

Transparency International study finds the world's biggest companies need to be a lot more transparent

105 biggest public companies report most on codes of conduct, least on payments to governments

Berlin, 10 July 2012- The world's largest publicly-traded companies are reporting more than in the past about their anti-corruption programmes but still need to do a lot more to increase transparency in reporting on their operations, according to a new study by anti-corruption group Transparency International.

Transparency in Corporate Reporting: An Assessment of the World's Largest Companies scored 105 of the top publicly-traded companies based on their public commitment to transparency.

"Multinational corporations can and must play a significant role in the global fight against corruption. As the world continues to recover from the deep economic pain of 2008, the leadership at more companies must commit to stopping corruption," said Transparency International's Chair, Huguette Labelle.

Company scores ranged from 0 to 10, where 0 is the least transparent and 10 is the most transparent, and were based on public availability of information about anti-corruption systems, transparency in reporting on how they structure themselves and the amount of financial information they provide for each country they operate in.

Overall, companies showed improvement in their reporting on their commitments to anti-corruption programmes, as compared to a Transparency International study of the same companies from 2008.

Norway's Statoil, the highest scoring company, scored 8.3. Statoil discloses significant information about its anti-corruption programmes, subsidiaries, taxes and profits across its 37 countries of operations.

Still, the study found that reporting by banks and insurers on transparency measures underperformed across the board even though opaque company structures played a contributing role in the recent financial crises and in spite of a significant focus on fixing the lack of transparency in this sector. The twenty-four financial companies included in the report scored an average of 4.2.

“If country-level financial information is not adequately disclosed, it is difficult to know how operations in many developing countries contribute to local governments. Experience has shown that the requirement to report encourages companies to build strong management systems supporting disclosures, and in the process improving their anti-corruption systems,” said Jermyn Brooks, Chair of Transparency International’s Business Advisory Board.

A lack of transparency makes it harder to identify where companies earn profits, pay taxes, or contribute to political campaigns. The study shows, for example, that about half do not disclose information about political contributions.

“The multinational companies remain an important part of the problem of corruption around the world. The time has come for them to be co-leading the solutions. For this they need to dramatically improve,” said Cobus de Swardt, Managing Director of Transparency International.

Transparency International calls on companies to fight corruption by disclosing more information about how they mitigate corruption and by making public how they are organised and how monies flow in the countries in which they operate. Only with this level of information can citizens the world over know how much money flows into public budgets, a key issue of accountability for governments everywhere.

Governments and regulators should make transparency obligatory for all companies seeking export subsidies or competing for public contracts. Investors should demand greater transparency in corporate reporting to ensure both ethical, sustainable business growth as well as sound risk management.

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Transparency International is the global civil society organisation leading the fight against corruption

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