

Thursday, 29 March 2018

The Honourable Jay Clayton
Chair
Securities and Exchange Commission
100 F Street, N.E.
WASHINGTON, D.C 20549
USA

Also via email: rule-comments@sec.gov

Dear Chairman Clayton

I am writing on behalf of the Australian Council of Trade Unions (ACTU) to express our support for the mandatory disclosure of payments to governments by resource extraction companies.

The ACTU represents over 1.5M workers in Australia as well as union nominated trustees on over 40 Australian industry superannuation funds with over Aust \$600B under management, a significant component of which is invested in the US market.

We have a vital interest in corporate accountability and transparency as an important feature of democratic government, a sustainable financial system and responsible investment.

In particular we urge the Securities and Exchange Commission (SEC) to ensure that the new SEC rule for the bipartisan Cardin-Lugar anti-corruption provision, Section 1504 of the Dodd-Frank Act, aligns strongly with existing reporting requirements for oil, gas and mining companies incorporated and publicly listed on stock exchanges in Europe, the UK and Canada.

Many jurisdictions have already embraced the disclosure standard adopted in Europe, the UK and Canada, reflecting the emergence of a clear international consensus on the appropriate transparency requirements for extractive industries so that:

- Each company reports its payments to governments publicly.
- Payments are disaggregated by recipient country, by recipient government entity, by project (unless made at company level), and by payment type (consistent with the Extractive Industries Transparency Initiative).
- There are no reporting exemptions for payments made in specific countries.

- The reporting threshold is Euro 100,000 / GBP 86,000 / CAD 100,000 for any single payment or series of payments of the same type made in the same financial year.

The ACTU anticipates that Australia too will adopt mandatory disclosure following the next national election scheduled in the preceding 12 months.

The ACTU believes it is essential that the United States continue to play a constructive role in these corporate disclosure efforts by implementing a final rule that is consistent with the reporting requirements now in place in other major jurisdictions. We believe that a failure to align with the existing international standard would risk undermining the important transparency progress that has been made to date, impairing the utility of information disclosed for investors and citizens, and harming companies listed in multiple jurisdictions.

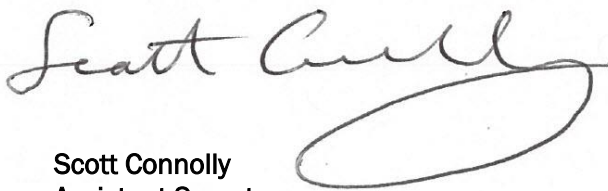
The ACTU is currently working closely on a collaborative project with Australian superannuation industry stakeholders, including both asset owners and asset managers, to integrate more robust environmental, social and government (ESG) risk mitigation processes into the superannuation investment chain.

It is vitally important to investors that companies are required to adequately disclose critical information that is material to assessing investment risk. This is not only essential for maintenance of a sustainable and stable financial system but to ensure that trustees can adequately perform their fiduciary duty to act in the best interests of beneficiaries, when determining investment priorities and portfolio allocation.

Resource extraction companies are also critical stakeholders in the energy policy debate that is confronting governments, investors, industry and workforces (including retirees dependant on an occupational pension). It is imperative that all governments and their financial system regulators work harmoniously and consistently in lifting the bar on corporate disclosure in the best interests of the citizenry dependent on clean, secure and affordable energy.

For all the above reasons we strongly recommend that the SEC adopt disclosure rules on payments to governments by resource extraction companies that are consistent with global best practice and not be swayed by the spurious advocacy being progressed by the big global resource companies about negative impacts on employment, should the SEC align with other nations leading on this issue as we advocate.

Yours sincerely



Scott Connolly
Assistant Secretary
Australian Council of Trade Unions