

New Haven Declaration on Corporate Financial Transparency

We recognize that although one of the first responsibilities of business to society is to pay its fair share of taxes, aggressive and 'creative' global tax strategies have become commonplace among multinational corporations, resulting in significant tax losses to both developed and developing countries. Some of these strategies involve violations of local law;

We are also aware that approximately \$100 billion in tax revenue leaves developing economies each year due to trade related price manipulation by corporations;

We recognize that yearly tax losses due to corporate trade mispricing are equal to annual Official Development Assistance and that these flows aggravate poverty and are a human rights concern of great importance;

We also note with concern the growing research on the annual flow of illicit capital out of developing countries, estimated to be in excess of \$1 trillion (including the \$100 billion in tax losses noted above). The term illicit capital refers to funds that are illegal in their origin, movement or use and that are solicited, transferred or managed by institutions in western financial centers or in secrecy jurisdictions, often referred to as "tax havens";

We further recognize the linkage between opacity in the global financial system and the facilitating role it plays in allowing politically exposed persons, corrupt dictators and tax evaders to move illicit money around the globe;

We stress that reducing illicit capital flows requires greater financial transparency and that achieving this is a prerequisite to creating an economic framework that is open, accountable, fair, and beneficial for all;

We state that it is unethical, and often illegal, for companies to declare profits in tax havens in order to avoid the payment of taxes in nations where the labor, sales and resources that produced those profits occurred. Current financial reporting requirements allow companies to hide these practices from investors and governments;

We underscore the importance of having corporate financial reporting that is disaggregated by country ("country by country reporting") as a way to assess the possibility of political, legal and reputational risk to the firm, and to provide a better understanding of the corporation's aggregated financial statements;

We strongly urge the G8, G20, WTO, the European Union and other international fora, as well as national governments, world leaders, faith groups, civil society organizations and corporations to recognize the linkage between corporate financial transparency, good corporate governance, social justice and stable markets;

We commit, as organizations concerned about risk mitigation in our investment strategies and long-term, economic growth issues related to poverty alleviation and development, to call on governments and relevant multilateral institutions to establish a country-by-country financial reporting standard for multinational corporations;

We also commit to monitoring corporate activity in this area and raising these concerns with corporate management as part of our investment management practices;

We further pledge to work in the coming months to pursue this agenda and look to add additional voices to this effort;

Signed

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