

## ESG investing has to take Fair Tax on board or its a wa...

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The [FT has an article](#) making an important argument this morning. As it notes:

*The huge rise in environmental, social and governance-based investing is funnelling money into companies that pay less tax and provide fewer jobs than many counterparts with lower ESG ratings, analysis shows.*

ESG is investing with a focus on the environment, society and good governance. It is what used to be called corporate social responsibility. It is increasingly trendy: ESG funds under management are growing rapidly. But as the FT notes there is a problem, most especially with big tech, which o9thjerwise seems to meet ESG requirements.

It employs few people but outsources, maybe not on the best of terms, a great deal.

And as is widely known it pays low rates of tax. Some of that is, without doubt, by choice and as a result of the use of tax havens, which is why so many of these companies are resistant to the use of country-by-country reporting.

What is the answer? First, of course, tax awareness in the ESG community.

Second, better tax disclosure. [I argued very strongly for this in a recent submission to the Financial Reporting Council.](#)

Third, there is a very strong case for ESG indices to demand verification from organisations like the [Fair Tax Mark](#), which I co-founded and still advise.

Fourth, investors (that is, those who actually provide the funds for investment) have to make noise on this issue.

ESG can never embrace tax abuse.