



Ms Vickie Wood
Alternatives to Regulation Team
Department for Business, Innovation and Skills
3rd Floor, Spur 2
1 Victoria Street
London SW1H 0ET

15th May 2014

Dear Ms Wood,

Re: BIS Consultation on the Accounting and Transparency Directives

Tearfund writes to express our strong support for the joint Publish What You Pay Coalition UK (PWYP UK) submission to the BIS Consultation on the Accounting and Transparency Directives. Tearfund is an active member of the PWYP Coalition and was heavily involved in the drafting of the joint PWYP UK submission.

Tearfund is a Christian relief and development agency working in over 35 countries across the world. Communities with which we work witness the impact of the natural resource curse and it is for this reason that we have been calling for greater transparency in the extractive industries. Greater transparency in the payments that extractive companies make to governments will enable communities to hold their leaders to account and help tackle corruption.

We commend the UK's efforts to champion a global extractive industry transparency standard as outlined in the Lough Erne Communiqué. We welcome the UK's Open Government Partnership commitment to complete transposition of the EU Accounting Directive in 2014 and for UK listed and UK registered companies to start publishing data in 2016 and we look forward to this international commitment being fulfilled.

Transposition of the EU Accounting and Transparency Directives is a matter of urgency in order that the political progress translates into information that communities can use to hold their leaders to account. We support the PWYP UK submission and highlight a few points in the PWYP UK submission that we believe are particularly important to note as BIS moves forward with transposition:

1. It is essential that the penalty regime is effective, proportionate and genuinely dissuasive of any attempts by companies to conceal payments to governments or present misleading information in their payment report. In cases where an inaccurate, misleading or deceptive payment report has been filed, we support the use of a strong sanctions regime, both against the company and its directors. (See PWYP responses to questions 6.1 and 6.2)
2. UK companies should be reporting for all their subsidiaries, wherever those subsidiaries are registered and regardless of size. This information will help bring to light suspicious or potentially corrupt payments. (See PWYP response to question 7.1).

3. Company payment information must be accessible, open and machine-readable in order that it can be useful for civil society. Civil society worldwide is the principal intended user of the payment information and should be involved in the preparation of industry-led guidance, which we believe merits a multi-stakeholder approach. An effective Companies House system that presents data with optimal accessibility and clarity, will help ensure that the data inputted by different companies is consistently prepared and comparable, maximising its value for multiple users. (See PWYP UK response to question 5.1).
4. Companies' compliance costs will be relatively small. Most extractive companies are likely to have monitoring systems already in place to track revenues and payments, as these would generally be required as inputs to cost projections. Therefore tracking payments to governments on a project-by-project basis should already be in the corporate fabric for many of the companies operating in the extractive sector. (See PWYP response 8.1.18 – 8.1.24).

The implementation of the EU Directives will bring benefits to a range of stakeholders - to companies (see PWYP response 8.1.8 – 8.1.14), to investors (see PYWP response 8.1.15 – 8.1.16) and to governments and citizens (see PWYP response 8.1.5 – 8.1.7). We therefore look forward to the final regulations being transposed into UK law and the issues raised in the PWYP UK submission addressed.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Matthew Frost', with a stylized flourish at the end.

Matthew Frost

Chief Executive
Tearfund