

September 17, 2018

Re: Disclosure of Payments by Resource Extraction Issuers

Dear Chairman Clayton and Commissioners Stein, Jackson, Peirce and Roisman:

As faith-based organizations, institutions and investors working to alleviate poverty in countries across Africa, Asia, and the Americas, we have witnessed first-hand how proper stewardship of financial revenues and of God's creation are critical drivers of development. That is why we write in support of a strong implementing rule for Section 1504 of the Dodd-Frank law.

In February, Pope Francis announced a month of prayer intention against corruption. He said, "Corruption is not countered with silence. We must speak about it, denounce its evils and try to understand it so as to show our resolve to make mercy reign over meanness, beauty over nothingness." This sentiment is echoed in Proverbs (28:15) "As a roaring lion, and a ranging bear; so is a wicked ruler over vulnerable people."

Congress intended for Section 1504 to provide investors with detailed information needed to assess risk and make better investment decisions, to combat and deter corruption, and to empower citizens of resource-rich countries with the information they need to monitor revenue flows and hold their governments accountable for the responsible management of their natural resource wealth.

We recognize the careful and thorough process the Commission underwent to publish the 2016 rule. It is disappointing and unfortunate that a Congressional Review Act ("CRA") resolution of disapproval was employed in February 2017 to delay final implementation of Section 1504. Our commitment to stand with vulnerable communities impacted by extractive industries compels us to call for rule-making that meets or exceeds the disclosure requirements of the rule released in June 2016.

Too often, mismanagement and corruption disenfranchise impoverished communities by diverting funding that countries receive from mining, gas and oil companies away from schools, health clinics, and basic infrastructure. When Congress passed Section 1504 of the Dodd-Frank Wall Street Financial Reform and Consumer Protection Act (also known as the Cardin- Lugar Amendment), it set a gold standard for transparency and accountability. If implemented with proper rules, affected communities will be able to assess the benefits of revenues from the extractive sector against the associated environmental and social impacts of resource extraction. They also will have access to the information they need to ensure revenues go towards infrastructure and public services that serve the common good.

Since 2010, the European Union, Canada, and Norway have established and implemented laws modeled on Dodd-Frank Section 1504. Now that other countries are beginning to release data from their laws, citizens in resource-rich countries are now able to access and use this data.

Some of the world's largest extractive companies, such as BP, Shell, Rio Tinto, BHP Billiton, and Total, have been reporting under international requirements for several years. State-owned Russian firms Rosneft and Gazprom, and the state-owned Chinese companies CNOOC Ltd. and Sinopec have reported their payments consistent with the international standard. After multiple years of compliance, companies have reported no negative impacts whatsoever from disclosing their payments. In fact, many companies have called for global consistency on extractive industry payment transparency. Additionally, investors with \$12 trillion in assets under management, including faith-based investors, support the Cardin-Lugar amendment.

In our view, critical elements to achieving Section 1504's objectives include:

- fully requiring public company-specific disclosure at the project level
- using a sufficiently granular definition of "project," consistent with the definition in the EU and Canada
- allowing for no categorical exemptions
- policy coherence with the global standard set by the United States and now adopted by the EU, Norway and Canada. An incoherent or substantially different rule could make it more costly for cross-listed corporations to disclose information.

We believe that it is only fair for people most impacted by mining, oil and gas operations to know how much revenue their governments are receiving so that they can ensure that benefits serve the common good. Robust rule-making for Section 1504 is the best avenue for that information to become widely available.

Thank you for considering our views on this important rule,

Dana Investment Advisors
Sisters of Mercy of the Americas' Institute Justice Team
National Advocacy Center of the Sisters of the Good Shepherd
Dominican Sisters -- Grand Rapids
Maryknoll Office for Global Concerns
American Jewish World Service
Franciscan Action Network
Unitarian Universalist Association
Center of Concern
Christian Reformed Church Office of Social Justice
Columban Center for Advocacy and Outreach
NETWORK Lobby for Catholic Social Justice
Africa Faith & Justice Network
Islamic Society of North America
United Church of Christ, Justice and Witness Ministries
Mercy Investment Services
Pax Christi International

Congregation of St. Joseph
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Adrian Dominican Sisters, Portfolio Advisory Board
The Jesuit Conference Office of Justice and Ecology

CC:

Mr. Brent J. Fields, Secretary of the Commission, Office of the Secretary
Ms. Elizabeth Murphy, Associate Director, Division of Corporation Finance
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