



Corporate governance group adds members, targets Vodafone

11 December 2018 By [Barbara Ottawa](#)

Investor body Shareholders for Change (SfC) has criticised telecoms giant Vodafone for its tax policy, in one of the group's first actions since launching last year.

True to SfC's [promise to "name and shame" one large company](#) on tax policy, the collaboration of small European institutions published a report on the European telecommunication industry at its winter meeting in Paris.

In the aptly named Bad Connection report, Vodafone was lauded for reporting country-specific data on its profit sources. Such a regional breakdown has been recommended by the OECD to counteract multi-national corporations minimising their taxable base and shifting profits between jurisdictions.

While Vodafone's transparency on that front was welcomed by the shareholder engagement group, it criticised the company for reporting most of its profits in Malta and Luxembourg, low-tax countries where Vodafone has the fewest employees.

"A lack of transparency and shifting profits are a risk for all investors as this puts companies at risk of fines and investigations by tax authorities," said Rainer Ladentrog, engagement manager at the Fair-Finance Vorsorgekasse, the Austrian founding member of SfC.

He added that these tax policies had "deeper ethical repercussions" as they "often drastically reduced tax income both for emerging markets as well as developed countries".

Ethos joins SfC

Two new members were welcomed by SfC: Switzerland's Ethos Foundation and the Friends Provident Foundation from the UK.

Ethos is itself a shareholder engagement platform for around 230 Swiss pension funds with combined assets under management of CHF260bn (€231bn).

In a statement Ethos, which was founded by pension funds in 1997, said joining SfC was an opportunity to "increase engagement activities with European companies on topics important to Swiss Pensionskassen" in their investments in international equities.

The other new joiner was the Friends Provident Foundation with £33m (€36.6m) in assets under management and a 15-year track record of engaging with UK companies.

SfC was founded in 2017 by seven smaller institutional investors from Germany, Italy, France, Spain and Austria, with around €22bn of assets under management in total.

The platform wants to help smaller investors to be heard at annual general meetings or other engagement forums.