

**Case Study**  
Sapin II: a  
very opaque  
transparency  
bill in France

# Sapin II: a very opaque transparency bill in France



QUENTIN  
PARRINELLO

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OXFAM FRANCE/  
PWYP FRANCE  
COALITION



## CONTEXT

Between 2012 and 2014, France was considered a champion of corporate transparency by its European peers. In that short span of time, it passed a public country-by-country reporting law (CBCR) for banks and it was one of the first countries to transpose the EU Transparency and Accounting Directives, setting up public reporting for extractive companies, commonly known as Payment to Government reporting (PtG reporting).

However, despite promises from various government members and President Hollande himself, the extension of public CBCR, widely seen as an efficient way to monitor tax strategies of multinational companies, to cover all large multinationals was never voted in Parliament. In mid-2016, in the aftermath of the Panama Papers, the French government then introduced a new bill on transparency, the anti-corruption fight and the modernisation of economic life, commonly known as the “Sapin II bill”.

Although fairly technical, the notion of public CBCR has increasingly become a very public transparency issue. Whilst NGOs have illustrated to public opinion how public CBCR can increase monitoring and accountability of multinational companies, peak associations have regularly flagged CBCR as a threat to competitiveness.

By introducing a watered down version of public CBCR, government claimed it was meeting everyone’s expectations halfway. But our data-stories illustrate how the provision introduced by the government could have allowed large companies to hide a large part of their activities.

## ACTIVITY

The government's exoneration included a safe harbour provision. Thanks to this, companies reporting less than a certain number of subsidiaries in a given country (two, three, four, etc., this is yet to be decided by decree) would be exonerated from disaggregating their report at country level, on the basis that it could represent a threat to their competitiveness. This provision could not apply in EU countries.

The Data Extractor created a data-driven story to build the evidence outlining how this exoneration would make the reporting essentially useless. Using data published by the company itself, we outlined that, using the lowest threshold possible (less than two subsidiaries), Total would be exonerated to report in more than 30 countries, one third of the countries where the company operates.

How did we build the case study? We used a wide range of programs that we learnt through the Data Extractors program:

### 1. Scraping the list of Total Subsidiaries from their annual report:

Scraping data allows to turn data in rigid format (PDF, HTML) into open data. For PDF data, Tabula is usually the most performing program, but does not work all the time. Free online alternatives exist, such as OCR tools. Unfortunately, in our case, Tabula did not work and we had to resort to online OCR tools.

2. **Cleaning the dataset:** it's often necessary with online scraping tools that are less efficient than Tabula. We used OpenRefine, which also allowed us to organise the datasets and add some filters to the 900 entries.

3. **Visualising the dataset:** with support from Open Oil, we used Tableau to create an interactive map outlining which countries would be excluded from Total's reporting.

Interestingly enough, most of the countries where Total would be exonerated from reporting are countries where Total has extractive assets, countries where transparency is needed the most.

## IMPACT

The day of the vote in the plenary, debates lasted long. A large number of MPs used our policy note and our figures on Total to demonstrate how inefficient the provision put forward by the government would be. Our position outlined the inadequateness of a reporting that would exonerate the biggest company from disclosing 1/3 of its activities. The figure was also picked up in a number of newspapers (including the article mentioned above). The MPs introduced an amendment to instead set up a full CBCR,

Unfortunately the amendment did not pass. Just before the vote, the government suspended the debates, called a few pro-government MPs and ask them to come back to the Parliament to eventually outvote the amendment by a couple of people (it was actually the second time they resorted to this maneuver to counter a vote on public CBCR after December 2015).

## CONCLUSION

This data-driven story shows how important it is to provide clear examples of law implementation of a fairly technical issue to our supporters, media, donors, but also, and primarily, MEPs. No one contested our figures that plainly illustrated the risks of granting exonerations. The advocacy carried out by civil society didn't pay off as the amendment was rejected. Even worse, the French Constitutional Council followed the argument of peak associations and conservative MPs, and declared the provision unconstitutional until its application at the EU level. Our advocacy work is now turning to the EU that is about to start debating public CBCR. The EU version of public CBCR is weaker than the provision supported by the French government as it has larger exonerations.