

INVESTORS' STATEMENT ON **TRANSPARENCY** IN THE EXTRACTIVES SECTOR



As institutional investors with exposure to companies operating around the world, we believe it is in the interest of the companies in which we invest to operate in a business environment that is characterised by stability, transparency and respect for the rule of law. These factors are essential to securing economic prosperity and social cohesion, which, in turn, enable the companies in which we invest to prosper. However, they are frequently undermined by poor standards of governance and transparency, which can give rise to corrupt operating environments.

We are concerned that extractive companies are particularly exposed to the risks posed by operating in these environments. Companies that make legitimate, but undisclosed, payments to governments may be accused of contributing to the conditions under which corruption can thrive. This is a significant business risk, making companies vulnerable to accusations of complicity in corrupt behaviour, impairing their local and global “licence to operate”, rendering them vulnerable to local conflict and insecurity, and possibly compromising their long-term commercial prospects in these markets.

We believe that improved transparency about both payment and revenue flows is an important contributor to good governance by host governments, although its effectiveness will depend on the success of wider initiatives to combat corruption and the misuse of revenues.

We recognise that the root of the governance problem often lies in underdeveloped local capacity in many host countries. However, in the light of the G8 discussions on corruption and increased international attempts to create transparency about revenue flows, we believe that the corporate sector has an important opportunity to support government and multilateral institutions by taking action to protect its own long-term interests.

We acknowledge that the corporate sector cannot single-handedly reform long-standing business practices such as lack of transparency over payments to government, nor can individual companies act alone without compromising their immediate commercial interests. However, we believe that reform will give the extractive companies in which we invest an opportunity to be seen as contributors to, and not just beneficiaries of, economic development and reconstruction.

INVESTORS' STATEMENT ON **TRANSPARENCY** IN THE EXTRACTIVES SECTOR



We therefore encourage the development of mechanisms to promote payments transparency that respect the following principles:

Confidentiality: to ensure that existing contractual agreements and commercially sensitive information are respected;

- Universality: to ensure that improved disclosure standards apply to all parties. This includes joint ventures, state-owned extractive companies and their host governments;
- Comprehensiveness: ensuring that all relevant payments and revenues paid to governments are captured, and
- Comparability: to enable data for different countries to be compared easily.

We commend the Extractive Industries Transparency Initiative (EITI) process for seeking to develop an effective system of disclosure regarding payments in the mining, oil and gas sectors, which is supported by home and host governments, commercial and national companies, and other stakeholders.

Within the framework of the G8 discussions on payments transparency and the EITI, **we are calling on the companies in which we invest to:**

- **Support the principles of payments disclosure developed by the EITI process;**
- Work proactively with host country governments and other stakeholders, including other companies, to develop and implement payments transparency agreements within those countries that sign the principles;
- Become, or continue to be, active participants in the process to promote take-up of payments transparency agreements by host country governments that are not yet signatories to the principles.

We believe that the EITI principles may be relevant to other sectors, and welcome appropriate initiatives with similar objectives.

As institutional investors representing US \$19.0¹ trillion we actively support the development of international mechanisms to address payments transparency, and encourage other investors to join us in this statement.²

For further information on this Statement or the EITI Supporting Investors, please contact the EITI International Secretariat at secretariat@eiti.org or +47 222 00 800

1. This figure is approximate as the assets of certain signatories may be partially included in the Assets Under Management figure of the Association of British Insurers.

2. This Statement was originally drafted in May 2003, when it was signed by 10 original supporting investors. This version is updated continuously to include the organisations and contacts that have subsequently signed.

EITI INVESTOR GROUP

Aberdeen Asset Managers Ltd (UK)
Andrew Preston & Clare Payn

ABP Investments
Stephen Lister

Actiam (The Netherlands)
Manuel Adamini

AEGON Asset Management (UK)
Ryan Smith

Allianz Global Investors
David Diamond

Amundi (France)
Micheline Thaumiaux

Association of British Insurers (UK)
Lucy Butler

ATP The Danish Labour Market Supplementary
Pension (Denmark)
Ole Buhl

Aviva Investors (UK)
Toby Belsom

Baillie Gifford & Co (UK)
Kenny Bell

Banco Fonder (Sweden)
Helena Hagberg

bclMC (Canada)
Jennifer Coulson

Bâtirente (Canada)
Francois Meloche

Boston Common Asset Management (US)

Caisse de Dépôt et Placement du Québec (Canada)
Marie-Claude Provost

CAAT Pension Plan (Canada)
Julie C. Cays

CalPERS (US)
Dennis Johnson

CalSTRS (US)
Janice Hester-Amey

Calvert Group Ltd (US)
Lily Donge

Canadian Labour Congress (Canada)
CCLA (UK)

Helen Wildsmith

Central Finance Board of the Methodist Church
(UK) Bill Seddon

Christian Brothers Investment Services (US)
Julie Tanner

Colonial First State Global Asset Management
(Australia)

Amanda McCluskey

Co-operative Insurance Society (UK)
Jo Allen

CPP Investment Board
(Canada) Brigid Barnett
(France) Micheline Thaumiaux

DnB Nor Asset Management/Carlson Investment
Management
Allan Emanuelsson

Dexia Asset Management (Belgium/France)

Domini Social Investments (US)
Adam Kanzer

Ecclesiastical Investment Management (UK)
Neville White



Element Investment Managers (South Africa)
David Couldridge

Ethos Investment Foundation (Switzerland)
Caroline Schum

F&C Management (UK)
Dawn Wolfe

Fidelity Investments (UK)

Folksam Insurance Group (Sweden)

Fonds de Réserve pour les Retraites
Nada Villermanin-Lécolier

Första AP-fonden (AP1) (Sweden)
Nadine Viel Lamare

Fourth Swedish National Pension Fund (AP4)
(Sweden)

Gartmore Investment Management plc (UK)
Tony Little

Guilé Foundation (Switzerland)
Gilles Carbonnier

Goldman Sachs Asset Management International
(UK)
Alex Marshall

Governance for Owners (UK)

Henderson Global Investors (UK)
Anthony Marsden

Hermes Investment Management Limited (UK)
Jennifer Walmsley

Hospital of Ontario Pension Plan (HOOPP) (Canada)
HSBC (UK)

Francis Sullivan

I.DE.A.M. – Integral Development Asset
Management (France)
Micheline Bourny-Thaumiaux

Illinois State Board of Investment (US)
William Attwood

Inspire Invest

ING Investment Management
(The Netherlands)
Hendrik-Jan Boer

Insight Investment Management (UK)
Rachel Crossley

JPMorgan Asset Management (US)
Amy Davidsen

Jupiter Asset Management (UK)
Emma Howard Boyd

Kames Capital (UK)

Legal & General Investment Management (UK)
Peter Chambers

Local Authority Pension Fund Forum (UK)
Tessa Younger

Mn Services (Netherlands)
Kim Cartwright

NEI Investments (Canada)

Jamie Bonham

New Africa Mining Fund
Wayne Botha

Newton Asset Management Ltd (UK)
Amanda Young

New York State Common Retirement Fund (US)
George Wong

Nordea (NO)
Magdalena Kettis

Norges Bank Investment Management (NBIM)
(Norway)
Ola Peter Krohn Gjessing

Nottinghamshire County Council (UK)
John Pearson

Ohio Public Employees Retirement System (US)
Cynthia Richson

Ontario Teachers' Pensions Plan (OTPP) (Canada)

OPTrust (Canada)
Katharine Preston

PGGM (The Netherlands)
Catherine Jackson

Public Sector Pension Investment Board (PSP
Investments)

Jean-Philippe Renaut

Railpen Investments (UK)
Frank Curtiss

RCM Technology Trust (UK)

Bozena Jankowska

Rio Tinto Pension Investments Ltd (UK)
Stephen Burley

Robecco (The Netherlands)
Wilco Van Heteren

Sarasin (Switzerland)
Eckhard Plink

Schroders Investment Management (UK)
Sue Livingston

Scottish Widows Investment Partnership (SWIP)
Anne C Fraser

Services Employees International Union (SEIU) (US)
Steve Abrecht

Standard Life Investments (UK)
David Scott and Andrew Mason

State of Connecticut (US)
Denise L. Nappier & Donald A. Kirshbaum

State Street Global Advisors (US)

Stichting Pensioenfond ABP
(The Netherlands)
Stephen Lister

Storebrand (Norway)
Kristine Meiseingset

Swiss Re Asset Management (Switzerland)
Paolo Sismondi

Third Swedish National Pension Fund/Tredje AP-
fonden (Sweden)

The Dreyfus Premier Third Century Fund Inc and the
Dreyfus Socially Responsible Growth Fund Inc (US)
John O'Toole

TIAA-CREF (US)
Hye Won Ehoi

Trades Union Congress (UK)
Janet Williamson

Threadneedle Asset Management Ltd.
Therese Niklasson

Trillium Asset Management (US)

UBS Global Asset Management (UK) Ltd
Ian Pitfield

UniSuper (Australia)

Talieh Bentley

Universities Superannuation Scheme (UK)
Dan Summerfield

Walden Asset Management (US)
Tim Smith

York University Pensions Fund (Canada)
Leona Fields

The EITI (Extractive Industries Transparency Initiative) Standard is an international standard that ensures transparency around countries' oil, gas and mineral resources. It is developed and overseen by a coalition of governments, companies, civil society, investors and international organisations. All of these groups are represented on the EITI Board which is supported by the EITI International Secretariat. The EITI Standard has robust yet flexible methodology, which countries adapt to address the specific issues they are facing. When implemented, the EITI ensures more transparency in how the country's natural resources are governed, and full disclosure of government revenues from its extractive sector.