Press release | 25.10.2011

Country-by-country reporting

Commission proposals undermined by selective approach to transparency for big corporations

The European Commission today set out proposals to revise EU rules on accounting and transparency (1). The Greens welcomed the proposals as a first step to improving transparency on the payments and accountability of large corporations but regretted that the Commission did not go further both in terms of scope and the extent of transparency. Commenting on the proposals, Green finance spokesperson **Sven Giegold** said:

"While it is welcome that the Commission wants to strengthen EU transparency and accounting rules, the selective approach proposed would make this a missed opportunity to properly shed light on the activities of corporations. Greater transparency is in the interest of investors and all stakeholders of a company. Aggregated figures in existing company reports are of limited value for getting a true picture of the economic performance of a corporation. In addition, country-by-country figures are vital for clamping down on corruption, bribery and tax evasion. Unfortunately, the Commission's proposals are undermined both by the failure to ensure a sufficient degree of information about corporations' activities and by the fact that full transparency is limited to a few sectors.

"We certainly welcome the proposals to ensure project reporting for extractive industries and forestry. Establishing a clear footprint, along the lines of the US Dodd-Frank legislation, will help limit the ability of irresponsible firms in these sectors to unethically extract resources from developing countries and conflict regions, and limit the scope for corruption and bribery in these areas. However, it is hard to see why these proposals should be limited to these sectors. Many developing countries depend on agricultural products and infant industries which would be excluded from the directive. Instead, what is needed is comprehensive country-by-country and project reporting for all large corporations. Only then can we verify if multinational corporations contribute a fair share of taxes to the countries where their activities take place.

"As regards, the proposed country-by-country information, a higher degree of information and greater detail is needed to ensure proper transparency of corporations' activities. While it is correct to exempt small businesses from additional reporting burdens, the proposed project reporting also needs a more comprehensive and precise definition, with a reasonably low materiality threshold to ensure important information cannot be glossed over or omitted. We will work to strengthen all these elements of the proposals during the legislative process."

(1) The Commission is proposing to update and merge the two existing EU accounting directives and to

revise the EU transparency directive, as part of as part of the responsible business package.

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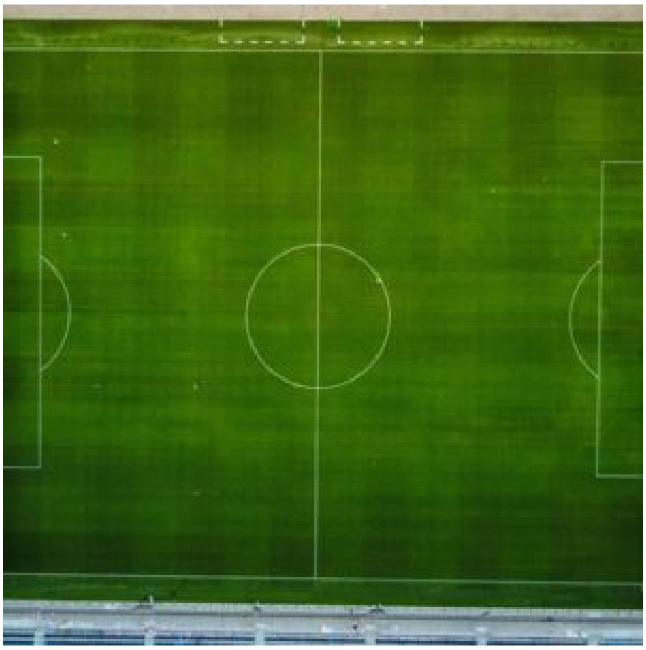

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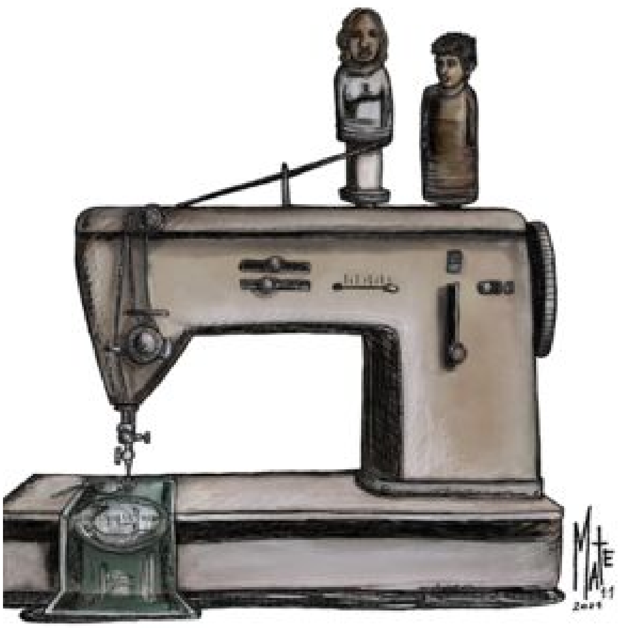

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Responsible MEPs

Sven Giegold

Member

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