

Country by country transparency : Dodd Frank act and EU Directives

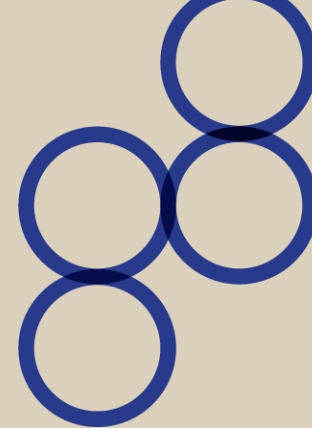
08/03/2013



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- 01** **Dodd Frank in the US**
- 02** **EU Directives**
- 03** **Building an international standard**
- 04** **Financial Sector**

01 Dodd Frank in the US

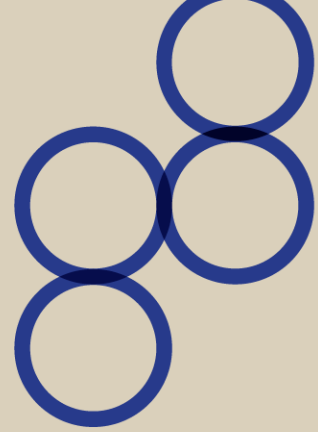


Law passed in July 2010

On August 22, 2012, the U.S. Securities and Exchange Commission (SEC) voted to approve regulations to implement Section 1504, or the Cardin-Lugar Amendment, of the Dodd-Frank Financial Reform and Consumer Protection Act

Payments disclosure

Companies are required to comply with new rules for their fiscal years ending after Sept. 30, 2013.



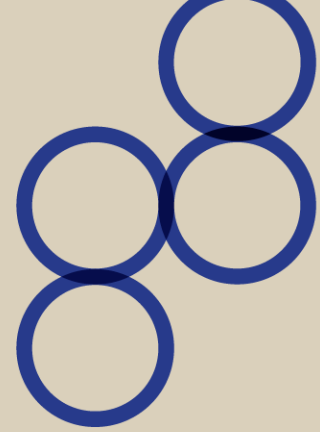
Who has to disclose payments ?

Any oil, gas and mining company reporting to the SEC

- American and foreign companies
- 1,101 oil, gas and mining companies
 - **U.S. domestic companies** – Those that file Form 10-K.
 - **Foreign companies** – Those that file Forms 20-F or 40-F (Canadian companies).

Scope

- **Company branches**
- **Consolidated entities** of the covered company, including the company's subsidiaries.
 - *Ex.: ExxonMobil subsidiaries operating around the world (Esso Exploration and Production Chad Inc; Esso Exploration and Production Nigeria Limited.)*
- **“Entities under the control”** of the covered company. For example, a joint venture in which the company has the right to control operations and policies.



What Information Must Be Published?

Taxes (levied on profits, corporate income, and production)

Royalties

Fees (including license fees)

Production Entitlements

Bonuses

Payments in kind

Dividends

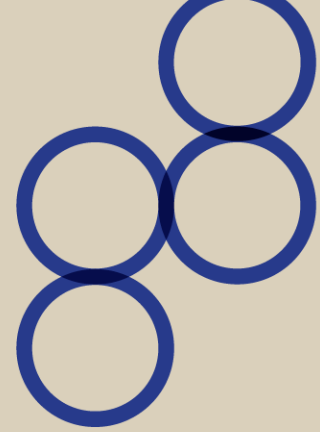
Infrastructure Improvements (“ ex. building a road”)

Disclosure of social payments encouraged

Payments to Whom?

foreign government : including states, provinces, counties, districts, municipalities, territories, a department; agency; instrumentality; or a company owned by a foreign government.

What details? Project-Level Reporting



Guidelines for the definition of project. **A project is NOT :**

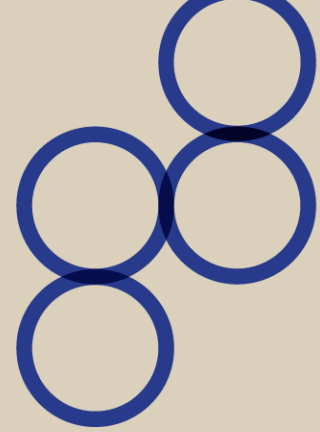
A reporting unit

Country

Geologic basin

Material to the company

The SEC takes the position that “**project**” reporting is linked to the “***contractual arrangements***” that define the relationship and payments made between companies and governments.

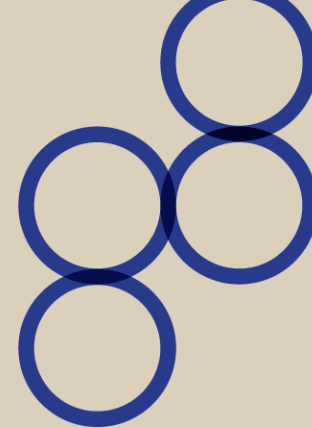


In October, API, the Independent Petroleum Association of America, the US Chamber of Commerce and the National Foreign Trade Council sued the SEC in an effort to overturn the statute and the final regulations.

The SEC has maintained its position saying that the rules are the result of two years of examination of the evidence provided by all stakeholders. The SEC denied their request to stay the rules pending a decision on the legal challenge.

Statoil is the first oil company to come out publicly against the lawsuit to date.

02 Transparency and Accounting Directives of the European Union



Proposal issued by the commission in October 2011

EU council of Ministers' response in June 2012

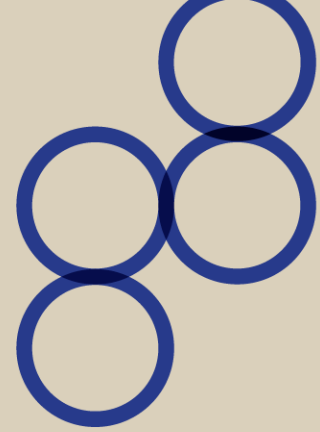
Legal Affair Committee of the European parliament vote :
September 2012

Long process : the adoption of SEC rules accelerated the EU
discussions in autumn 2012

We are now in the last round of negotiations :

Triologue : March, 18/19

Parliament : May, 21



Almost Similar to Dodd-Frank Rules

Extractive companies to disclose their payments to governments on a country-by-country and project-by-project basis

More companies : level playing field

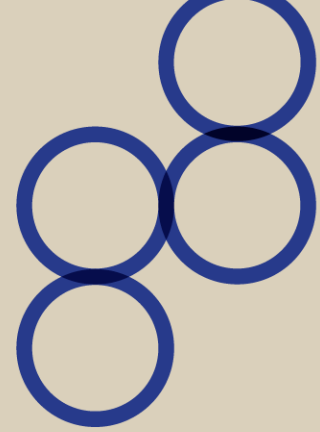


A Few Differences

- Listed (170) & non-listed companies
- Oil, gas, mining & forestry



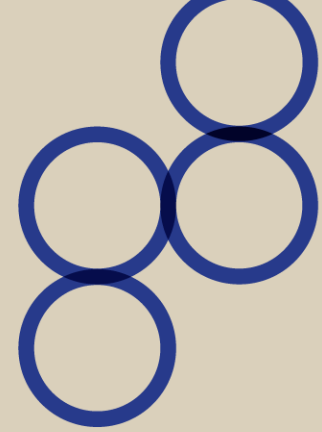
Final adoption



Key points in the end of the negotiations :

- Exemptions
- Definition of Project
- Review clause

03 Building an International Standard

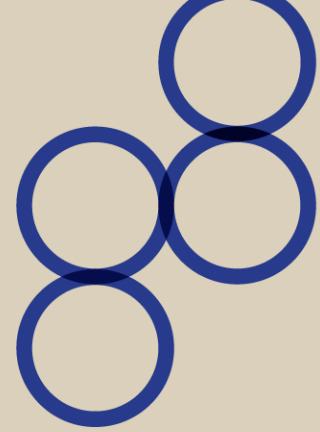


G8 UK Agenda on Tax Transparency and Trade

Process launched in Canada

EITI standards review

04 Country bu Country Transparency in Financial Sector



Agreement reached on the 27th of February between the european parliament, the council and the Commission on the CRD IV

From 1st January 2015 Member States shall require institutions to disclose in their annual report, specifying by Member State and by third country in which it has operations, the following information on a consolidated basis for the financial year:

- (a) Profit or loss before tax;
- (b) Tax on profit or loss;
- (c) Turnover
- (d) Number of employees
- (e) Public subsidies received.

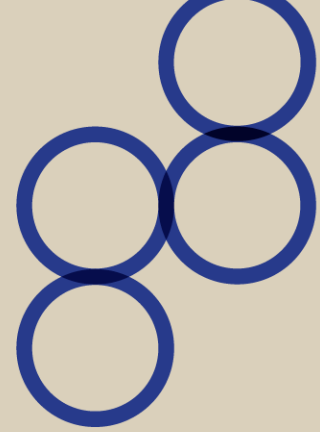
Next Steps

Council : first discussion on the 5th of March

Parliament : 15-18 April

Main question will be the degree of accessibility to the data

National Bank reforms





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