



Extractive Industries
Transparency Initiative

The global standard for the
good governance of oil,
gas and mineral resources

EITI STANDARD 2023

Summary of changes

JUNE 2023

Introduction

The EITI Standard is designed to promote good governance by enhancing transparency, strengthening accountability and facilitating public debate about the management of natural resources. Since it was first launched ten years ago, the EITI Standard has established a common set of rules that govern what governments and companies should disclose and when.

The EITI Standard has subsequently evolved to respond to stakeholder needs and a changing global context. Now in its fourth edition, the 2023 EITI Standard includes several new and refined provisions that enable countries to respond to the most pressing challenges that concern natural resource governance today.

These broadly cover four thematic areas:



Anti-corruption

New provisions enhance opportunities for countries and companies to use the EITI platform to identify and address corruption risks in the natural resource sector.



Energy transition

New provisions support disclosures and public debate on the impacts of the energy transition by shedding light on relevant policies, as well as the revenues that countries can expect to receive from their oil, gas and minerals under different market scenarios.



Gender, social and environmental issues

To help ensure that natural resources are managed in the interest of all citizens, there are strengthened provisions on promoting greater diversity in decision-making and disclosures that consider gender, social and environmental issues.



Revenue collection

New and refined provisions require more comprehensive and detailed disclosures, which can help countries strengthen their tax base and raise revenues.



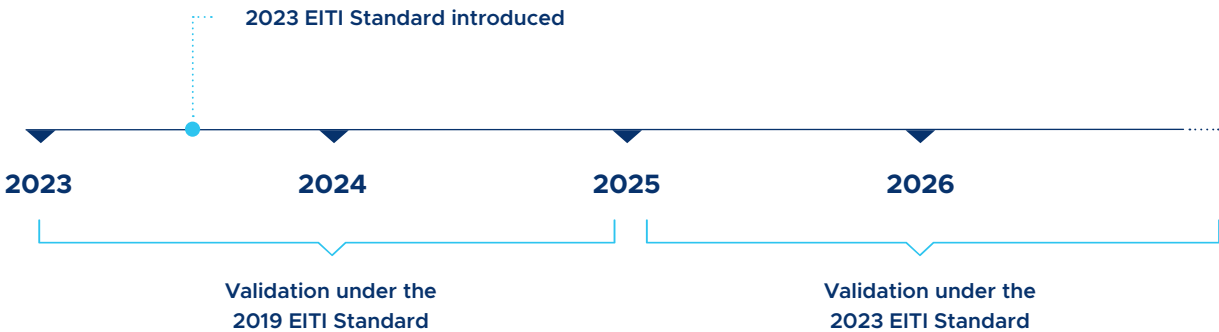
The 2023 EITI Standard places greater emphasis on the role that national multi-stakeholder groups play in addressing and supporting public debate on key governance issues that are aligned with national priorities. It also addresses artisanal and small-scale mining more comprehensively.

The process of refining the EITI Standard is the result of extensive consultation across the EITI's constituencies and deliberation by the multi-stakeholder EITI Board. This process sought to ensure that the EITI Standard remains relevant and responsive by reflecting the EITI's strategic priorities while remaining true to the organisation's mission. The consultations also aimed to capture stakeholder views on improving the coherence, cost-effectiveness and ownership of EITI implementation among the EITI's nearly 60 implementing countries.

This explainer introduces some of the new elements of the 2023 EITI Standard by thematic area. It does not provide an exhaustive description of all changes to the EITI Standard. The EITI Requirements can be accessed in full in the 2023 EITI Standard.

When do the changes come into effect?

EITI implementing countries will be assessed against the 2023 EITI Standard from 1 January 2025. To facilitate the transition, countries are encouraged to integrate the changes in their next EITI work plan and reporting cycle. Requirement 1.5 on work plan and monitoring now provides the multi-stakeholder group with more flexibility to adjust implementation according to local priorities.



Since 2020, the EITI has been strengthening its work on anti-corruption, recognising the unique opportunity for EITI implementation to address corruption and governance risks in the natural resource sector. For the first time, the 2023 EITI Standard explicitly reflects anti-corruption in the objectives and text of several EITI Requirements. It includes provisions to help EITI implementing countries identify areas across the extractive sector value chain that are vulnerable to corruption, without imposing burdensome reporting requirements. In addition, all companies participating in EITI reporting are now expected to disclose their anti-corruption policies.



Anti-corruption

Mainstreaming anti-corruption into EITI objectives and the multi-stakeholder group's work

Requirements 1.4, 1.5, 2.1 and 7.1

Some EITI Requirements now explicitly state in their objectives the need to address corruption risks in the oil, gas and mining sector, including requirements on licensing and beneficial ownership. Multi-stakeholder groups are required to consider issues related to extractive sector governance – including issues related to corruption – to place more focus on ensuring that EITI implementation strengthens anti-corruption efforts and addresses other nationally relevant governance issues.

Disclosure of companies' anti-corruption policies and practices

Requirements 1.2 and 2.6

The EITI Standard introduces new requirements that shed light on companies' safeguards against corruption. All reporting companies, including state-owned enterprises, are now expected to publish an anti-corruption policy that sets out how they manage corruption risks. Additionally, companies that participate in multi-stakeholder groups are expected to engage in rigorous due diligence processes to strengthen the integrity of the EITI process.

State-owned enterprises are encouraged to disclose the identity of the beneficial owners of their agents or intermediaries, suppliers or contractors, where feasible. These disclosures help to uncover connections to politically exposed persons (PEPs) and other conflicts of interest.



Ownership thresholds for reporting beneficial owners

Requirement 2.5

Lower thresholds for reporting the beneficial owners of oil, gas and mining companies enable the public to have a more comprehensive view of who benefits from natural resources. The EITI Standard now encourages countries to adopt an ownership threshold of 10% or lower. This means that any individual who directly or indirectly holds this or a higher percentage of shares of a company will be disclosed as a beneficial owner.

Countries are required to request companies to disclose any politically exposed persons (PEPs) who directly or indirectly hold an interest in a company, regardless of their level of ownership. These disclosures are important for identifying conflicts of interest. Companies are also encouraged to disclose their ownership structure to ensure a full overview of ownership chains.

The global shift to a low-carbon economy has an impact across the entire extractive sector value chain, from how licenses are awarded to how public revenues will be affected. The energy transition is reshaping the kinds of data, disclosures and dialogue required to support accountability and the good governance of natural resources. Since 2020, the EITI has been taking steps to better reflect considerations related to the energy transition and its impact on resource-rich countries.

Recognising the energy transition as a cross-cutting issue, the 2023 EITI Standard supports disclosures and public debate on the impacts of the energy transition on countries' extractive sectors and national economies. Many of the refinements highlighted under other thematic sections of this explainer are also relevant from an energy transition perspective, such as production and exports.



Energy transition

Increasing understanding about energy transition policies

Requirement 2.1

The 2023 EITI Standard introduces new requirements to increase public understanding about the impact that government policies related to the energy transition may have on the oil, gas and mining sectors. These disclosures can inform public debate about the country's preparedness for the transition.

In addition to disclosing commitments and plans, governments are encouraged to disclose public subsidies that are relevant to the sector. Countries are also encouraged to disclose a summary of carbon pricing mechanisms and carbon taxes, as well as any reforms underway.

Accountability in fast-tracked license awards

Requirement 2.2

The race to secure minerals needed for the energy transition can lead to fast-tracking the process for awarding mining licenses. The 2023 EITI Standard requires countries to document the rationale for fast-tracking, as well as details of the process. This helps to ensure that safeguards are applied.

A better picture of reserves

Requirement 3.1

Countries and companies are encouraged to disclose proven oil, gas and mineral reserves. These disclosures can inform understanding of the energy transition's potential economic impacts by increasing public understanding of remaining fossil fuels, as well as the minerals used in low-carbon technologies. This data can also support analysis of the potential carbon emissions associated with a country's fossil fuel reserves.



Company disclosure of greenhouse gas emissions

Requirement 3.4

A new EITI Requirement encourages companies to disclose their greenhouse gas (GHG) emissions in line with leading emissions disclosure standards. To increase implementing countries' ownership of GHG reporting, multi-stakeholder groups are encouraged to request companies to disclose disaggregated emissions data, where feasible. For example, Trinidad and Tobago EITI undertook an environmental reporting pilot project where the National Gas Company of Trinidad and Tobago (NGC) disclosed granular data of its GHG emissions.

Knowing what to expect from future revenues

Requirement 5.3

The energy transition will impact government revenues that are generated from both fossil fuels and minerals, particularly those needed for renewable energy technologies. Governments are expected to disclose their revenue forecasts or scenarios, as well as the assumptions that underlie these forecasts. Companies are encouraged to disclose information about future production plans, when requested by the multi-stakeholder group. These disclosures help citizens understand how prepared their country is to manage the energy transition and enable public debate about the sustainability of public revenues.

There are often structural barriers that impede women from equally participating in and benefiting from the natural resource sector.

In response to growing attention on gender, social and environmental issues related to extractive sector governance, the 2023 EITI Standard includes provisions that promote diverse participation in multi-stakeholder groups as well as gender-sensitive data disclosures.



Gender, social and environmental

Reporting on community consultation and consent

Requirement 2.2

In many countries, extractive companies are legally required to consult affected communities before an oil, gas or mining license is awarded. In some cases, the free, prior and informed consent (FPIC) of Indigenous people is required for a project to move ahead. Under the 2023 EITI Standard, countries and companies are expected to include information in their disclosures that explains the consultation process that was followed in awarding a license.

Gender-disaggregated data on benefits to communities

Requirement 5.2 and 6.1

The benefits from the oil, gas and mining sector are often not equally distributed between men and women, and the negative impacts of extraction have been known to adversely affect women living near extractive activities. The 2023 EITI Standard introduces new requirements that shed light on how companies' social expenditures benefit women. Countries are also encouraged to report on how revenues are managed at the local level, including how women and marginalised groups are taken into account.



Granular data on employment

Requirement 6.3

More granular disclosures on employment in the oil, gas and mining industries can help countries and companies develop policies that promote gender equality and opportunities for the local population. The 2023 EITI Standard introduces new requirements to disclosure information on the number of women employed at different occupational levels, as well as how employment is distributed between local and foreign nationals. Companies are encouraged to disclose the difference in average earnings between male and female employees.

Disclosure of environmental, social and gender impact assessments

Requirement 6.4

While environmental, social and gender impact assessments of oil, gas and mining projects are often public documents, they can be challenging to access, especially for communities affected by extractive activities. Countries and companies are now required to ensure that these environmental, social and gender impact assessments, as well as monitoring reports, are accessible to the public.

The 2023 EITI Standard includes provisions that require more reliable and comprehensive disclosures on revenues, production and exports. These disclosures can support analysis that can help resource-rich countries to strengthen their tax base and collect revenues more efficiently.

Multi-stakeholder groups can use EITI reporting to review the underlying mechanisms for data collection and verification, analyse the data, and make recommendations for improving policies and practices.



Revenue collection

Higher quality disclosures on production and exports

Requirements 3.2 and 3.3

Production and export data that is broken down by project, or even by transaction, enables detailed analysis. It can help to identify and address risks related to revenue loss, such as underreporting of volumes or values, illicit trade or corruption. Under the 2023 EITI Standard, countries must disclose how they monitor and verify the accuracy of production and export data, which is usually sourced from oil, gas and mining companies. An estimate of production and exports resulting from artisanal and small-scale mining should also be disclosed.

Shedding light on companies' costs

Requirement 4.10

Oil, gas and mining companies' costs affect how much revenue the government receives from a project. Under the 2023 EITI Standard, countries are required to disclose how they monitor companies' costs and to publish, at minimum, summaries of final tax and cost audits. Companies and governments are encouraged to disclose capital and operating expenditures declared by companies, as well as total costs incurred since the commencement of the project.



Pathway towards a leaner process for revenue disclosure

Requirements 4.1 and 4.9

Changes to the EITI Standard pave the way towards a leaner process for disclosing revenues and payments. Currently, the only standard procedure involves an Independent Administrator who reconciles payments and revenues. The EITI is developing alternatives that could involve a more risk-based approach to ensuring high-quality data.

Strengthening contract transparency

The 2023 EITI Standard strengthens contract transparency with the following requirements:

Requirement 2.4: Multi-stakeholder groups are required to determine which exploration contracts should be disclosed based on their materiality and practical considerations. They are also required to consider which documents are considered as an annex, addendum or rider to the contract.

Requirement 4.2: Countries are encouraged to disclose the agreements stating the terms of the sale of the state's share of production or other in-kind revenues.

Requirement 4.3: Countries are encouraged to disclose any contracts with infrastructure and barter provisions, including resource-backed loan agreements.

Requirement 6.1: Countries are expected to disclose the contracts or other documents that mandate social and environmental payments.



Overview of key changes

Topic	EITI Requirements
Anti-corruption	<ul style="list-style-type: none"> • Disclosing companies' anti-corruption policies and practices (Requirements 1.2 and 2.6) • Linking license registers with ownership registers to improve the usability of data (Requirement 2.3) • Implementing lower ownership thresholds for reporting beneficial owners; clarifying reporting requirements for politically exposed persons (PEPs) and state-owned enterprises; disclosing the full ownership structure leading to beneficial owners (Requirement 2.5)
Energy transition	<ul style="list-style-type: none"> • Increasing understanding about energy transition policies, carbon pricing and subsidies (Requirement 2.1) • Increasing transparency in fast-tracked license awards (Requirement 2.2) • Shedding light on investments by state-owned enterprises in the extractive sector (Requirement 2.6) • Disclosing proven reserves (Requirement 3.1) • Disclosing companies' greenhouse gas emissions (Requirement 3.4) • Considering revenue projections and scenarios (Requirement 5.3)
Gender, social and environmental	<ul style="list-style-type: none"> • Disclosing policies related to artisanal and small-scale mining (Requirement 2.1) • Reporting on free, prior and informed consent and community consultation (Requirement 2.2) • Disclosing gender-disaggregated data on benefits to communities and disclosing contracts mandating social and environmental payments (Requirements 5.2 and 6.1) • Disclosing granular data on employment (Requirement 6.3) • Disclosing environmental, social and gender impact assessments and an overview of the legal framework for managing environmental and social impacts (Requirement 6.4)
Revenue collection	<ul style="list-style-type: none"> • Clarifying the scope of contract disclosure (Requirement 2.4) • Reporting more granular, comprehensive and higher quality disclosures on production and exports (Requirements 3.2 and 3.3) • Disclosing sales agreements; infrastructure and barter provisions; and contracts mandating social and environmental payments (Requirements 4.2, 4.3 and 6.1) • Clarifying disclosure requirements on resource-backed loans, including collateralised sovereign debt (Requirement 4.3) • Introducing leaner processes for revenue disclosure; disclosing companies' effective tax rates, incentives and deductions (Requirements 4.1 and 4.9) • Shedding light on companies' costs and government systems for monitoring costs (Requirement 4.10)
Impact and stakeholder engagement	<ul style="list-style-type: none"> • Monitoring civic space and documenting actions (Requirement 1.3) • Ensuring EITI implementation addresses key governance challenges related to energy transition, anti-corruption and gender equity (Requirements 1.4, 1.5, 7.1 and 7.3) • Combining requirements on work planning and monitoring (Requirement 1.5 and previously Requirement 7.4)