



Publish What You Pay (PWYP) Canada welcomes SEC approval of Transparency Rules

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In a historic step towards improving transparency in the extractive industry, the U.S. Securities and Exchange Commission (SEC) adopted rules under section 1504 of the Dodd-Frank Act during a Wednesday morning vote in Washington D.C. The rules were welcomed by PWYP and its members around the world more than two years after the Dodd-Frank Act was signed into law by President Obama.

Amendment 1504, also known as the Cardin-Lugar Amendment, requires all US-listed companies to disclose payments they make to foreign governments on a country-by-country, project-by-project basis. Legislation of a similar nature has been proposed in Europe and is expected to be finalized this fall. The precedence set by the United States and Europe provides a strong incentive for Canada to follow suit.

"I'm pleased that the SEC has adopted the long-overdue final rule implementing the Cardin-Lugar Amendment," said Senator Ben Cardin. "I also expect...the SEC rule will become the norm for governments and markets around the world."

For companies, disclosure helps to clarify the economic impacts of resource development, contributing to sound management policies and reducing country and project-level risk. Meanwhile, investors have argued that transparency not only strengthens their ability to assess risk, but can actually enhance returns on investment. The most important benefits however, are reserved for communities and host governments, where increased transparency can improve how natural resource revenues are managed, create an attractive investment climate, promote sustainable development, and reduce corruption.

Canada now has a chance to join the ongoing crusade to improve transparency in the extractive industry, by following the U.S. and Europe's lead and making payment disclosure in Canada mandatory. The new rules will impact over a hundred of Canada's largest mining, oil and gas companies beginning in 2013. Over a thousand Canadian companies operate abroad and 80% of global mining transactions take place on Canadian stock exchanges. With half of the world's mining companies and a third of the world's oil companies calling Canada home, Canada is a big player in the extractive industries. It is therefore essential that the Canadian government adopt a clear and supportive position on mandatory revenue transparency in order to maintain a level playing field.

"If Canada implements new transparency requirements this would be a game changer in the global fight against the resource curse," said Claire Woodside, director of PWYP Canada. "The adoption of Dodd-Frank style requirements in Canada would also demonstrate the Canadian government's commitment to fighting corruption and supporting transparency both at home and abroad."

PWYP has been advocating for over a decade to bring greater transparency to the extractive industries sector. The coalition grew from the recognition that secrecy in the oil, mining and gas industries facilitates corruption and fuels conflict. Despite the potential for development, in many resource rich countries the majority of their population continue to live on less than 2\$ a day.

“Ultimately, information is power,” said Kady Seguin, a programme analyst with PWYP Canada. “By providing information on the amount of money a government is receiving from resource development, citizens are provided with a tool to hold their governments accountable for how that money is spent.” The non-renewable nature of oil, gas and minerals has made the ‘resource curse’ one of the most pressing concerns of our time. Now, the Canadian government has an opportunity to empower citizens and governments to use their natural resource wealth in a manner that benefits all.

PWYP-Canada is part of a global network of civil society organisations that are united in their call for oil, gas and mining revenues to form the basis for development and improve the lives of citizens in resource-rich countries.

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