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**Vice-President Valdis Dombrovskis
European Commission**

Cc: Mr Ugo Bassi, Director Financial Markets; Ms Elina Melngaile, Member of Cabinet; and Mr Alain Deckers, Head of Unit Corporate reporting, audit and credit rating agencies, DG FISMA

Tuesday, 11 June 2019

Re: Fitness check on public reporting by companies: review of the EU framework to promote transparency in the extractive and logging sectors (Chapter 10, Accounting Directive 2013/34/EU and Article 6, Transparency Directive 2004/109/EC)

Dear Vice-President Dombrovskis,

We represent leading companies of the extractive sector and civil society organisations campaigning to ensure revenues from oil, gas and mining help improve people's lives. As the Fitness check on public reporting by companies which you launched last year reaches its conclusion, we join our voices in support of a continued commitment of the European Union to promoting transparency in the extractive sector.

Changes to the Accounting and Transparency Directives adopted in 2013 made the disclosure of payments to governments of the countries where they operate mandatory for large EU-incorporated and EU publicly listed companies active in the extractive and logging sectors. These EU reporting requirements have contributed to increasing the level of transparency in the extractive sector. As responsible business actors and civil society organisations with well recognised expertise on these issues, we believe such transparency is essential to promote good resource governance and the accountability of the governments of resource rich countries towards their citizens.

Additional benefits could be delivered to all stakeholders by increasing the accessibility of the information provided by companies and by improving the clarity and consistency of the reporting requirements. On one hand, this would help companies to get a better understanding of the expectations attached to their reporting and the details needed to provide an appropriate degree of project-level transparency. On the other hand, it would also provide civil society in resource-rich countries with more consistently detailed information necessary to hold their governments to account for any income made through the exploitation of natural resources and to improve the comparability of companies' reports. We believe that additional clarity in the legislation would provide a win-win scenario for both groups involved.

Together we would like to invite you to consider the following recommendations when you conclude your review of the reporting requirements for extractive companies and contemplate the way forward:

- Requiring the publication of payments to governments reports in an open, human-readable and machine-readable format on an EU-wide online repository, maintained by the European Commission and freely accessible to the public.
- Clarifying reporting obligations in relation to elements that are material to transparency and good resource governance, in particular the duty to adequately identify the recipient government entities by naming the national or subnational body receiving each payment.
- Reaffirming the EU's commitment to promoting transparency in the extractive sector in international fora. The EU is well placed to help achieve consistency in global requirements. Making sure the EU's reporting framework is fit for purpose should be accompanied by renewed efforts to encourage the EU's international partners to introduce similar reporting requirements.

We thank you in advance for your attention and consideration.

Yours sincerely,

Nicholas Aiossa, Interim Director, Transparency International EU

Simon Clydesdale, Oil, Gas and Mining Campaign Leader, Global Witness

Jean-Marc Debourdeaux, VP, Tax Director, Orano Mining

Reg Manhas, Senior Vice President, External Affairs, Kosmos Energy

Jane Michie, Head of Tax, BHP

Elisa Peter, Executive Director, Publish What You Pay

Kirsten Pratter, Head of Tax, Glencore

Brian Purdy, Vice President – Tax, South 32

Zahira Quattrocchi, Head of Tax, Anglo American

Joseph Williams, Advocacy Manager, Natural Resource Governance Institute

Ann-Maree Wolff, Head of Tax, Rio Tinto

Antofagasta Minerals