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## More than 40 trade union groups over the world call for improved tax practices

# Unions condemn tax avoidance

MADISON MARRIAGE AND CHRIS NEWLANDS

The world's most powerful trade unions have called on their pension funds to fight aggressive tax avoidance at the companies they invest in as well as improve their own tax practices.

The demands come just days after revelations that Luxembourg cut secret tax deals with hundreds of groups, including large corporations, pension funds and asset management companies.

More than 40 trade union groups, including the influential American Federation of Labor and Congress of Industrial Organizations, have demanded that their pension funds take more a more active role in tackling tax evasion.

Trade union confederations in 19 countries including Brazil, France, Norway, Canada, Japan and Germany are among the statement's signatories.

The joint statement follows the publication of leaked documents last week by the International Consortium of Investigative Journalists that showed more than 340 large companies agreed secret deals in Luxembourg enabling them to save billions of dollars in taxes.

Several fund companies managing large sums of money on behalf of pension schemes, including Fidelity, Henderson, Schroders and BNP's asset management arm, were named in the documents, as well as Canada's Public Sector Pension Scheme Board and the National Pension Service of Korea.

Sharan Burrow, president of the International Trade Union Confederation, the association of unions representing 176m workers, said: "We cannot allow workers' money to be quietly used in investments that contribute to tax evasion. Tax havens are ripping off the ability of the real economy to function effectively.

"Will pension funds feel pressured? Yes. The reputation of [groups] that use these tax avoidance measures will be questioned."

In June the biggest pension schemes in the Netherlands and Canada were accused of aggressive tax avoidance by Unite, the largest UK trade union, through their joint stake in Westfield, the London shopping centre.

David O'Byrne, national secretary of United Voice, which represents more than 120,000 Australian workers, said such examples showed "there is growing evidence that there are serious problems with the approach of many pension funds to taxation".

The trade unions have asked their pension schemes to evaluate whether existing investments make use of "inappropriate" practices such as tax havens and to analyse the legal and reputational risks of such investments.

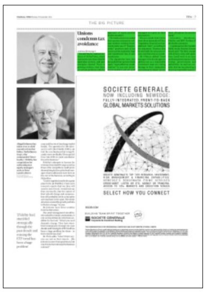
The signatories have also demanded that pension funds apply "responsible tax considerations" to any new investment mandates and ask asset managers to report on their tax practices.

Pension funds that fail to meet these demands will face "regulatory, financial and reputational risks", according to the statement. Trustees may be held liable for any unnecessary costs that arise as a result.

Mr O'Byrne added: "Asset managers who do not agree to address tax as a responsible investment issue are risking damage to their reputations and ultimately future investment allocations by pension funds."

Schroders, Henderson, Fidelity and BNP Paribas all declined to comment.

A spokesperson for Canada's Public Sector Pension Scheme Board said: "We fully comply with all laws, rules and regulations [and] work in an open and transparent manner with foreign governments and authorities. As such we consider that our tax planning is done in a responsible manner."

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