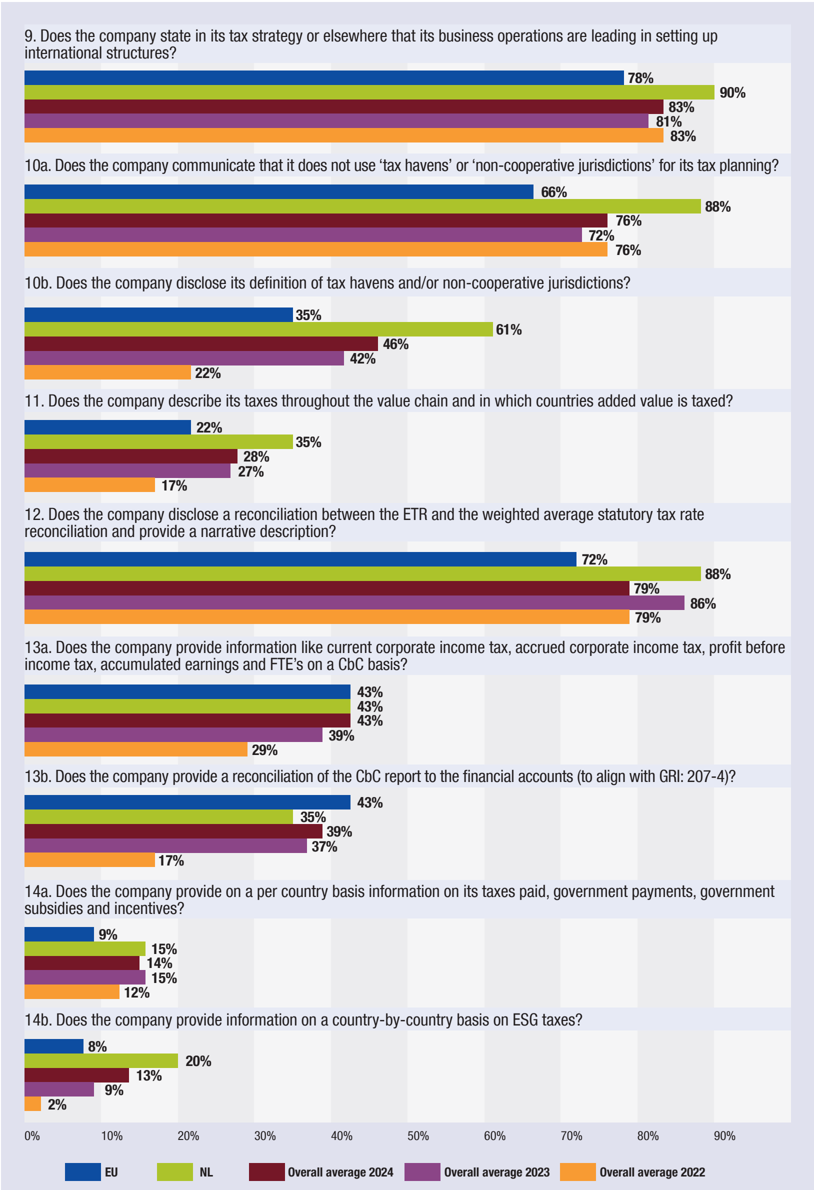

Figure 5: Scores on Principle B

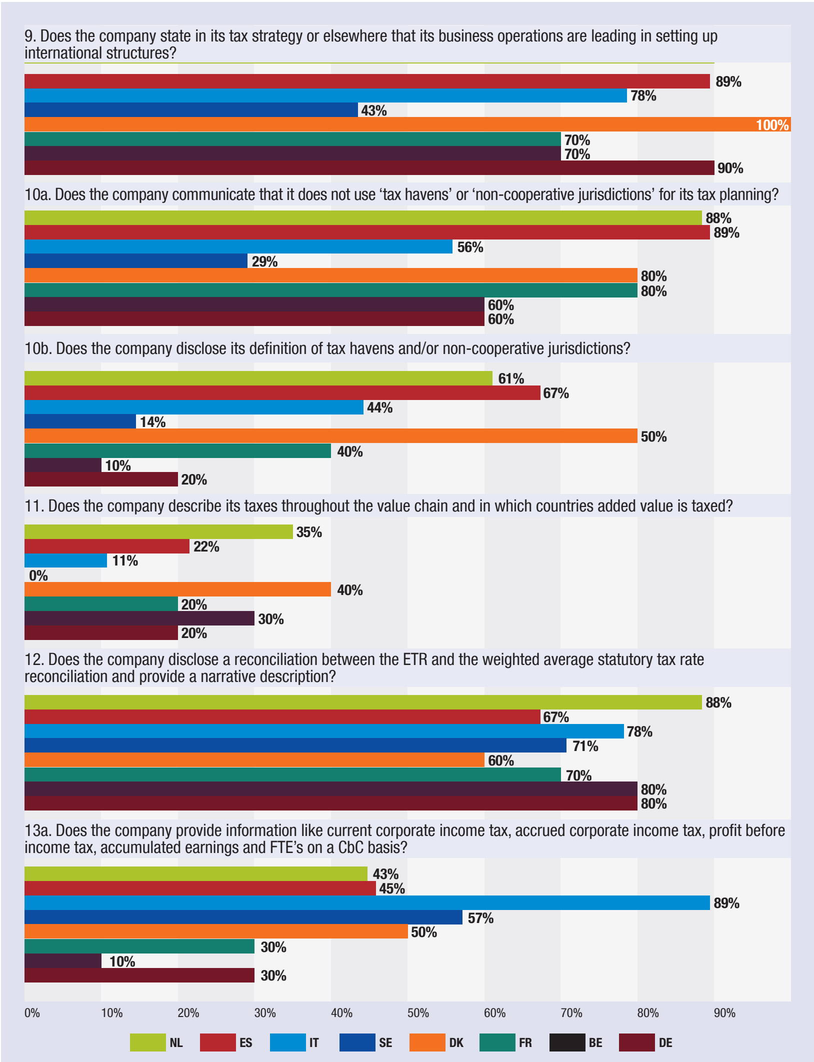

Figure 6: Scores on Principle B per country (1/2)

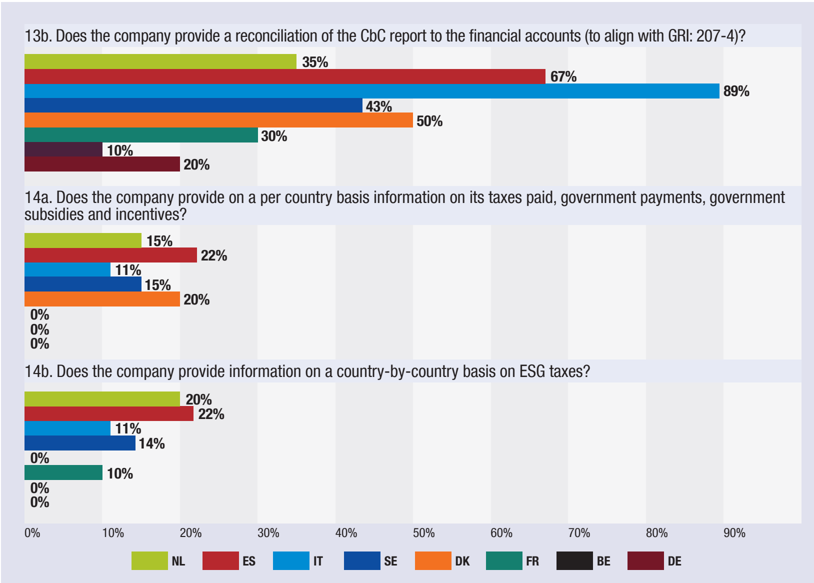

Figure 6: Scores on Principle B per country (2/2)

The 2024 results for Principle B of the Tax Transparency Benchmark demonstrate a notable commitment to responsible tax practices among companies, particularly within the Netherlands. The average score for Principle B in 2024 stands at 44%, reflecting a slight improvement from 39% in 2023. In contrast, Dutch companies achieve a significantly higher average score of 49%, compared to the EU average of 39%.

A key area of advancement is seen in the criterion where companies declare that their business operations lead in setting up international structures. Danish companies score an impressive 100% on this criterion, closely followed by both Germany and the Netherlands at 90%, Spain at 89%, and Italy at 78%. This trend indicates a robust acknowledgment among these companies of the importance of aligning tax obligations with actual economic activities, thereby enhancing their credibility and trustworthiness in the eyes of stakeholders.

Furthermore, the explicit communication regarding the non-use of tax havens is another positive aspect, with 89% of Spanish companies and 88% of Dutch companies confirming their stance against such practices. This marks an upward trajectory compared to previous years, showcasing a growing awareness of the reputational risks associated with aggressive tax strategies. The increased emphasis on responsible tax conduct aligns well with stakeholder expectations and reflects a broader industry shift towards greater accountability.

However, there are notable areas that require further attention. The criterion concerning the disclosure of definitions for tax havens and non-cooperative jurisdictions remains a significant concern, with only 61% of Dutch companies providing clear and comprehensive definitions. Yet, we note that countries such as Sweden, Belgium, and Germany are scoring much lower and below the minimum threshold of 25%. This lack of transparency can hinder stakeholders' ability to assess the companies' tax practices adequately, emphasising the need for more precise communication in this regard.

The provision of country-by-country information regarding taxes paid, including information on government payments, subsidies, and incentives, remains critically low across the board. Only 15% of Dutch companies are currently able to provide this information. While Spain (22%) and Denmark (20%) achieve slightly higher percentages, none of the countries are scoring above the minimum threshold for this criterion, indicating much needed improvements across the board.

Overall, while the 2024 results for Principle B indicate meaningful progress, there is a clear and pressing need for organisations to enhance their transparency and provide comprehensive disclosures. As regulatory frameworks evolve and stakeholder expectations increase, companies must prioritise improvements in their tax governance practices to maintain trust and credibility in the marketplace.

C. Respect the spirit of the law. Tax-compliant behaviour is the norm

A company should aim to comply with the spirit as well as the letter of the law. This means e.g. that the intention of the legislator should also be used as a guiding principle for the company to ensure tax-compliant behaviour. By definition, the spirit of the law can be open to interpretation. Therefore, discussions are required with internal stakeholders, including tax, legal, compliance, and CSR officers, as well as external stakeholders, such as investors, government officials, tax authorities, and civil society organisations. Being compliant with tax laws and regulations, statutory financial obligations, and international accounting standards, is the core responsibility of the tax function.

Top scorers

In 2024, a total of 22 companies score full marks on Principle C. This is a concerning decrease from 29 companies in 2023. As previously discussed, this can mainly be accredited to criterion 15 “spirit of the law”. The following companies score the full four points: Achmea (NL), Adyen (NL), AMG Critical Minerals (NL), InPost (NL), KPN (NL), NN Group (NL), Philips (NL), Prosus (NL), Rabobank (NL), Relx (NL), SBM Offshore (NL), Signify (NL), Fugro (NL), Randstad (NL), Ahold Delhaize (NL), Enel (IT), Intesa Sanpaolo (IT), Repsol (ES), Banco Bilbao (ES), Amadeus IT (ES), Telefónica (ES), and Vestas (DK).

Results

- Principle C shows the largest change in score of all six principles, partly down to the added requirement for companies to provide concrete examples. This is especially visible in criterion 15 "the spirit of the law": last year, the 51 Dutch companies performed well on this criterion, with a score of 80%, which has now dropped to 33%. Similarly, the 65 European companies received a 42% score in 2023 and have now lowered their average to 18%. Significant to note is the higher than average 44% score of Spanish companies, and the 0% score of the Belgian companies. In brief, this indicates large room for improvement to report on how the spirit of the law is applied in practice and requires steps to be taken by most of the 116 companies in the scope of this benchmark.
- Slight improvements can be seen with regard to training and whistleblowing policies in relation to tax, especially for European companies. In 2023, the 65 European companies scored a combined average of 39% on both criteria, and have now increased their scores to 45% (training programmes) and 49% (whistleblowing policy). These improvements can particularly be attributed to companies from Italy, Spain, and France.
- A total of 22 companies (15 NL, seven EU) score full marks on this principle. Yet, 25 companies score zero points in this category, demonstrating no commitment to report on their tax planning strategies in alignment with the spirit of the law, a lack of training programmes for compliance staff, insufficient integration of whistleblower policies, and no reference to established tax governance standards, which undermines their credibility and accountability in ethical tax conduct.

The analysis highlights a significant decline in communication about the spirit of the law in tax planning from 2023 to 2024 across the scope, as scores were previously higher. Positive trends are evident for training and adherence to tax standards, indicating ongoing improvements in tax governance, particularly among Dutch companies. The need for enhanced transparency and understanding of ethical tax practices remains crucial, particularly as stakeholder expectations grow.

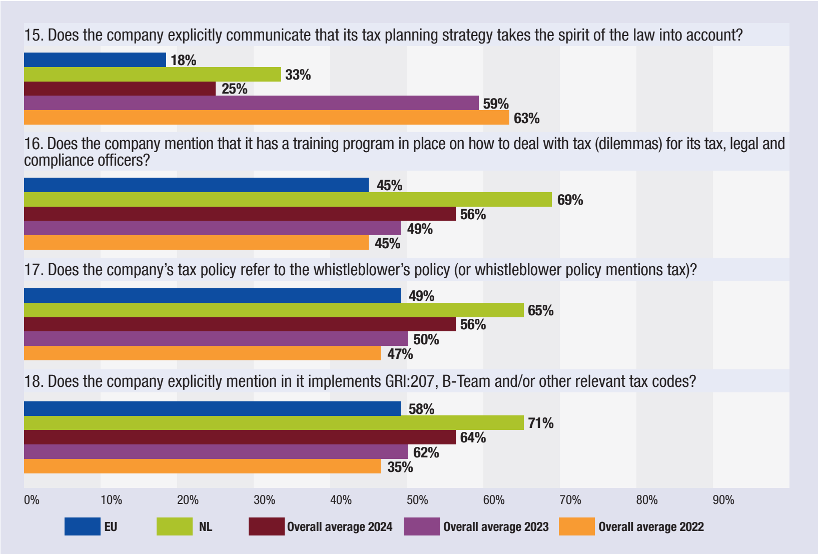

Figure 7: Scores on Principle C

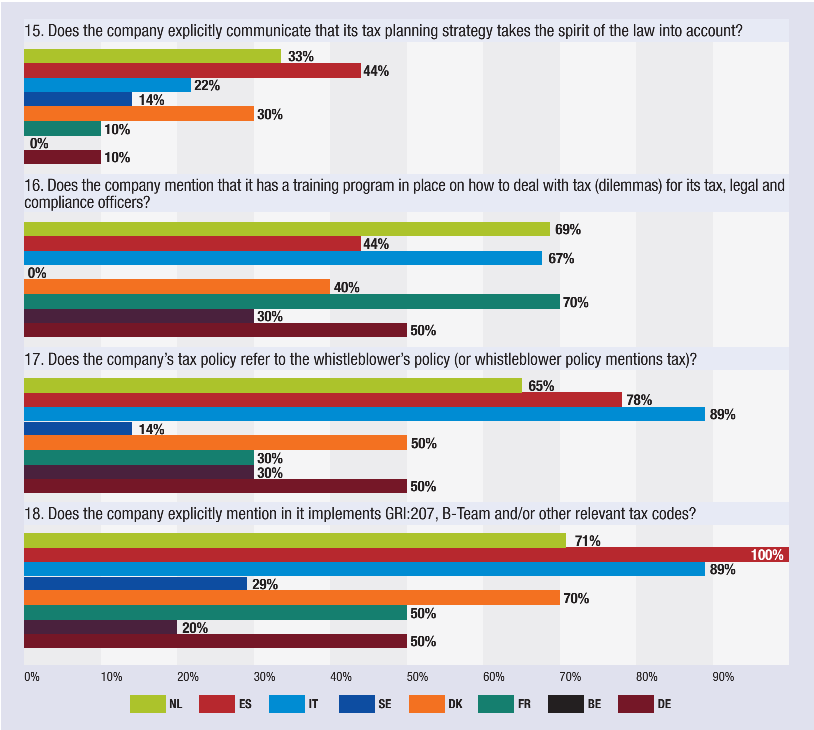

Figure 8: Scores on Principle C per country

The results for Principle C of the Tax Transparency Benchmark in 2024 indicate a mixed landscape for corporate tax governance, particularly among Dutch companies. The average score for Principle C stands at 50%, showing a notable decline from 56% in 2023. Dutch companies achieve an average score of 59%, which is significantly higher than the EU average of 43%. Yet last year, Dutch companies scored much higher with 69%. This decrease across the board can be accredited to the steep decline of the first criterion of this principle: "Does the company explicitly communicate that its tax planning strategy takes the spirit of the law into account and does the company provide a concrete example?". This has seen a decrease in all scopes, countries, and sectors. In the Netherlands, the average score for this criterion has dropped from 80% to 33%; in the full EU scope, it has dropped from 42% to just 18%. Only the ten companies assessed from the Dutch Financial sector score 50% on this criterion, indicating a more robust approach to taking the spirit of the law into account and being able to show specifically how this is done.

Conversely, there is positive movement in the establishment of tax training programmes for legal and compliance officers, with 70% of French companies and 69% of Dutch companies reporting the implementation of such programmes. This reflects a growing recognition of the importance of equipping personnel with the necessary knowledge to navigate complex tax dilemmas. The EU average for this criterion is 45%, showing that there is room for improvement in broader compliance training across the region.

In terms of whistleblower policies, 89% of Spanish, 78% of Italian, and 65% of Dutch companies have incorporated references to these policies within their tax frameworks, compared to an EU average of 49%. This indicates a commitment to transparency and ethical practices, particularly in ensuring that employees feel safe reporting concerns regarding tax compliance.

Another positive development is the adoption of established tax standards, as 100% of Spanish, 89% of Italian, and 71% of Dutch companies stated they implement these standards, compared to an EU average of 58%. This suggests that more companies are aligning their tax practices with recognised frameworks such as the VNO-NCW Tax Governance Code (in the Netherlands) and GRI 207, which are crucial for fostering accountability and responsible governance.

D. Know and manage tax risks

Tax risk management is a proactive process that is demonstrably embedded within the risk management and internal control function of the company. In order for stakeholders, such as investors, to understand national or international tax risks, a company should provide a clear response to each material risk.

Top scorers

Allianz (DE), Beiersdorf (DE), Enel (IT), Assicurazioni Generali (IT), Repsol (ES), Argenx (BE), Achmea (NL), Aegon (NL), Eurocommercial Properties (NL), Heineken (NL), IMCD (NL), InPost (NL), KPN (NL), NN Group (NL), OCI (NL), Philips (NL), Prosus (NL), RELX Group (NL), SBM Offshore (NL), Signify (NL), Unilever (NL), Vopak (NL), Fugro (NL), JDE Peet’s (NL), Ahold Delhaize (NL), and TKH Group (NL), all score the maximum number of points for Principle D. That is an increase from last year’s 21 companies, and from 17 in 2022.

Results

- For Principle D, we analyse the tax risk management and reporting of companies. Specifically, we are seeking detailed examples of tax risks reported in terms of financial, regulatory, and/or reputational risks. In line with other criteria in this benchmark, we expect companies to provide concrete examples rather than mere descriptions. We can report a slight increase in the overall score on the reporting of specific tax risks from 63% in 2023 to 65% in 2024, primarily driven by companies in France (90%), Italy (72%), and the Netherlands (70%). Belgian companies (40%) are scoring significantly lower.
- When asked for a commentary on reported risks, a slight increase can be witnessed. In 2023, 42% of all companies provided such a commentary, and this has increased to 49% in 2024. Notably, French companies (70%) are scoring high, with Swedish companies scoring significantly lower (14%).
- A total of 27 companies (21 NL, six EU) score full marks on this principle. However, 22 companies score zero points in this category, showing no commitment to communicate their tax risk appetite, a lack of reporting on specific tax risks, no commentary on their risk responses, and no communication on the role of technology in tax data management. This significantly undermines their accountability and transparency in tax governance.

The Netherlands demonstrates stable scores across all criteria in 2023 and 2024, indicating a robust understanding and management of tax risks. Many EU companies show a lack of clarity in articulating tax risk appetite and communicating responses to tax risks, suggesting there is room for improvement. There is a growing trend among Dutch companies to communicate on enhancing training and integrating technology into tax management, reflecting an upward trajectory in governance practices. The significant disparity between Dutch and EU companies on communication on technology integration indicates that many organisations need to better report on the use of technology in their tax strategies. Despite some positive trends, the overall low scores in certain areas highlight the critical need for enhanced transparency and accountability in tax risk management across participating companies.

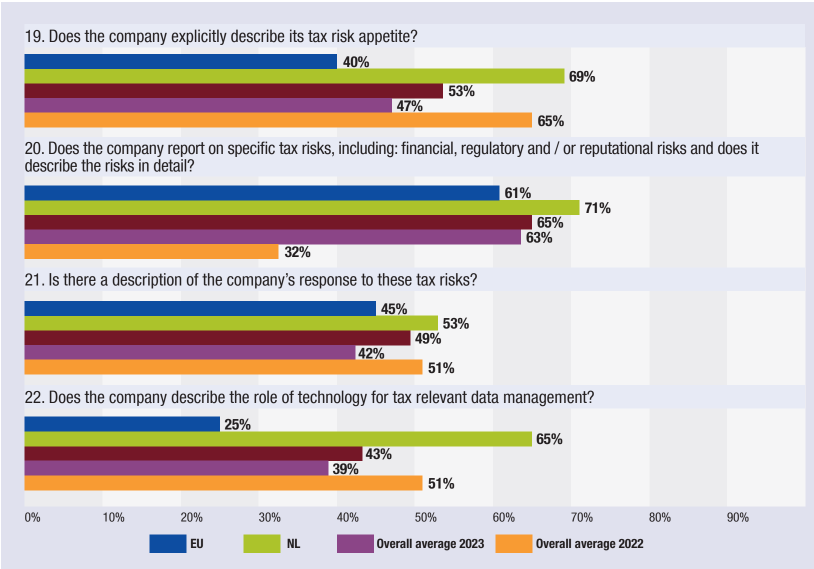

Figure 9: Scores on Principle D

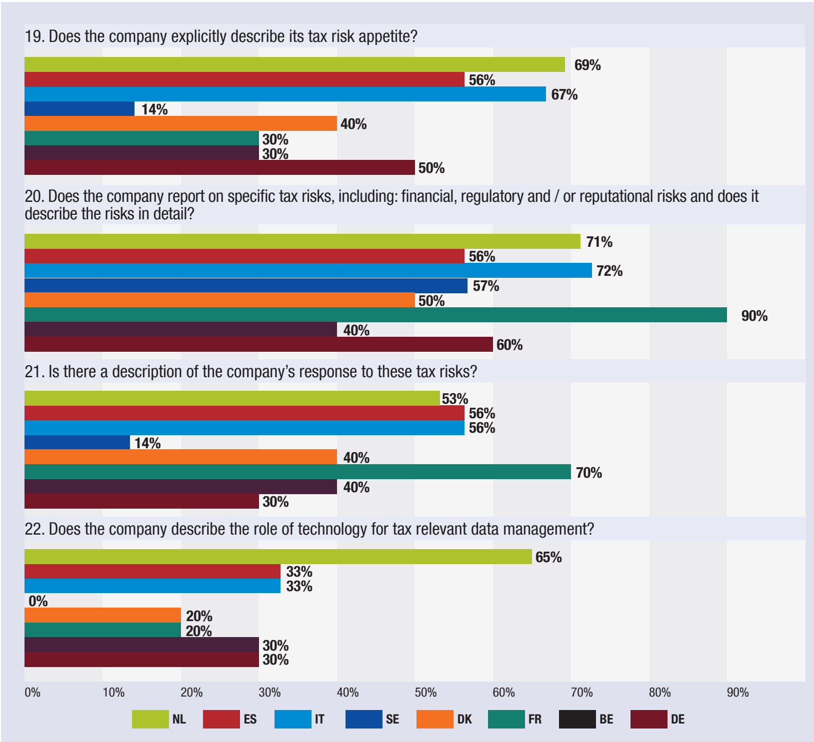

Figure 10: Scores on Principle D per country

The results for Principle D of the Tax Transparency Benchmark in 2024 reflect overall progress in tax risk management practices among companies. The average score for Principle D stands at 55%, showing an improvement from 53% in 2023 and demonstrating a commitment to better governance. Dutch companies continue to lead with an average score of 65%, significantly higher than the EU average of 46%, indicating a robust approach to managing tax risks.

When it comes to explicitly describing their tax risk appetite, Dutch companies score 69%, illustrating a strong commitment to articulating their tax management strategies. In contrast, the overall EU score is only 40%, highlighting a significant gap in clarity and commitment across the region. However, Italy and Spain perform well, scoring 67% and 56%, respectively, suggesting a growing recognition of the importance of articulating tax risk appetites in these countries.

For the reporting of specific tax risks, Dutch companies achieve a score of 71%, which is noteworthy compared to the EU average of 61%. France outperforms all, with a remarkable 90%, showcasing exemplary practices in detailing financial, regulatory, and reputational risks. This emphasises the importance of transparency in tax reporting and sets a standard for other companies to aspire to.

Regarding the commentary on the company's response to tax risks, French companies score 70%, and Dutch companies 53%, reflecting an upward trend from 49% in 2023. The EU average remains lower at 45%. Italy and Spain also demonstrate effective practices, however, both scoring 56%, reinforcing the need for companies to provide detailed analyses of their tax risk responses to stakeholders.

Dutch companies receive a score of 65% for communication on the role of technology in tax-relevant data management, highlighting the potential of integrating digital tools in tax affairs. This score contrasts sharply with the EU average of 25%, indicating significant opportunities for improvement in reporting on technology adoption and data management practices across the region.

Overall, the 2024 results for Principle D show encouraging progress in tax risk management among companies, particularly in the Netherlands, France, Italy, and Spain. While these companies set a high standard, there remains room for improvement, especially in enhancing transparency and technological integration in tax practices.

E. Monitor and test tax controls

It is important that a company has a standardised approach to monitoring and testing controls. This allows for the monitoring of the proper execution of its tax strategy on the one hand and substantiating that the organisation is in control of tax matters on the other.

Due to the increased public scrutiny and intensified debate on tax in recent years, the boardroom's interest in tax risk management grows each year. Identifying risks by means of monitoring and testing activities, and reporting and managing tax risks are now considered part of properly embedding tax risk management in the organisation.

Top scorers

Last year, this principle provided the longest list of companies scoring maximum points. (It should be noted that only three points can be obtained.) This year, the number of companies scoring full points has increased to 64. Contrastingly, 19 companies score zero points. Here are the top scoring companies for Principle E: Achmea (NL), Adyen (NL), Aegon (NL), ASML (NL), a.s.r. (NL), Corbion (NL), DSM (NL), Eurocommercial Properties (NL), Heineken (NL), IMCD (NL), ING Group (NL), InPost (NL), Just Eat Takeaway (NL), KPN (NL), NN Group (NL), OCI (NL), Philips (NL), Prosus (NL), Rabobank (NL), Relx (NL), SBM Offshore (NL), Shell (NL), Signify (NL), Unilever (NL), Van Lanschot Kempen (NL), Vopak (NL), Flow Traders (NL), JDE Peet's (NL), Randstad (NL), Wolters Kluwer (NL), Ahold Delhaize (NL), TKH Group (NL), Bayer (DE), RWE (DE), Allianz (DE), Deutsche Bank (DE), Beiersdorf (DE), Sanofi (FR), Engie (FR), BNP Paribas (FR), AXA (FR), Orange (FR), Schneider Electric (FR), L'Oréal (FR), Vattenfall (SE), Recordati (IT), Enel (IT), Eni Group (IT), Intesa Sanpaolo (IT), Assicurazioni Generali (IT), Gruppo TIM (IT), Rovi (ES), Repsol (ES), Acciona Energia (ES), Banco Santander (ES), Banco Bilbao (ES), Amadeus IT (ES), Telefónica (ES), Logista (ES), Elia Group (BE), EDF Group (BE), Ørsted (DK), Tryg (DK), and Carlsberg Group (DK).

Results

- This principle analyses the monitoring of the implementation and execution of the tax strategy, the presence of a tax control framework and the reporting to the audit committee of tax risks.
- 100% of the Italian companies describe how the implementation and execution of the tax strategy is monitored, closely followed by Spain (89%) and France (80%). The EU average is 66%, whilst the NL average is 65%.
- 89% of the Spanish companies describe how tax risks and controls are tested and monitored, similar to 80% of Dutch and French companies. The EU average is 68%.
- 100% of the Spanish companies include tax risk management when reporting to the audit committee. Notably high scores are also achieved by French companies (90%), Dutch companies (80%), and Danish companies (70%). The EU average is 68%.
- Significant to mention is that a total of 64 companies (32 NL, 32 EU) score full marks on this principle. Contrastingly, 19 companies score zero points in this category, highlighting a thorough lack of transparency and accountability in monitoring and testing tax controls, and indicating significant deficiencies in their governance practices and a failure to manage tax risks effectively.

Dutch companies are demonstrating positive momentum with consistent improvements in tax risk management and audit committee integration. Across the EU, there is a general trend towards better monitoring and testing of tax controls, indicating growing recognition of their importance. Notably, the involvement of audit committees in tax discussions is increasing, particularly in Spain and France, showcasing a proactive governance approach. However, despite these advancements, many companies in the EU still require enhanced clarity in their monitoring practices. Additionally, disparities in scores across countries highlight ongoing challenges in establishing effective tax governance frameworks, underscoring the need for continued focus on best practices.

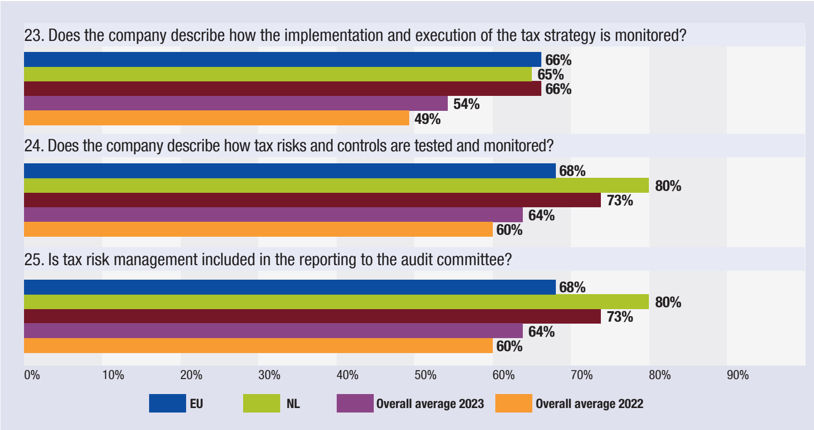

Figure 11: Scores on Principle E

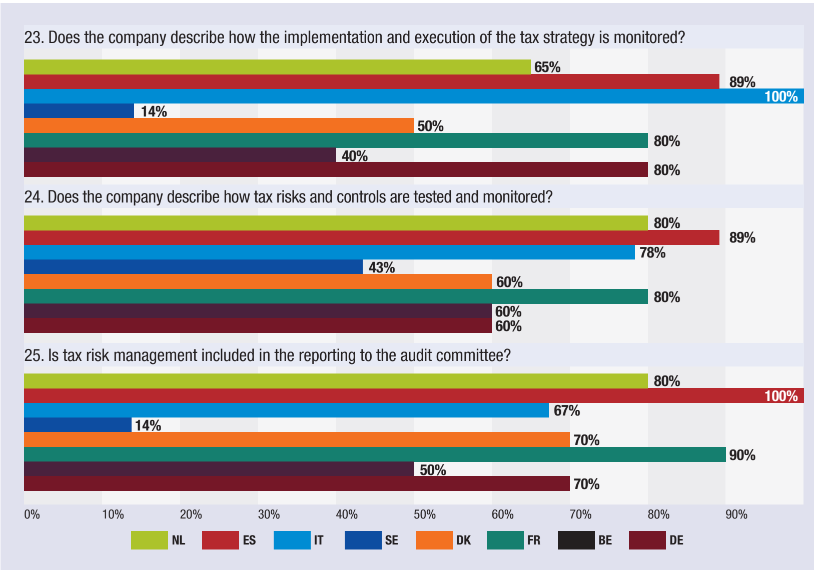

Figure 12: Scores on Principle E per country

The results for Principle E of the Tax Transparency Benchmark in 2024 indicate a positive trend in the monitoring and testing of tax controls. The overall average score for Principle E stands at 70%, an increase from 67% in 2023, reflecting a growing commitment to robust tax governance practices. Dutch companies achieve a score of 75%, significantly outperforming the EU average of 67%, underscoring their proactive approach to tax risk management.

65% of Dutch companies and 66% of European companies examine how the implementation and execution of the tax strategy is monitored. This criterion reflects the companies' awareness of the need to align their tax strategies with organisational values and business principles. Notably, Italy and Spain excel, with scores of 100% and 89%, respectively, indicating a strong emphasis on monitoring practices, while Sweden lags behind at just 14%, highlighting a substantial gap in their approach to tax governance.

For the testing and monitoring of tax risks and controls, Dutch companies achieve an impressive score of 80%, surpassing the EU average of 68%. This demonstrates a solid commitment to establishing effective tax control frameworks, which is essential for managing tax compliance and risks. Italy and Spain also perform well, scoring 78% and 89%, respectively, reflecting a broader trend towards diligent tax risk management within these countries.

Regarding the inclusion of tax risk management in reporting to the audit committee, Dutch companies again score 80%, with the EU average at 68%. This continuity emphasises the critical role that oversight committees play in ensuring that tax risks are adequately addressed and communicated. France and Spain perform extremely well in this area, with scores of 90% and 100%, respectively, showcasing their commitment to integrating tax risk management into corporate governance frameworks.

Overall, the 2024 results for Principle E demonstrate significant advancements in the monitoring and testing of tax controls among companies, particularly in Spain, Italy, and the Netherlands. While Spanish and Italian companies lead in several criteria, ongoing efforts are necessary to ensure that monitoring practices are consistently applied across all regions, especially in countries lagging behind.

F. Provide tax assurance

Companies should be prepared to provide additional (non-financial) tax information to regulators, tax authorities, and other stakeholders to provide a certain level of assurance regarding tax data and processes. This tax assurance should be based on the implementation and outcome of the five aforementioned principles. One way to create more certainty is through a tax in-control statement. Preferably, this tax in-control statement will be explicitly mentioned and disclosed in the tax paragraph of the annual report. Ideally, the company should provide its own tax in-control statement, in which it declares to what extent the processes and operations worked and were in control. In addition, assurance can also be provided by a third party. Third-party tax assurance helps to give stakeholders more certainty about tax processes.

Top scorers

Historically, this has been the principle featuring the lowest scores of the six. In 2023, we saw only four companies (all Dutch) scoring the maximum amount of five points. This has improved to seven companies this year. The following companies score full marks on this criterion: Enel (IT), Telefónica (ES), KPN (NL), NN Group (NL), Philips (NL), Vopak (NL), and Ahold Delhaize (NL).

Results

- For the first time, we can report that some (albeit not many) European companies provide a tax in-control statement. Last year, none of the 65 companies did so, but this has now increased to 12%. Most notably, Italy scores higher (22%) than the Netherlands (20%).
- In 2022, ten companies provided third-party tax assurance on the non-financial tax data. In 2023, this improved to 30 companies out of 116, of which 24 were European companies. This year, we can report much improved scores. The average of European companies is again higher (34%) than that of the NL companies (15%). The deficit in both scopes remains in place. Notably, Italian and Spanish companies score significantly higher (both 78%) and, thus, are providing third-party assurance on their non-financial tax data. Belgian companies are lagging, with none of the companies providing such assurance.
- Unfortunately, we see limited movement in the third criterion of this principle: "communication on the participation in cooperative compliance programmes". Last year, we reported an overall average score of 42%, in line with 43% in 2022. This year, the average is unchanged at 42%. Significant outliers are the Netherlands (59%) and Germany (0%).
- A total of seven companies (five NL, two EU) score full marks on this principle. A staggering 52 companies (45%) score zero points in this category, indicating a lack of determination in providing tax assurance practices, and missed opportunities to show strong control of taxation and a cooperative approach.

The analysis of Principle F reveals that Dutch companies are showing positive growth in tax assurance practices and remain at the forefront of providing tax in-control statements, as well as engaging in cooperative compliance with tax authorities. Meanwhile, the EU is witnessing significant improvements in external tax assurance, remaining the leader of the two scopes, reflecting a growing commitment to transparency across various companies. Despite these

advancements, overall scores for tax in-control statements and external assurance remain low, highlighting ongoing challenges in demonstrating effective governance. The consistent commitment to cooperative compliance among Dutch companies emphasises the importance of fostering stronger relationships with tax authorities as a key element of responsible tax management.

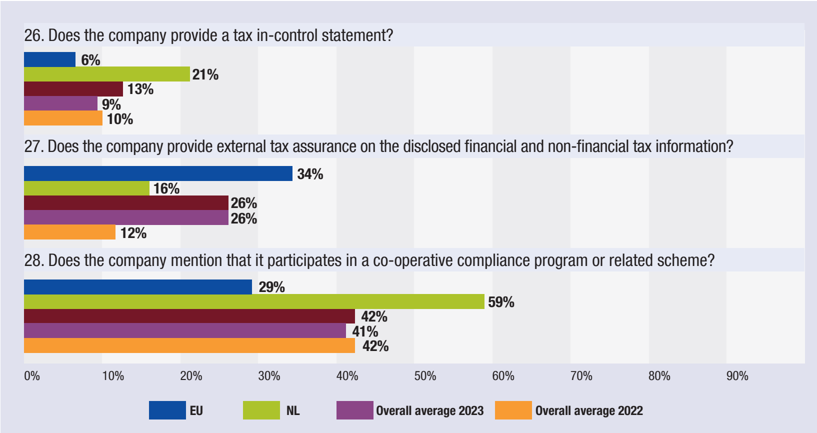

Figure 13: Scores on Principle F

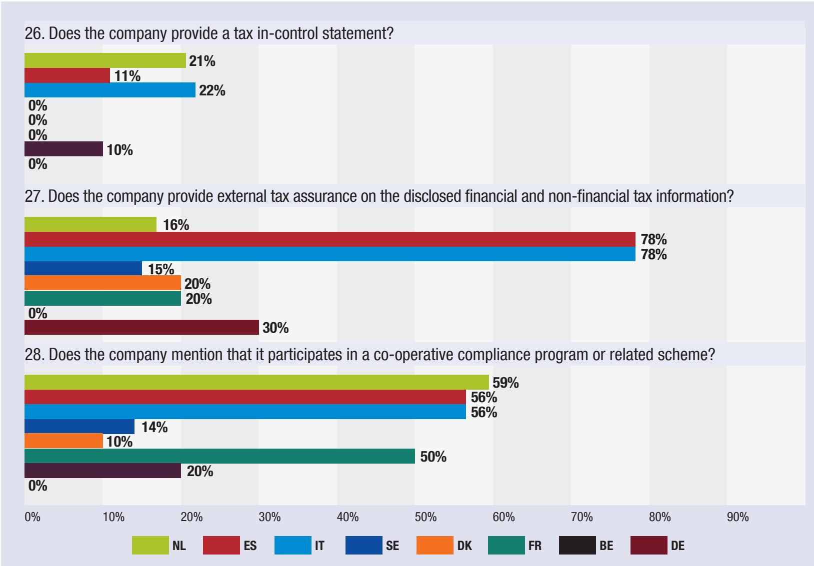

Figure 14: Scores on Principle F per country

The results for Principle F of the Tax Transparency Benchmark in 2024 reveal significant challenges across the participating companies in providing tax assurance and control statements. The overall average score for Principle F is notably low at 24%, rising only slightly from 22% in 2023 and 17% in 2022. Dutch companies score 26%, slightly above the EU average of 22%, highlighting the need for further improvement in this critical area. Noteworthy, Spain (46%) and Italy (52%) score far higher than other countries.

Regarding the provision of a tax in-control statement, the overall score stands at a mere 13%, reflecting a lack of transparency in confirming the existence and governance of such statements. Dutch companies achieve a score of 21% and Italian companies 22%, which, while higher than the EU average of 6%, still underscores a significant gap in best practices. Germany, France, Sweden, and Denmark score 0%, meaning that no companies reported a tax in-control statement, which raises concerns about their commitment to transparency.

For external tax assurance on non-financial tax disclosures, the overall average is 26%, with Dutch companies scoring only 16%. This low figure suggests a reluctance to seek external validation for tax disclosures, which could undermine stakeholder confidence. In contrast, Spain and Italy excel, both achieving scores of 78%, highlighting a proactive approach to transparency and accountability in their tax practices. The EU average is 34%, more than double that of the NL average of 16%.

When it comes to participation in cooperative compliance programmes, Dutch companies score 59%, significantly higher than the EU average of 29%. This indicates a strong engagement with tax authorities to enhance compliance and cooperation. Spain (56%), Italy (56%), and France (50%) demonstrate a solid performance, whereas Germany lags behind with 0%.

Overall, the 2024 results for Principle F highlight a critical need for companies to strengthen their tax assurance practices and embrace transparency. While there are areas of commendable performance, especially in cooperative compliance, the low average scores reflect an ongoing struggle to establish robust tax governance frameworks.

5. Recommendations

The results of this year's benchmark show that, overall, companies have once again demonstrated progress on most tax transparency elements. However, there remains room for further improvement in several areas, especially on internal and external tax assurance (e.g., in-control statements), comprehensive public country-by-country reporting, ESG integration, and addressing internal and external stakeholders' views and concerns. Based on the results of the Tax Transparency Benchmark 2024 and the expert jury meeting, recommendations for further improvements for different parties are outlined below.

To companies

- Ensure you keep abreast of all relevant developments regarding the transparent reporting of tax and continue to adapt your policies (including the sustainability strategy) and practices to align with these new standards;
- Improve the quality of your dialogue with internal and external stakeholders to understand their perspectives on tax governance, ensuring that tax practices align with stakeholder expectations and societal norms;
- Continue developing and strengthening the link between sustainability and tax, and report on how these two areas can strengthen each other;
- Intensify collaboration between the tax department and other departments within the company in light of the vast amount of data required for (sustainability) reporting;
- Expand sustainability reporting frameworks to include detailed disclosures on tax, specifically linking tax strategies with environmental and social governance initiatives;
- Provide further narrative about tax processes to move from a “tell you” stance to a “show you” one;
- Continue to elaborate on the tax risk management process, and include a description of the company's tax risks, risk appetite, and risk response in public information;
- Provide a comprehensive narrative to the ETR reconciliation table that clearly explains the numerical calculation from the statutory to effective tax rate;
- Provide country-by-country reporting data and seek to improve the quality and the remit of this data. Align with the GRI 207: Tax standard and EU Public Country-by-Country Reporting Directive. Disclose on a country-by-country basis, not per region;
- Start providing information to stakeholders on the value creation story of your business to make clear where your organisation is being taxed and where tax has a link with the value creation process;
- Employ and continuously improve a monitoring system for the implementation and execution of your tax strategy, and actively involve the supervisory board in this process;

- Provide assurance, ideally both an in-control statement and third-party tax assurance, on your tax transparency reporting. An in-control statement should be provided by your internal audit department (or the department responsible for governance) and signed off by the management board;
- Implement training programmes for employees at all levels to increase awareness about the importance of tax transparency and the role it plays in corporate responsibility and governance;
- Implement the tax strategy and show how it is monitored; do not use this Tax Transparency Benchmark to merely “tick boxes”.

To lawmakers, regulators, and tax authorities

- Proper legislation underpins enhanced tax transparency. Assist companies to develop a clear strategic vision on tax transparency and governance, by passing appropriate laws and strict good tax governance standards that apply to all companies, while taking into account the practicality for both the tax authorities and companies;
- Actively promote the use of internationally accepted standards to provide multinational companies with comparable or common governance, reporting, and audit standards to work with across borders;
- Create resources or platforms that provide examples of best practices in tax transparency and governance to guide companies in implementing similar initiatives;
- Ensure clear guidance on rules and regulations for cooperative compliance programmes to stimulate voluntary compliance;
- Increase the transparency of compliance management strategies and tax accountability to help rebuild trust in taxation;
- Work with international bodies to harmonise tax transparency standards, reducing the complexity for multinational corporations and enhancing comparability in tax reporting.

To NGOs

- Engage in open and constructive dialogues with companies based on facts and figures and focus on encouraging them to adapt. Differentiate how you approach high and low performers on tax transparency and good tax governance;
- Share best practices with companies on what you consider responsible and transparent corporate tax behaviour;
- Do not only focus your efforts on multinationals and tax advisors but also on tax administrations and investors;
- Encourage companies to adopt inclusive policies that consider the views of a broader range of stakeholders, including local communities affected by corporate tax practices;
- Enter into structured dialogues with governments to promote transparency.

To tax advisory firms

- Ensure employees have the proper technical, governance, and digital tax expertise;
- See tax in a broader ESG context, i.e. not only from a legal or financial perspective;
- Promote responsible tax behaviour and support companies' tax transparency initiatives;
- Dare to have a robust dialogue on this topic with all stakeholders;
- Introduce and apply an internal code of conduct for tax advice;
- Ensure each tax advisor is familiar with the client's sustainability and business strategies.

To investors

- Design and implement a tax code of conduct that applies to:
  - your own organisation;
  - how you structure your investments;
  - your investments;
  - the parties you collaborate with.
- Integrate tax in the valuation of investee companies by including it in investment and ESG policies;
- Be transparent on the tax strategy of your own organisation and what you expect from investments and the parties you collaborate with;
- Enter into a dialogue with portfolio companies on responsible and transparent tax behaviour;
- Don't just test investments at the moment of investment, but also monitor adherence to your criteria or expectations during the lifecycle of the investment;
- Support initiatives to develop common standards for tax reporting to enhance (global) comparability;

To universities

- Introduce a modernised curriculum for tax-related courses in order to meet the market's demand for skilled tax professionals who can drive forward tax transparency and link tax to sustainability;
- Introduce relevant tax topics in economics, business management, assurance, and mathematics courses, and in the social and political sciences;
- Communicate better with society, i.e. using less technical language.

6. Jury report 2024

Jury members

Appointed by VBDO, the expert jury consisted of six honourable members acting in a personal capacity. All of them are experts in the fields of good tax governance and tax transparency but they come from different backgrounds:

- Klaas Bangma, Economic Policy Advisor with FNV;
- Irene Burgers, Professor of Economics of Taxation and Professor of International Tax Law at Groningen University;
- Michiel van Esch, Active Ownership Specialist at Robeco;
- Hans Gribnau, Professor of Tax Law at Tilburg University and Leiden University;
- Anna Gunn, Tax Researcher and Blogger at Leiden University and Artikel 104;
- Xander Urbach, Senior Advisor on Responsible Investment & Governance at MN.

Process and nominees

The jury has an important monitoring function for the Tax Transparency Benchmark. In order to be able to reach an independent verdict on this year's benchmark, the jury discussed the process and execution of the benchmark as a whole, and specifically weighed and assessed the validity of the results pertaining to the top nine performing companies in the benchmark. In this regard, the jury specifically paid attention to the following criteria:

- Total points scored and analysis performed by VBDO;
- Depth of tax strategy, i.e. explaining matters rather than just giving an overview;
- Sector of operation and the presence of a mandatory legal framework;
- Absence of controversies relating to tax and tax transparency;
- The clarity of the implementation and execution of tax strategies.

The following companies were further analysed by the jury, which are the top nine performing companies of the 2024 benchmark (in random order):

- Achmea (the Netherlands)
- Philips (the Netherlands)
- Repsol (Spain)
- Aegon (the Netherlands)
- Enel (Italy)
- KPN (the Netherlands)
- Banco Bilbao Vizcaya Argentaria (Spain)
- NN Group (the Netherlands)
- Randstad (the Netherlands)

Winners

For the first time in history, the jury has selected more than one winner of the benchmark. The jury would like to congratulate **Philips**, **NN Group**, and **Enel** on jointly winning the Tax Transparency Benchmark 2024, all with a top score of 38 points. Philips, NN Group, and Enel all stand out in each and every principle that has been assessed as part of the Tax Transparency Benchmark and are awarded the full amount of points for every question in the benchmark.

The jury especially praises all winners for their comprehensive country-by-country reporting, not only showing the corporate income tax paid in the countries in which they operate, but also reporting on government incentives and subsidies and environmental taxes. In this respect, Philips is complimented for publishing a full Country Activity and Tax Report, including a narrative linking Philips' business and activities to taxation, whereas Enel is praised for including extensive data on environmental and ESG taxes. However, the jury also notes that the country-by-country reports may be further improved by more explicitly showing the effective tax rate on a per country basis.

Furthermore, a notable item in Enel's reporting was the explicit link with Pillar 2 in its definition of tax havens. According to the jury, by mentioning the Pillar 2 global minimum taxation in this definition, Enel clearly shows that it is aware of the important developments in the tax landscape. Philips is complimented for the clear link the company makes between ESG and taxation. For example, Philips is one of the only companies in this year's benchmark that explicitly mentioned the governance aspect of ESG in relation to tax. For next year, the jury recommends that Philips also includes a specific section on the social aspect of ESG in relation to tax.

NN Group is complimented for being a pioneer in the field of tax transparency for many years. After being dethroned by Philips last year, NN Group is now also awarded the full score of 38 points by the jury. NN Group is specifically praised for the detailed description of how the tax strategy is linked to the broader strategy and values of NN Group as a whole, and for its extensive reporting on tax risks and controls.

Although there are some small differences between the reports of the three, Philips, NN Group, and Enel are hereby announced as the deserved joint winners of the Tax Transparency Benchmark 2024.

Good practices

As well as the winners, the jury would like to mention the good performance of all the other top companies that were assessed. In general, the jury praises the companies for the strong progress that has been made on tax transparency and the depth and quality of all the reports. The companies are complimented for increasingly taking sustainability and ESG into account when formulating their tax strategies. In particular, **BBVA** is praised for explicitly linking taxation to human rights, showing awareness that ESG is more than only the environmental aspect.

Repsol, last year's runner up in the benchmark, has again demonstrated great transparency in its tax reporting. The jury specifically compliments Repsol for its explanation of tax contributions across its value chain, its inclusion of an interactive map showing the role tax plays in Repsol's different business units, and its extensive reporting on ESG taxes on a per country basis.

In addition, the jury compliments **Randstad** for the description of the concrete alignment between the company's organisational and business principles and the tax strategy, and the clear narrative description of the reconciliation between the nominal and effective tax rate. **Achmea** is praised for the assessment framework described in the tax policy, including subjective questions, on which basis tax questions are assessed, showing that the company sees taxation as more than only a compliance issue.

The jury would like to notably mention **KPN** for its elaboration on relationships with tax authorities and its participation in cooperative compliance programmes, even including this as a key performance indicator in its report. Finally, **Aegon** is praised for not only being transparent on the assessment criteria as part of the Tax Transparency Benchmark, but also for transparently reporting on other aspects of its business in relation to taxation.

Recommendations from the jury

The overall verdict on this 2024 edition of the Tax Transparency Benchmark is that there is again a growing commitment to transparency among companies. The jury specifically compliments companies on their progress in reporting on the ESG aspects of taxation and on the role taxation plays within the value chain. In addition, the jury observes a positive development of companies providing a tax in-control statement and providing external assurance on the non-financial tax disclosures. Nevertheless, challenges remain for the companies. In this regard, the jury notes: The insights that companies give on stakeholder engagement are not showing much sign of improvement. Although many companies provide a statement that tax is part of the stakeholder dialogue, only a few companies provide further details on the dialogues they had with different stakeholders (i.e., by providing concrete examples).

- A stagnation of the progress made by the Dutch companies in the benchmark can be observed, especially in relation to the companies' tax risks and controls. The jury encourages the companies to take their tax reporting a step further and include more detailed descriptions of their responses to concrete tax risks, including the likelihood of occurrence and the financial consequences of risks.
- Although more and more companies explicitly link their tax strategy to their ESG and sustainability strategy, the jury recommends companies also include the social and governmental part of ESG in reporting, rather than solely focusing on the environmental aspect.
- Although many companies describe the alignment of the tax strategy with the company's organisational values and business strategy, the jury expects companies to also report on how they monitor this alignment by, for example, showing who is responsible, what is monitored, and how this is monitored.
- Whereas many companies explicitly communicate that they do not make use of tax havens and/or non-cooperative jurisdictions, the jury also encourages companies to disclose their definition of tax havens and/or non-cooperative jurisdictions, e.g. by referring to one of the EU lists.
- Finally, although some companies already refer to specific tax standards, such as GRI 207, the VNO-NCW Tax Governance Code, or B-Team, the jury recommends that companies more explicitly align their tax reporting to these tax standards.

The jury makes the following suggestions relating to the Tax Transparency Benchmark's methodology:

- In general, the jury recommends putting more emphasis on the intention of a company's tax reporting in the questionnaire. The jury suggests further differentiating in the scoring of the benchmark, e.g. by awarding more points for companies that support their answers with concrete and relevant examples or issues, and which disclose how they deal with specific tax dilemmas.
- The jury recommends taking important developments in the tax landscape, such as Pillar 2 and the Corporate Sustainability Reporting Directive, into account when scoring companies by, for example, awarding additional points for companies that explicitly report on -/in line with these initiatives.
- The jury suggests narrowing Q4 (on lobbying) by only awarding points to companies that provide a detailed description of the position that the company takes in the public debate and which provide concrete examples of their lobbying activities.
- In this year's benchmark, the jury observes a difference in the extent and quality of tax reporting between the different sectors in which companies are active. When scoring the companies, the jury recommends also taking into account whether there are any (mandatory or voluntary) reporting standards that apply to that specific sector.
- Finally, according to the jury, the presence/absence of controversies should play a more important role within the scoring of the Tax Transparency Benchmark, e.g. by awarding negative points in cases where controversies are found.

Appendix

2024 Tax Transparency Benchmark criteria and scoring

Assessment criteria per guiding principle.
Company assessments are based only on publicly available information.

Total points: 38
Number of questions: 34

Principle	Description	Points
A	**Companies should define and communicate a clear strategy on tax governance**	
Narrative on tax strategy	A tax strategy is a plan stating the organisation's vision and view with respect to taxes. When we are looking at how a company communicates its tax strategy, we want to ascertain whether it communicates in a way that explains the key elements of the strategy, and whether it also stipulates what these elements mean for stakeholders. Additionally, some criteria relate to the governance structure for the tax strategy and whether the strategy is reviewed in line with the Dutch Corporate Governance Code.	
1	Does the organisation communicate its views on tax? (e.g. via a tax strategy / tax policy)?	1
2	Does the tax strategy describe how it is aligned with organisational values and business strategy?	1
3a	Is a vision of the company's relationship with the tax authorities included in the tax strategy?	If a&b 1
3b	Does the company include its vision on concluding tax agreements (rulings) with tax authorities?	If a&b 1
3c	Does the company describe its approach to applying for government incentives and subsidies?	1
4	Does the company describe how its approach to encouraging the public debate on tax transparency, public policy lobby and/or advocacy on tax is aligned with the tax strategy and does the company provide a concrete example?	1

Principle	Description	Points
5	Does the company describe the processes for and outcomes of collecting and considering the views and concerns of internal and external stakeholders, including concrete examples of consultations with different stakeholders (e.g., by referring to a table complemented by text)?	1
6a	Does the company describe how its sustainability (ESG) strategy is taken into account in the company's tax approach?	1
6b	Does the company describe how tax is taken into account to address specific Environmental, Social or Governance issues? (e.g. carbon taxes, green subsidies and incentives, plastic taxes, sugar taxes, or tax incentives for human resources)	1
7	Is the tax strategy signed off by the (executive) board and does the company explicitly state how frequently (i.e. quarterly, annually, specific date) the board reviews the tax strategy?	1
8	Does the company describe how the audit committee has been involved with the tax department and provide examples of the topics discussed?	1
B	**Tax must be aligned with the business and is not a profit centre in itself**	
9	**Does the company state in its tax strategy or elsewhere that its business operations are leading in setting up international structures, i.e. that it declares profits and pays taxes where the economic activity occurs?**	**1**
10a	Does the company explicitly communicate anywhere that it does not use 'tax havens' or 'non-cooperative jurisdictions' for its tax planning?	1
10b	Does the company disclose its definition of tax havens and/or non-cooperative jurisdictions (e.g. by aligning with a dedicated country list such as, the EU black-listed countries, OECD, or Tax Justice?	1
11	Does the company describe the role of taxes (taxation, incentives) within the value creation model (e.g. visual mapping) and in which countries added value is taxed? (In case the company is domiciled in only one jurisdiction, this question refers to this jurisdiction).	1

Principle	Description	Points
Narrative on tax rate	The effective tax rate (ETR) of organisations is usually not the same as the weighted average or parent company statutory tax rate. In general, this is for legitimate reasons, such as tax-exempt income and non-deductible expenses. Sometimes, however, an ETR that is (sometimes significantly) lower than the weighted average statutory tax rate can signify specific corporate structures aimed predominantly at the artificial reduction of tax bills to increase the profits available for distribution to shareholders. Based on the applicable accounting standards under both US GAAP and IFRS, companies are required to disclose a line-by-line reconciliation between the (weighted average) statutory tax rate and the ETR.	
12	Does the company provide a narrative description in case there is a difference between ETR and weighted average statutory tax rate, including a reconciliation table?	1
13a	Does the company provide information like current corporate income tax payments, accrued corporate income tax, profit before income tax, accumulated earnings and FTEs on a country-by-country basis? (In case the company is domiciled in only one jurisdiction, this question refers to this jurisdiction).	2
13b	Does the company provide a reconciliation of the country-by-country report to the financial accounts to align with GRI: 207-4?	1
Narrative on CbCR	Country-by-country-reporting (CbCR) is an important compliance requirement resulting from the OECD's BEPS action plan (action 13). Companies that are part of a group and have a consolidated annual turnover of EUR 750 million have to prepare and file a report which (amongst other requirements) shows how much tax they have paid and what the basis is for these taxes on a country-by-country basis. Some companies have voluntarily published these reports or similar information, e.g. as part of their corporate sustainability reporting.	
14a	Does the company provide on a per country basis information on its taxes paid (direct taxes and other taxes like VAT, wage taxes, etc), government payments, government subsidies and incentives? (In case the company is domiciled in only one jurisdiction, this question refers to this jurisdiction)	2
14b	Does the company provide information on a country-by-country basis (in case of regional cap-and-trade schemes, per region is sufficient) on ESG taxes?	1

Principle	Description	Points
C	**Respect the spirit of the law. Tax compliant behaviour is the norm**	
Narrative on compliance	Ultimately, managing tax is about filing the correct returns on time, making sure the returns are correct and complete, and ensuring that the payments are made on time. Being compliant with tax laws and regulations, statutory financial obligations, and international accounting standards is the core responsibility of a tax function. We refer to taxes in general, e.g. CIT, VAT, wage taxes, etc.	
15	Does the company explicitly communicate that its tax planning strategy takes the spirit of the law into account and does the company provide a concrete example?	1
16	Does the company mention that it has a tax (dilemmas) training and knowledge programme in place for its tax, legal and compliance officers?	1
17	Does the company's tax policy refer to the whistleblower's policy (or whistleblower policy mentions tax)?	1
18	Does the company explicitly mention in its tax strategy it implements tax standards (e.g. VNO-NCW Tax Governance Code, GRI:207, B-Team and/ or other relevant (local) tax codes?)	1
D	**Know and manage tax risks**	
Narrative on tax risks	Companies are required to state their largest risks in their annual report. The purpose of the following questions is to obtain a view on whether the organisation includes tax in its broader risk management approach and whether it references any material tax risks. If any tax risks are included in the risk overview in the annual report, they should be accompanied by an explanation of how the organisation remediates or manages these risks.	
19	Does the company explicitly describe its tax risk appetite?	1
20	Does the company report on specific tax risks, including: financial, regulatory and / or reputational risks and does it describe the concrete risks in detail (i.e. by providing detailed examples of concrete tax risks)?	2
21	Is there a commentary/description of the company’s response to these tax risks? (i.e. does it include an impact analysis for tax risk evaluation, which includes the likelihood of occurrence and the financial consequences of risks)	1
22	Does the company describe the role of technology for tax relevant data management?	1

Principle	Description	Points
E	**Monitor and test tax controls**	
Narrative on monitoring	Has the company created a standardised approach for monitoring and testing the execution of its tax strategy and its controls? It is important to be able to see the full picture to ascertain whether the monitoring and testing takes place on a regular basis, and to ensure that the results are documented and communicated to ensure that they are followed up.	
23	Does the company describe how and by whom the implementation and execution of the tax strategy is monitored? (e.g. alignment with the organisational values and business principles, the management of non-financial tax procedures, who, how and what is monitored)	1
24	Does the company describe how tax risks and controls are tested and monitored (i.e. tax control framework)?	1
25	Is tax risk management included in the reporting to the audit committee?	1
F	**Provide tax assurance**	
Narrative on tax assurance	Companies should be prepared to provide additional tax information to regulators, tax authorities, and other stakeholders to provide for a certain level of assurance regarding tax data and processes.	
26	Does the company provide a tax in-control statement? Does the company provide the statement in full or just confirm its existence – e.g. by mentioning an explicit sign-off from the board of directors?	2
27	Does the company provide external tax assurance on the non-financial tax disclosures (for example, limited assurance on GRI 207)?	2
28	Does the company mention that it participates in a cooperative compliance programme or related scheme? (Anywhere)	1
	Does the company mention that it participates in a co-operative compliance programme or related scheme? (Anywhere)	1

VBDO (Dutch Association of Investors for Sustainable Development)
www.vbdo.nl
Pieterstraat 11, 3512 JT Utrecht, The Netherlands
T +31 (0) 30 234 00 31, info@vbdo.nl