

Institute of Corporate Directors

Podcast Topic: **Be It Resolved: The Global Minimum Tax is a Game Changer for Board Oversight.**

Rahul Bhardwaj (0:06 - 2:46): Welcome to Be It Resolved, the podcast where bold ideas meet courageous leadership. I'm Rahul Bhardwaj, President and CEO of the Institute of Corporate Directors in Canada. In each episode, I speak with experts to delve into pressing issues impacting directors and decision-making in the boardroom.

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My guest today is Manal Corwin, the Director of the Center for Tax Policy and Administration at the OECD, the Organization for Economic Cooperation and Development, based in Paris, France. Prior to joining the OECD, Manal was principal in charge of KPMG's Washington National Tax Practice and America's regional tax policy leader, a member of the KPMG Board of Directors and lead director. Earlier in her career, she's had a number of very important roles, including serving as the senior role at the U.S. Treasury Department, including international tax counsel and several other roles. Today, our resolution, Be It Resolved: The Global Minimum Tax is a Game Changer for Board Oversight. Now, is it a game-changer? We're going to go into that a little bit.

And don't forget that 2026 is a very big year for this. Manal, welcome. Thank you very much, Raoul.

Great to have you here. I'm going to give a little bit of a backgrounder to our listeners who might not know about this, and then we're going to delve into this, obviously, a lot more. But the OECD's global minimum tax represents one of the most significant shifts in international tax policy in decades.

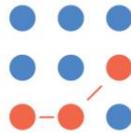
Close to 150 countries have now agreed on updates to the deal, preserving the 15 percent global minimum tax framework designed to ensure large multinationals pay a baseline level of tax wherever they operate. On January 5, 2026, the OECD released some new guidance for what they're calling Pillar 2, the 15% global minimum tax rules. With Pillar 2 now in effect, Canadian multinationals are going to face some real impacts from tax costs and compliance exposure and some other items.

So, for directors, tax is now moving from just a compliance matter to more of a strategic governance issue. Let's get started. Manal, really excited about having this conversation because it's an opportunity to talk about something really important, but it might not be on the directors' radar.

Let's do a little bit of a backgrounder in terms of, from your perspective, the OECD's role in global tax policy and maybe what is this global minimum tax intended to address?

Manal Corwin (2:47 - 6:03): Well, thank you for those questions. And there are, this is a significant development that corporations are focused on. So let me start with your last question first.





What is the global minimum tax that maybe turned the role of the OECD? And you've laid out some of the key components, but the policy grounding for it, what was it born out of is relevant to understanding the role of the OECD as well. So, the global minimum tax was born out of a concern by countries over what was a growing pressure for amongst countries to compete for investment by giving away tax revenue, either by offering incentives or other preferences or by reducing headline rates significantly.

It was this downward pressure that's sometimes referred to as the race to the bottom that not only eroded a critical force of revenue that was necessary to finance domestic policies because tax is quite important for financing, but it also distorted investment decisions by multinationals in ways that were uneconomic and counter to growth. So, there grew a common interest among otherwise sovereign jurisdictions to protect their base and to defend against these investment distortions that were occurring. And they knew they couldn't do it alone.

It required collaboration because it was growing out of this sort of competition. So that is really what was the impetus for the tax. And it was this notion that in order to tackle this issue, it was necessary to coordinate and collaborate to raise the floor on corporate taxation and ensure this minimum level.

That's the starting point. And then the question is, how do countries collaborate and where do they collaborate? Which brings in the role of the OECD.

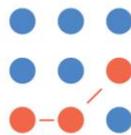
The OECD serves as a platform for member jurisdictions to collaborate and to agree to coordinate on international tax rules and standards. And I think the natural question many ask is, well, why would a country that is otherwise sovereign and is motivated, why would it be motivated to give up any sovereignty over their taxing rights in order to cooperate with other countries? And I think that, in fact, the global minimum tax is a case study in that.

But more broadly, what countries have determined is that they have an interest in collaborating when going it alone doesn't serve their domestic interests. They can't achieve their sovereign objectives or in the absence of collaboration, their sovereign goals are frustrated. And I think multinationals also have a strong interest in effective collaboration because without that multinational that's operating across borders is going to be exposed to these independent sovereign taxing systems.

And without any sort of collaboration or cooperation, the clashes of the interaction of these systems will lead to double taxation, which will create barriers to investment. So that the role, then, of the OECD is to serve as a platform for countries who determine that it is in their interest, their sovereign interest, to have collective action over unilateral action in order to address double taxation, but also to protect their tax bases. And that's what the OECD does.

Rahul Bhardwaj (6:04 - 6:37): That's fantastic. So, Canada is a part of this incredible collaboration when you think about there being 150 nations around the world that are





working to eradicate a certain jurisdictional arbitrage game that goes on here. And now they're levelling the playing field. March

It's a really interesting foundational piece, but it's going to be new for Canadian multinationals. And that's what we want to dive into just a little bit more, which is what changes for Canadian companies? And then we'll get into the boards.

But what does this really do for Canadian companies? How does it change their risk landscape?

Manal Corwin (6:38 - 8:24): I think the collaboration and what the OECD does, certainly it is there to protect against base erosion and concerns about shifting. But the origins and the foundational goal is to actually remove barriers to cross-border investment that can occur through double taxation. And the global minimum, where there was pressure increasingly for countries either to compete for tax, that was creating pressure on the system.

And the cooperation here is a way to create stability and certainty. So for multinationals, there's a long-term goal, and then there's an immediate issue. The immediate issue is this is a significant regulatory change.

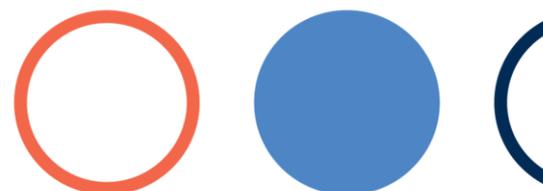
Canadian multinationals are going to have to understand the rules, the common rules that were agreed in the global minimum tax and will be coordinated. There are compliance obligations, there are guidance, there are some uncertainties. And so anytime there is a new set of rules, there is learning curve, there's some upfront costs and systems requirements and their compliance considerations.

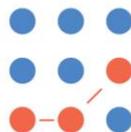
The long-range impact, though, is important in that it stabilizes what was becoming a bit of an unstable system as a result of these issues. The coordination, the fact that it was done by consensus, I think it creates certainty that after that upfront cost and the stabilization, that there can be reliance on the system going forward. And importantly, to the extent that the goal of the global minimum tax was to shrink the delta of opportunity for finding really low tax outcomes so that tax costs becomes the only driver of investment decision.

Multinationals can look at broader business strategy and not just tax considerations associated with their investments, which also in many ways is the simplification.

Rahul Bhardwaj (8:25 - 8:37): There's quite a bit to unpack there, but before we go into that, I just want to raise the spectre of ESG. It might not be in vogue so much these days, but how does the global minimum tax intersect with ESG?

Manal Corwin (8:38 - 10:38): Well, I think a couple of ways that we have to think about it from the perspective of tax generally. Tax is both a driver of ESG and a measure of sustainability itself. We unpack that a little bit.





How do tax policies drive ESG? Many countries use tax policies, including incentives and credits to drive environmental and social policy objectives. And those tax policies can interact with the global minimum tax.

If an incentive that's granted and is not tied to direct economic activity in a jurisdiction, those incentives can be neutralized by the application of the global minimum tax if they have the effect of reducing the effective tax rate below the minimum. On the other hand, the global minimum tax makes allowances for tax incentives or credits that are directly and clearly connected to economic substance in a jurisdiction. In overseeing ESG strategy for a company, boards should take note of the opportunities both of achieving ESG goals with available incentives and so forth that are offered by various jurisdictions but also ensuring that they are compatible with the global minimum tax so that they're not neutralized.

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That's the driver. But I think, importantly, one of the things I think even before the GMT, we know that tax is relevant and increasingly so is a relevant measure of sustainability for companies. Tax governance, including transparency, strategy practices, they're all considered now in questionnaires that support multiple sustainability indexes on which investors rely.

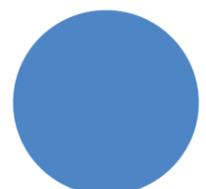
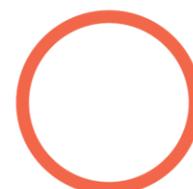
So here again, the global minimum tax, I think, by interrupting this race to the bottom and reducing some of the drivers for aggressive tax planning, helps to support more responsible tax practices, which I think foster sustainability and enhance transparency, and I think ultimately reduces the risk landscape associated with board oversight of tax strategy.

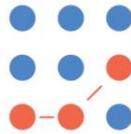
Rahul Bhardwaj (10:39 - 11:01): When you put it like that, there's some very lofty outcomes that are aiming to be achieved here and it's really building on a foundation, technically around sustainability that's now been integrated in so many, particularly with the institutional investors. Let's turn to 2026 for a second. So, a significant turning point for Canadian companies in 2026.

Why is 2026 so important?

Manal Corwin (11:02 - 12:31): In Canada, 2026, it's the first year in which multinationals will have to report on their global minimum tax liability. The rules are effective before, but the first reporting year is 2026. Because not all Canadian multinationals will be in scope, it's important for companies to determine whether they are within the scope of the global minimum tax and then to determine to the extent to which they may benefit from some safe harbours that exist in the system to simplify compliance.

It'll also be important to ensure that data gathering and IT systems are sufficient to meet regulatory obligations under the minimum tax. There may also be some corresponding changes to overall tax liabilities that are being reported to stakeholders, as well as disclosures for financial regulators, which will require some careful messaging to provide the appropriate context. And then finally, even if a multinational is not in scope of the global minimum tax, a board and a company might be interested in knowing whether it would satisfy the standards if it were in scope.





So, because the scope includes size of corporation, and again, since it's been set out as a conceptual notion of a minimum level of taxation, whether or not you're required to achieve that minimum, there may be interest in knowing if you were in scope, whether you would meet that. And that information, I think, is useful for the evaluation, again, of strategy and reputational risk considerations.

Rahul Bhardwaj (12:32 - 12:52): Absolutely. So, let's pick up on that thread. The resolution talks about being a game changer, and I don't think many directors would look at additional regulatory compliance as being a game changer, and I'm not suggesting that's what you're saying either.

In fact, I think where you're driving at is saying that this is going to have some real impact on corporate strategy and cross-border investments. Maybe I'd get your thoughts on that.

Manal Corwin (12:53 - 14:28): I think the key point here is the global minimum tax, again, has come in and there was a policy reason for countries to collaborate together on this issue. And from a government perspective, they were worried about this increasing distortion of investments based solely on tax costs. That's also an issue for businesses.

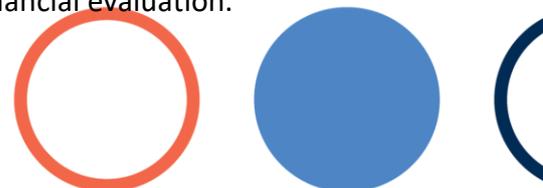
In many cases in businesses, there was a tension between wanting to design business structures or operating decisions in a manner that saves tax. Tax is obviously a cost and there's an interest in saving, you know, maximizing the efficiency of the business. But sometimes strategies that would reduce or mitigate costs associated with tax were not necessarily fully aligned with business strategies, decisions that would be made if tax was not such a significant cost component.

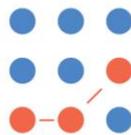
And I think the effect of the global minimum tax, in addition to serving the policy interests of governments, has an effect of reducing this pressure and this delta of opportunity for achieving really low tax outcomes in a way that reduces or even removes tax considerations as such a heavy driver of investment decisions and allows a better balance with business strategies or an increased focus on strategies, focus on more economic things like infrastructure, labor, market opportunities, etcetera.

In that way, it has, I think, a positive impact on strategic choices for businesses.

Rahul Bhardwaj (14:29 - 14:54): And is one of the perhaps intended or unintended outcomes here, and almost an incentive for organizations and boards in particular to focus on long-term investments and long-termism had its day in some respects. Everybody's been aiming for that, but short-term has been pushing people into some challenging conversations. Is the hope that this global minimum tax will incent companies, as it were, to be looking more for the long-term?

Manal Corwin (14:54 - 15:45): I think it will free them up to do so. I think that's always a hazard in any business, and boards in their oversight, looking at long-term outcomes or strategic outcomes. There's always the pressure for short-term financial evaluation.





It's easier to measure. It's more immediate. Tax tended to put the thumb on the scale of the short-term because you can measure tax costs immediate year to year.

And it was harder to measure the long-term implications of decisions that turned disproportionately on tax costs. I think by neutralizing a little bit the effect of that because of this, you know, the same tax outcome or similar tax outcome without regard to those decisions, it takes a little bit of that thumb on the scale in terms of short-term in favour of allowing a more long-term perspective.

Rahul Bhardwaj (15:46 - 16:17): So, let's bring this right into the boardroom. Now I'm for directors. You know, our listeners and most directors are quite comfortable with the notion of their duty of having oversight of culture, strategy, and risk.

Got to say, in the years that I've been working with corporate directors, I haven't heard much talk about integrating tax strategy and oversight as a part of culture, strategy, and risk. But that seems to be something that you're highlighting is what directors would need to be taking into account with respect to the GMT. Did I get that right?

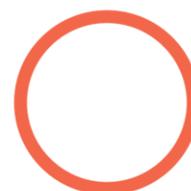
Manal Corwin (16:17 - 17:54): A hundred percent. I do think tax does sit at the intersection of oversight of culture, risk, strategy, and long-term sustainability for a lot of reasons. First, I think a multinational's attitude towards tax compliance and tax planning is both a reflection and a driver of corporate culture.

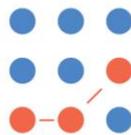
And it often reveals to the public, whether deliberately or inadvertently, the attitudes of the company to corporate responsibility and its commitment to the social contract and social responsibility. I think tax is also relevant to risk in several ways. Two significant ways to highlight risk tolerance and tax planning and the track record for compliance, I think is directly related to financial risk, to audit risk.

It can impact financial statements and obviously investor responses to those statements. And then, in addition, tax strategy and your internal tax policies, your attitude towards tax planning has implications for reputational risk and sustainability, as well as increasingly with investor attitudes and choices because of sustainability indexes and their focus on tax strategy and transparency practices. And then finally, as we've been talking about, I think with respect to strategy, again, tax is a cost.

It will be considered as part of long-term strategy but also needs to be balanced against other drivers for investment decisions that are tied more directly to business objectives. So I really do think that's at the center of all of these things and needs to be a focus of boards.

Rahul Bhardwaj (17:55 - 18:15): Let's take it down another level to directors themselves. They're often wondering and exploring these areas, kind of type of critical questions they might be asking. So, what would your guidance be to Canadian directors as it relates to GMT here in terms of areas they might want to focus on and the type of questions they might be asking of management?





Manal Corwin (18:16 - 21:13): Yeah, I think that's really an important question because tax can get esoteric very quickly, and it's understanding it from the perspective of where it sits for what a board's role is important. There's a couple of things here. One is awareness of these major shifts that have captured public attention is very important.

In recent years, I would say there's been an increasing incidence of tax being kind of at the center in the mainstream media, if you will, and address whether it's high profile cases or developments like the global minimum tax, where you're seeing it talked about not just in tax periodicals, but it is at the center of major policy considerations and public interest. When that is the case, I think boards need to pay attention because everyone else is paying attention. And then understanding those shifts in terms not of their technical aspects, but in terms of how they impact the areas in which boards remain concerned.

Is the company in scope? What are the costs of the shift? What are the costs associated with compliance?

What are the choices that are available, and what are the implications of those choices for reputational risk? Are important questions to be asked to exercise your oversight responsibility? What are the potential intersections with business choices, both short-term and long-term and also of understanding whether the choices that are being made are intended for short-term profitability and or versus long-term gain?

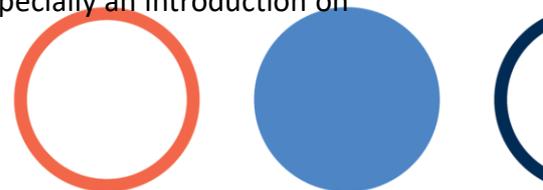
I think also with respect to tax, the conversation we had about ESG is increasingly important. It is a part of the responsibility, I think, for boards to be thinking about oversight of ESG. And I think consideration where tax is increasingly becoming relevant to ESG, again, both as a driver as well as a measure of sustainability.

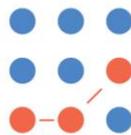
Asking questions about is there an internal tax policy in terms of what is the tolerance risk tolerance for tax planning and strategy? What are the attitudes towards transparency? What are the risks associated with choices about transparency to the public for a company's choices in tax?

Some companies choose to publish, for example, a total tax contribution report as a way to provide transparency. Others choose to publish a tax policy. And then more broadly, is there an internal communication strategy about those so that all of the actors or the stakeholders have a common understanding of the company's choices there?

And then very importantly, the external communications policy as to the narrative, as to how the company views tax as part of its responsibility to contribute to society as well as its approach to using understanding tax and recognizing that it is a factor associated with strategy as well.

Rahul Bhardwaj (21:14 - 21:42): That was a wonderful roadmap for guidance that I think really underscored that this is more than compliance, and it really does fall within what directors need to be thinking about. This has been a great conversation, especially an introduction on





global minimum tax. Now, Manal, we're coming to the end here, and we do have a resolution that's on the table.

I'm going to state it out. I'm going to ask you, which way would you vote? Be It Resolved: The Global Minimum Tax is a Game Changer for Board Oversight. Which way would you vote?

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Manal Corwin (21:43 - 22:02): I would vote that it is, but it is as a reminder that tax has always been really critical for boards. And perhaps it is a game-changer to the extent that more boards will pay attention to the importance of tax as part of their overall oversight responsibilities.

Rahul Bhardwaj (22:03 - 22:26)

A great amendment to that. I think I agree with you as well. Thank you so much for joining us today.

And to our listeners, I hope you enjoyed today's episode of Be It Resolved and that it strengthened your boardroom perspective on emerging governance issues. If you enjoyed the episode, please subscribe to your preferred streaming platform. From the Institute of Corporate Directors in Canada, I'm Rahul Bhardwaj.
Until next time.

