



Investors with US\$5.8 trillion of assets press US and Canada on tax disclosure by extractive companies

Action seeks alignment with EU Transparency Directive and warns against rollback in US Dodd Frank transparency rule

In an extraordinary call for more stringent regulation, a group of leading international investment institutions has urged tough new public disclosure rules for oil, gas and mining companies listed in Canada, even as it has warned against the US rolling back its own disclosure rules in this area. In separate letters to the US Securities and Exchange Commission and Natural Resources Canada, the investors have urged the adoption of a consistent global standard for all significant tax and royalty payments made by extractive companies across their global operations.

The move reflects a growing global trend aimed at deterring corruption in resource-dependent countries, beginning with the passage in 2010 of tough extractive sector transparency provisions within the US Dodd Frank Act. This was followed by equivalent requirements in the EU's Transparency and Accounting Directives in June 2013, following which Canadian Prime Minister Stephen Harper announced plans at the G8 Summit in June to follow suit with similar regulations for Canadian-listed extractive companies. However, a July ruling in a US District Court on a suit filed by the American Petroleum Institute threatens to set back this effort by seeking to block the US regulation, and raises uncertainty for companies and investors operating internationally. Investors have therefore come together to highlight the importance of high standards of transparency as well as consistent global regulation.

“We’re not suggesting investors will necessarily crunch through each of these figures in order to decide what stocks to buy or sell”, said Jacob de Wit, Chief Executive Officer of SNS Asset Management, the Dutch asset manager and one of the lead sponsors of this effort. “Rather, the point is that putting these data in the public domain allows them to be scrutinised by local citizens; this will lift the veil of secrecy that has enabled corruption to flourish for so long in the world’s most resource-dependent nations – especially in the emerging economies where extractive companies develop some of their most attractive assets.”

“From an investor perspective”, added Frank Curtiss, Head of Corporate Governance, RPMI Railpen Investments, “the key is reducing risk – operating risk for oil, gas and mining companies who face potential unrest – even violence – from a populace that sees little benefit from its mineral wealth; commercial risk from the threat of contracts being torn up on the back of resource nationalism; and market risk from volatility in commodities prices, which is exacerbated by social unrest. The less mystery there is behind these resource deals, the fewer unpleasant surprises we can expect.”

“This move by Canada is critical for achieving a consistent global transparency standard”, concluded Arne Lööw, Head of Corporate Governance, AP4, The Fourth Swedish National Pension Fund. “As one of the world’s top listing venues for mining stocks, it needs to take its rightful place at the top table by setting a meaningful standard in line with the US and EU. We don’t want companies evading tough standards by shopping around for the weakest forum and picking Canada. The fact is that Canada’s own mining industry leaders have broken the mould by calling for this: they are the first to recognise the value to industry of transparent business practice, and we agree.”

NOTES TO EDITORS:

Submission to Natural Resources Canada (NRCan):

The letter to Natural Resources Canada (attached) was sponsored by Aviva Investors, SNS Asset Management and F&C Asset Management. It was signed by 32 institutions collectively representing US\$5.8 trillion.

The investor group delivered its recommendations to Natural Resources Canada (NRCan) in respect of the consultation that NRCan has undertaken on “*Canadian Mandatory Reporting in the Extractive Sector*”.

This submission complements actions taken by several Canadian investment institutions under the auspices of the Resource Revenue Transparency Working Group (RRTWG), a joint policy engagement effort that brings together the Mining Association of Canada (MAC), the Prospectors and Developers Association of Canada (PDAC), Publish What You Pay-Canada, and the Revenue Watch Institute (see <http://www.pwyp.ca/en/issues/transparency-working-group>). In addition, NRCan hosted face-to-face consultation sessions in Montreal, Toronto, Calgary and Vancouver in July 2013; however, the signatories to this letter were not able to attend and therefore have delivered their recommendations in writing.

For additional information on the submission to NRCan, please contact:

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- Vicki Bakhshi, Director, Governance & Sustainable Investment, F&C Asset Management, vicki.bakhshi@fandc.com, +44 20 7011 4473

Amongst the 32 investment institutions who supported the official submission to Natural Resources Canada were the following:

- **Allianz Global Investors**, Steve Berexa, Managing Director, Global Head of Research, Senior Portfolio Manager
- **Amundi Asset Management**, Pascal Blanqué, Chief Investment Officer
- **AP1/Första AP-Fonden (The First Swedish National Pension Fund)**, Ossian Ekdahl, Head of Communications and ESG

- **AP2/Andra AP-Fonden (The Second Swedish National Pension Fund)**, Ulrika Danielson, Head of Communications and HR
- **AP3/Tredje AP-Fonden (The Third Swedish National Pension Fund)**, Peter Lundkvist, Senior Strategist & Head of Corporate Governance
- **AP4/Fjärde AP-Fonden (The Fourth Swedish National Pension Fund)**, Arne Lööw, Head of Corporate Governance
- **AP7/Sjunde AP-Fonden (The Seventh Swedish National Pension Fund)**, Richard Gröttheim, Chief Executive Officer
- **APG Algemene Pensioen Groep NV**, Claudia Kruse, Managing Director Sustainability & Governance (The Netherlands)
- **Aviva Investors**, Steve Waygood, Chief Sustainable Investment Officer
- **CAAT Pension Plan**, Julie Cays, Chief Investment Officer
- **Calvert Investment Management, Inc.**, Bennett Freeman, Senior Vice President, Sustainability Research and Policy
- **Co-operative Asset Management**, Niall O'Shea, Head of Responsible Investing
- **Element Investment Managers**, David Couldridge, Senior Investment Analyst
- **ERAFP**, Philippe Desfossés, Chief Executive Officer
- **Governance for Owners**, Josiane Fanguinovény, Stewardship Services Director
- **ING IM International**, Jelle van der Giessen, CIO Insurance
- **Legal & General Investment Management Ltd.**, Sacha Sadan, Director of Corporate Governance
- **Local Authority Pension Fund Forum (LAPFF)**, Cllr Kieran Quinn, Chairman
- **Kames Capital**, Stephen Jones, Chief Investment Officer
- **MN**, Kris Douma, Head of Responsible Investment & Governance
- **PGGM**, Marcel Jeucken, Managing Director Responsible Investment
- **Robeco**, Carola van Lamoen, Team Lead Governance & Active Ownership
- **RPMI Railpen Investments**, Frank Curtiss, Head of Corporate Governance
- **UBS Global Asset Management**, Paul Clark, Global Head, Corporate Governance Services

Submission to US Securities and Exchange Commission (SEC):

The letter to the US Securities and Exchange Commission (attached) was sponsored by Calvert Investment Management, F&C Asset Management and SNS Asset Management. It was signed by 44 institutions collectively representing US\$5.6 trillion.

The SEC is due to announce by 2nd September how it will respond to a ruling by the US District Court in July 2013 on the API suit, and will revisit these elements of the rule-making process as a result.

For further information, please contact:

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- Vicki Bakhshi, Director, Governance & Sustainable Investment, F&C Asset Management, vicki.bakhshi@fandc.com, +44 20 7011 4473

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- **AP4/Fjärde AP-Fonden (Fourth Swedish National Pension Fund)**, Arne Lööv, Head of Corporate Governance
- **AP7/The Seventh Swedish National Pension Fund**, Richard Gröttheim, Chief Executive Officer
- **APG Algemene Pensioen Groep NV**, Claudia Kruse, Managing Director Sustainability & Governance
- **Boston Common Asset Management, LLC**, Lauren Compere, Managing Director
- **CAAT Pension Plan**, Julie Cays, Chief Investment Officer
- **Calvert Investment Management, Inc.**, Bennett Freeman, Senior Vice President, Sustainability Research and Policy

- **Christian Brothers Investment Services, Inc.** ,Dan Nielsen, Director, Socially Responsible Investing
- **Clean Yield Asset Management** , Shelley Alpern, Director of Social Research & Advocacy
- **Colorado Sustainable Financial Planning**, Ken Jacobs, President
- **Co-operative Asset Management**, Niall O'Shea, Head of Responsible Investing
- **Domini Social Investments LLC**, Adam Kanzer, Managing Director & General Counsel
- **Element Investment Managers**, David Couldridge, Senior Investment Analyst
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- **Everence & the Praxis Mutual Funds**, Mark Regier, Director of Stewardship Investing
- **F&C Asset Management**, Matthias Beer, Associate Director
- **Friends Fiduciary Corporation**, Jeffery W. Perkins, Executive Director
- **Governance for Owners**, Josiane Fanguinovény, Stewardship Services Director
- **ING IM International**, Jelle van der Giessen, CIO Insurance
- **Interfaith Center on Corporate Responsibility**, Laura Berry, Executive Director
- **Kames Capital**, Stephen Jones, Chief Investment Officer
- **Legal & General Investment Management Ltd.**, Sacha Sadan, Director of Corporate Governance
- **Loring, Wolcott & Coolidge**, Larisa Ruoff, Shareholder Advocacy and SRI Research
- **MN Services**, Kris Douma, Head of Responsible Investment & Governance
- **PGGM** , Marcel Jeucken, Managing Director Responsible Investment
- **Robeco**, Carola van Lamoen, Team Lead Governance & Active Ownership
- **RPMI Railpen Investments**, Frank Curtiss, Head of Corporate Governance
- **SNS Asset Management**, Jacob de Wit, Chief Executive Officer
- **Trillium Asset Management, LLC**, Jonas Kron, Senior Vice President, Director of Shareholder Advocacy

- **UBS Global Asset Management**, Paul Clark, Global Head, Corporate Governance Services
- **US SIF: The Forum for Sustainable and Responsible Investment**, Lisa N. Woll, CEO
- **Walden Asset Management**, Timothy Smith, Senior Vice President, Director of Environmental Social and Governance Shareowner Engagement

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