

## **Global companies silent on local impact, transparency report shows**

*Extractive firms not ready for country-by-country reporting*

*Chinese companies worst performers on transparency, anti-corruption*

**Berlin, 5 November 2014** – The world’s biggest companies disclose little or no financial details about their operations outside their home country, a new report from Transparency International reveals today. Ninety of the 124 companies assessed do not disclose the taxes they pay in foreign countries, while 54 disclose no information on their revenues in other countries.

The report, *Transparency in Corporate Reporting*, analysed 124 companies from the Forbes list of the world’s biggest publicly-traded companies. The companies, whose combined market value is more than US\$14 trillion, are ranked based on their reporting of the measures they take to prevent corruption, information about subsidiaries and holdings, and key financial information about overseas operations. According to these criteria, UK companies are the best performers, Chinese companies the worst. (see annex)

“We need more transparency from multinational companies, whose power in the world economy closely rivals the biggest countries,” said Transparency International Chair, José Ugaz. “With greater economic power comes greater responsibility. Bad corporate behaviour creates the corruption that causes poverty and instability. By not responding to people’s demands for greater transparency and accountability, companies risk harming their brand and losing customers.”

### **Companies not ready for country-by-country reporting rules**

The report shows that the world’s biggest oil, gas and mining companies are not ready for the kind of transparency rules that will enter into force across the EU from July 2015. These regulations require extractive companies to report payments such as taxes to governments on a country-by-country and project-by-project basis. In the US, Section 1504 of the 2010 Dodd-Frank act includes similar measures, but implementation has been delayed by an oil lobby lawsuit. The respective laws will apply to large companies registered in the EU, and to companies listed on EU or US stock exchanges.

Of the 24 extractive companies in the report who would fall under the new EU and US rules, 19 disclose tax payments and revenue in less than half the countries where they operate. Only BHP Billiton, Statoil and Indian firms ONGC and Reliance disclose tax payments in almost all the foreign countries where they operate.

“Companies have to provide more information on their financial operations. Transparency allows citizens to find out the extent of a company’s operations in their country. It is also essential to follow money flows between governments and companies, which can be subject to corruption,” said Ugaz.

## **UK companies perform strongly**

The 13 UK companies in the report performed strongly in reporting on anti-corruption. They all publicly commit to compliance with anti-corruption laws and have whistleblowing measures as well as either codes of conduct or anti-corruption policies applying to all employees. A strong new law prohibiting bribery has been in force since 2011, in response to which many large UK companies have tightened their procedures. A separate report on UK companies' transparency also published today is available [here](#). All 44 US companies publicly commit to compliance with anti-bribery laws in force since 1977.

Four companies (BHP Billiton, Eni, Statoil, Vodafone) score more than six out of ten. The four companies report on a range of corruption prevention measures and disclose details of subsidiaries. However, only three companies, Statoil, Telefónica and Vodafone score above 50 per cent for country-by-country reporting, disclosing tax payments in almost all the countries where they operate, though not all financial data.

## **Chinese companies far behind**

At the bottom of the ranking, 11 companies scored two out of ten or less, largely because they fail to disclose whether they have the corruption prevention measures common to higher ranking companies.

All eight Chinese companies in the report scored less than three out of ten, with six Chinese companies among the bottom 11 companies in the index.

- In six of the eight Chinese companies, leadership does not demonstrate public support for anti-corruption,
- Only one reports a policy on gifts and hospitality, and only one reports whistleblower protection and channels for reporting corruption,
- None explicitly prohibit facilitation payments (small bribes used to gain favour),
- None disclose financial data in any of the 59 foreign countries where they operate around the world.

Companies from China were seen as most likely to pay bribes in international business deals by 3000 CEOs surveyed by Transparency International in 2011. Transparency International reiterated its call on China – the world's biggest trading nation - to join the OECD anti-bribery convention which sets standards for government investigation and prosecution of companies that bribe foreign governments.

## **Tech companies disappoint**

Forty-four of the firms in the report are American, of which Amazon, Berkshire Hathaway and Google performed worst. Only two US companies publish tax payments in foreign countries (ConocoPhillips in Canada, Walmart in Chile).

Surprisingly, the sector that makes greater transparency possible is one of the least transparent. US tech giants Amazon, Apple, Google and IBM all score less than three out of ten.

Amazon, Apple and Google are among seven US companies whose company leadership doesn't publicly demonstrate support for anti-corruption on their web site. Neither Amazon nor Apple say whether they have anti-corruption training for staff. Amazon is the only US company that is silent on its policy on gifts, hospitality and expenses, as well as on the

channels it provides for whistleblowers. However, all 44 US companies enable staff to report corruption.

“Tech companies are driving changes that are making our societies more open and accountable. They should be setting an example for other companies on transparency. We hope they will live up to the promise of their products and be more transparent about the way they operate,” said Transparency International Managing Director Cobus de Swardt.

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## ANNEX

Rank	Company	Score
1	Eni	7.3
2	Vodafone	6.7
3	Statoil	6.6
4	BHP Billiton	6.1
5	Banco Santander	6.0
6	ArcelorMittal	5.8
7	Deutsche Telekom	5.8
8	E.ON	5.7
9	Reliance Industries	5.6
10	Westpac Banking Group	5.6
11	BASF	5.5
12	Ecopetrol	5.5
13	Siemens	5.5
14	Volkswagen Group	5.5
15	Rio Tinto	5.4
16	Tesco	5.4
17	BG Group	5.3
18	Bayer	5.2
19	GlaxoSmithKline	5.2
20	SAP	5.2
21	BP	5.1
22	HSBC Holdings	5.0
23	Telefónica	5.0
24	ENEL	4.9
25	Allianz	4.8
26	Oil & Natural Gas Corporation Ltd.	4.8
27	British American Tobacco	4.7
28	Inditex	4.7
29	Diageo	4.6
30	L'Oréal Group	4.6
31	Petrobras	4.6
32	Saudi Basic Industries	4.6
33	Anheuser-Busch InBev	4.5
34	América Móvil	4.4
35	Barclays	4.4
36	Nestlé	4.4
37	Orange (former France Telecom)	4.4
38	Philip Morris International	4.4
39	Royal Bank of Canada	4.4
40	Royal Dutch Shell	4.4
41	Coca-Cola	4.3
42	BNP Paribas	4.2
43	Home Depot	4.2
44	Itaú Unibanco Holding	4.2
45	Merck & Co.	4.2
46	Rosneft	4.2
47	TD Bank Group	4.2
48	Bank of America	4.1
49	ExxonMobil	4.1
50	Abbott Laboratories	4.0
51	ANZ	4.0
52	Occidental Petroleum	4.0
53	GDF Suez	3.9
54	Novo Nordisk	3.9
55	SABMiller	3.9
56	Total	3.9
57	Vale	3.9
58	EDF	3.8
59	JPMorgan Chase	3.8
60	Novartis	3.8
61	Qualcomm	3.8
62	Sanofi	3.8

Rank	Company	Score
63	Wal-Mart Stores	3.8
64	Amgen	3.7
65	AstraZeneca	3.7
66	AT&T	3.7
67	PepsiCo	3.7
68	Unilever	3.7
69	United Technologies	3.7
70	ConocoPhillips	3.6
71	Credit Suisse Group	3.6
72	Hewlett-Packard	3.6
73	Intel	3.6
74	Procter & Gamble	3.6
75	United Parcel Service	3.6
76	3M	3.5
77	Chevron	3.5
78	Gazprom	3.5
79	Microsoft	3.5
80	Pfizer	3.5
81	Teva Pharmaceutical Industries	3.5
82	American Express	3.4
83	Comcast	3.3
84	National Australia Bank	3.3
85	News Corp	3.3
86	Roche Holding	3.3
87	Taiwan Semiconductor Manufacturing Co. Ltd.	3.3
88	Bank of Nova Scotia	3.2
89	Canon	3.2
90	General Electric	3.2
91	McDonald's	3.2
92	Cisco Systems	3.1
93	Lloyds Banking Group	3.1
94	Schlumberger	3.1
95	Oracle	3.0
96	Wells Fargo	3.0
97	IBM	2.9
98	Samsung Electronics	2.9
99	Banco Bradesco	2.8
100	Goldman Sachs Group	2.8
101	Toyota Motor Corporation	2.8
102	Verizon Communications	2.8
103	Apple	2.7
104	Citigroup	2.7
105	PetroChina	2.7
106	Visa	2.7
107	Gilead Sciences	2.6
108	Johnson & Johnson	2.6
109	Commonwealth Bank of Australia	2.5
110	Walt Disney	2.5
111	Mitsubishi UFJ Financial	2.4
112	Google	2.2
113	Industrial and Commercial Bank of China	2.2
114	Amazon.com	2.0
115	China Shenhua Energy Company	2.0
116	Nippon Telegraph & Telephone Corporation	2.0
117	CNOOC Limited	1.9
118	China Construction Bank	1.8
119	Berkshire Hathaway	1.6
120	Sberbank	1.5
121	Agricultural Bank of China	1.4
122	Bank of Communications	1.3
123	Honda Motor Co. Ltd.	1.3
124	Bank of China	1.0