Opening Extractives

Unlocking the benefits of ownership data

Policy Brief

Shining a light on company ownership

The role of beneficial ownership transparency in the energy transition

Jointly implemented by the EITI and Open Ownership

March 2022

EITI

Open Ownership

Published by:

Opening Extractives programme | openingextractives@eiti.org

Opening Extractives is an ambitious global programme aiming to transform the availability and use of beneficial ownership data for effective governance in the extractive sector.

Opening Extractives is enabled by the BHP Foundation, who are working to raise standards of governance and transparency to improve the quality of life for millions of citizens in resource-rich countries.

Author:

Alanna Markle | alanna@openownership.org

With contributions by:

Tymon Kiepe, Angela Khanali Mutsotso and Sebastian Sahla

Editors:

Kathryn Davies and Nyashadzamwari Vera

Reviewers:

Alexandra Gillies and Erica Westenberg, Natural Resource Governance Institute

Design:

Alex Chilton Design

Contents

Overview

As countries begin to recover from the COVID-19 pandemic, resources are being mobilised to accelerate the transition away from fossil fuels towards cleaner and more sustainable sources of energy. The energy transition is a central policy priority in the fight against climate change, and aims to secure a safer and more sustainable future for people and the planet. Yet, without adequate accountability in company operations and financing for the energy transition, this important agenda could be compromised. The emerging energy crisis resulting from Russia's invasion of Ukraine and sanctions targeting Russia has further highlighted the need for transparent ownership around energy companies and their investments.

Ensuring transparency about the individuals who ultimately own and control companies, their 'beneficial owners', is a necessary step toward securing transparency and accountability in the energy transition. For countries that produce the raw materials on which energy systems rely, the shift to clean energy requires profound transformation. A focus on transparency and accountability in extractives is critical for both clean energy and non-renewable energy industries, as countries lay the groundwork to achieve energy transitions that balance sustainability, economic prosperity, and social equity.

This brief explains how beneficial ownership transparency can support the achievement of a just and equitable energy transition by:

- Outlining the changing context in which implementation of beneficial ownership transparency reforms is taking place.
- Exploring the potential role of beneficial ownership transparency in the energy transition.
- Considering how information about company ownership can increase accountability in non-renewable and clean energy industries, and in financing for the transition.

Why beneficial ownership transparency matters for the energy transition

1. Beneficial ownership transparency is a promising and concrete accountability tool for clean energy industries. It will be most effective if it is treated as one among a range of accountability tools, if it is embedded from the outset at multiple links in energy value chains, and if implementation builds on lessons learned from the extractive sector.

2. Beneficial ownership transparency is already an established governance reform in the extractive industries which, when implemented effectively, can help mitigate the social, economic, and political challenges associated with resource-rich countries.

3. The energy transition and the emerging energy crisis are likely to exacerbate long-standing risks in the extractive industries, such as corruption and illicit financial flows, as the use of fossil fuels winds down and countries and companies seek to maximise short-term returns.

4. Vast resources will be committed to the energy transition. Beneficial ownership information can play a role in domestic resource mobilisation and accountability for public spending and in supporting energy security.

5. Regarding private financing for the energy transition, beneficial ownership information can support commitments to environment, social and governance standards and help ensure more comprehensive accounting for the emissions created by business activities.

6. Countries producing critical minerals will face economic, political and social challenges as demand grows for the minerals upon which clean energy technologies rely.

7. In sum, additional effort and resourcing is therefore needed from governments, companies and civil society to build accountability into the clean energy sector and help prevent the possible emergence of what has been labelled a ‘green resource curse’.

Recommendations

Multiple stakeholders must act to achieve meaningful and continuing reform to raise global standards on beneficial ownership transparency.

We recommend that governments:

- Require and publish the beneficial ownership information of extractive companies and companies along clean energy value chains, including suppliers and subsidiaries;
- Prioritise beneficial ownership transparency as part of tax transparency and public procurement reforms;
- Make the control of state-owned enterprises transparent, along with beneficial ownership of their subsidiaries and joint ventures;
- Require beneficial ownership transparency information to be made publicly available in the contracts that set the terms for electricity generation projects; and
- Accelerate the widespread use of beneficial ownership information in the detection of fraud, by implementing central registers that cover the entire economy, are public and aligned to recognised open data standards.

We recommend that companies:

- Publicly disclose information on their beneficial owners in line with the 2019 EITI Standard, at least on an annual basis;
- Publicly disclose, on at least an annual basis, the beneficial owners of entities the company wholly owns, and where feasible, the beneficial owners of any partially-owned entities;
- Engage in rigorous due diligence, and publish an anti-corruption policy that includes details on how the company collects and uses beneficial ownership data in its processes regarding joint venture partners, contractors and suppliers;
- Include beneficial ownership transparency in economic, social and governance commitments, and use the data to help account for emissions from their business activities; and
- Openly declare and publish support for beneficial ownership transparency policies.

We recommend that civil society actors:

- Monitor beneficial ownership disclosure regimes in the energy and extractive industries to ensure they embody best practices, including in collecting structured data, data verification, and sanctions and enforcement;
- Champion measures to move beyond transparency when designing and delivering anti-corruption programmes, fostering participation across varied stakeholder groups to deliver increased accountability;
- Use beneficial ownership data to perform cross-border investigations into the investments of politically exposed persons and bad actors in both producer and consumer countries; and
- Stimulate public debate on renewable energy governance through the use of beneficial ownership data in the sector.

The global movement toward beneficial ownership transparency

Beneficial ownership transparency reveals how companies and other legal entities are ultimately owned and controlled, and by whom. Since 2015, over one hundred jurisdictions have adopted laws requiring companies and other legal entities, and arrangements (e.g. trusts) to disclose information about their beneficial owners.[1]

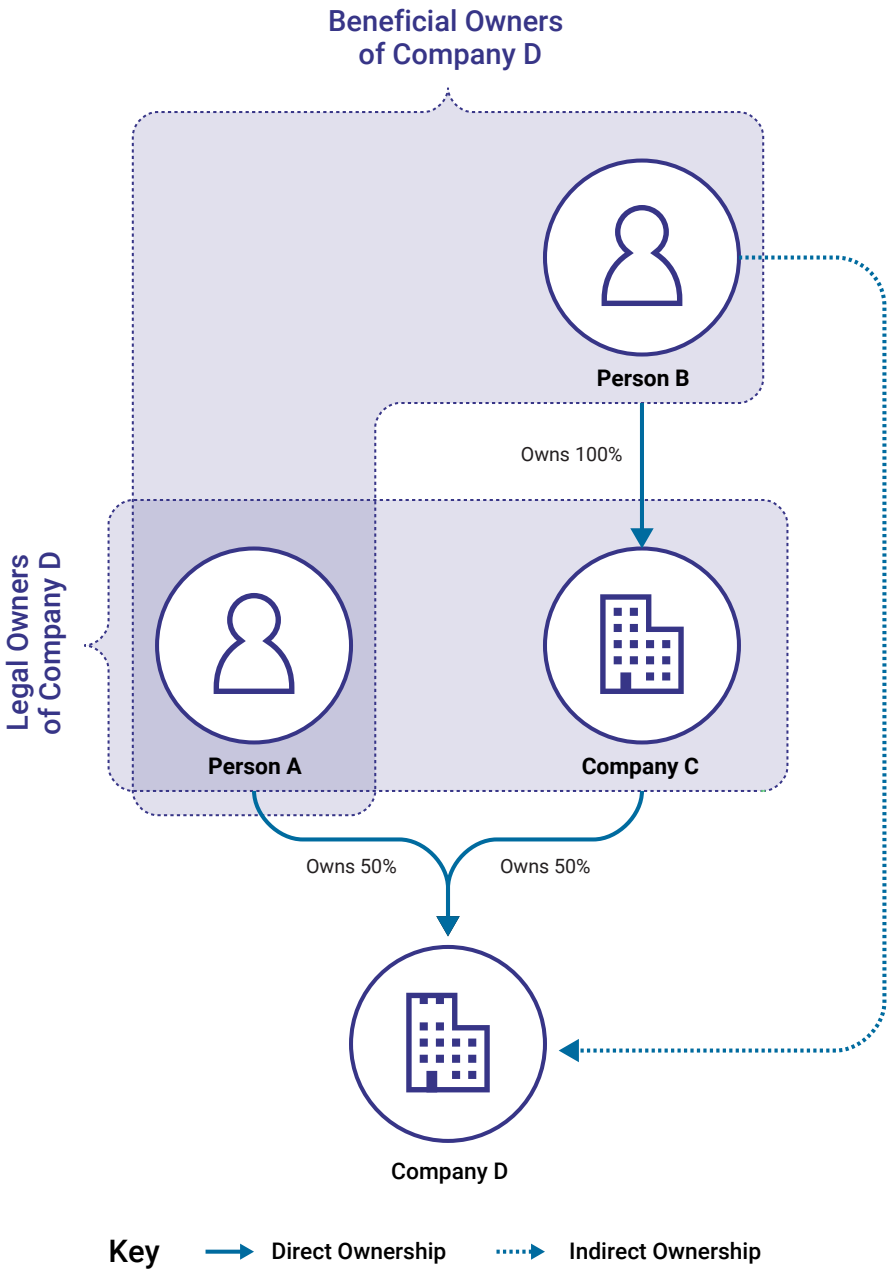
A beneficial owner is a natural person at the end of an ownership chain with the right to some share of the income or assets (referred to as 'ownership') of a legal entity, such as a company or trust, or the right to direct or influence the entity's activities (referred to as 'control').

Historically, information about the ownership and control of companies has been mostly limited to the immediate (or legal) owners.[2] However, as companies can be owned by other companies, this does not always provide information about the individuals behind them.

Using beneficial ownership data

Beneficial ownership transparency is widely recognised for its utility in the fight against corruption, tax evasion, money laundering and the financing of terrorism.[3] It also has applications in policy areas such as public procurement,[4] national security[5] and natural resource governance.[6] For example, beneficial ownership data can improve procurement by helping detect bid-rigging through shared ownership and by detecting conflicts of interest between companies bidding for contracts and decision makers. Making this data public gives civil society and the public oversight over government spending of taxpayer money.[7]

Figure 1. Legal and beneficial ownership explained



Source: Reproduced from Open Ownership (March 2021), Beneficial ownership data in procurement*, p. 7.*

In this stylised representation of a company ownership chain, Person A and Company C are the legal owners of Company D. Person B is the legal owner of Company C. Person A and Person B are the beneficial owners of Company D. Person A exercises their ownership directly, while Person B exercises their ownership indirectly through Company C. Company C cannot be a beneficial owner as it is not a natural person.

Beneficial ownership transparency and the EITI

Robust beneficial ownership disclosure is a priority area under the Extractive Industries Transparency Initiative (EITI), which implements the global standard to promote the open and accountable management of oil, gas and mineral resources. Beneficial ownership requirements in the 2019 EITI Standard promote access to quality beneficial ownership data to strengthen accountability in the extractive sector. Beneficial ownership information can improve governance of natural resource revenues, support business, curtail corruption and illicit financial flows, and support asset recovery.[8]

Beneficial ownership transparency reform in the extractives has significant support from the private sector.[9] EITI supporting companies uphold the EITI Standard through reporting in EITI implementing countries where they operate, and agree to meet the Expectations for EITI supporting companies, including publicly declaring and publishing support for beneficial ownership transparency and publicly disclosing beneficial owners in line with the EITI Standard.[10]

A changing context for beneficial ownership transparency reform

The speed and scale of government spending to tackle the pandemic increased the risks of fraud and corruption and the demand for transparency in the beneficial ownership of companies – at the minimum those receiving taxpayer money. The pandemic highlighted the dependence of private companies on government, as well as their role in dealing with and solving crises. The impacts of the climate crisis and climate-related policies could be even more profound, and will change the context for beneficial ownership transparency reforms. A focus on transparency in the COVID-19 recovery and beyond is critical, as it coincides with the period in which countries are laying the groundwork to achieve energy transitions that promote both economic prosperity and social equity.

The speed and scale of government spending to tackle the COVID 19 pandemic increased the risks of fraud and corruption and the demand for transparency in the beneficial ownership of companies

Increased attention to risk and resilience during the COVID-19 pandemic

The profound social, economic and political effects of the COVID-19 pandemic altered the landscape in which beneficial ownership transparency reform is taking place, creating both risks and opportunities. From the start of the pandemic, international bodies such as the United Nations highlighted the heightened risks of corruption,[11] and of financial crimes such as embezzlement of recovery funds, money laundering, terrorist financing and fraud.[12]

> *"The amount of resources necessary to ensure public health and safety coupled with the need to respond quickly to rapidly evolving challenges has increased opportunities for corruption."*
>
> ***Evaluation of G20 countries by the United Nations Office on Drugs and Crime (UNODC)***[13]

At the same time, international institutions have noted that the recovery from the COVID-19 crisis offers an opportunity to build greater societal resilience and strengthen countries' ability to tackle future challenges, including the need to reduce greenhouse gas emissions by accelerating the energy transition. Beneficial ownership transparency is one among a set of policy reforms that can help safeguard against good governance failures and opportunistic crime, by making it clear – to government, business and the public – who is on the receiving end of financial flows within both the public and private sectors. Such a measure is most effective when it is in place in advance of a crisis, and can help maintain citizens' trust that resources are being well spent; for example, in public procurement.

Beneficial ownership transparency is a priority for the international community

The **United Nations Office on Drugs and Crime (UNODC)** recommends that countries integrate beneficial ownership transparency requirements into their crisis response, recommending countries "develop and implement clear guidelines that manage potential conflicts of interest and help to ensure beneficial ownership transparency."[14] Meanwhile the **G20 Anti-Corruption Action Plan 2022-2024**, includes beneficial ownership transparency in its "substantive priorities," pointing to the linkage between beneficial ownership transparency and procurement transparency. The Action Plan seeks to build on lessons learned in the COVID-19 crisis to increase societal resilience going forward, and notes that:

> *"...the international community is experiencing a major health crisis with devastating effects on the global economy. With recovery comes the opportunity to lay the foundation for a sustainable, transparent and inclusive recovery."*[15]

The G20 also cites recommendations from the **Financial Action Task Force (FATF)**, the anti-money laundering standard-setting body for the international community.[16] In early 2022, FATF strengthened its Recommendation 24 relating to the transparency of beneficial ownership of legal persons after a two-year review. The revisions mark a significant shift, requiring that beneficial ownership information is verified, and is made available through a central register or alternative mechanism that also ensures adequate, accurate and up-to-date information.[17]

The ongoing threats caused by COVID-19

As the COVID-19 crisis and recovery continue, heightened risks for corruption persist, especially in the energy sector. For example, the UNODC anticipates that professional money launderers will increase their activities in the recovery phase of the pandemic.[18] Some countries also stressed that a potential increase in the use of businesses and shell companies based in offshore jurisdictions with weak anti-money laundering policies is a long-term trend.[19]

Rapid oil price collapse and large capital outflows from oil-producing countries during the pandemic also heightened the risk of illicit financial flows.

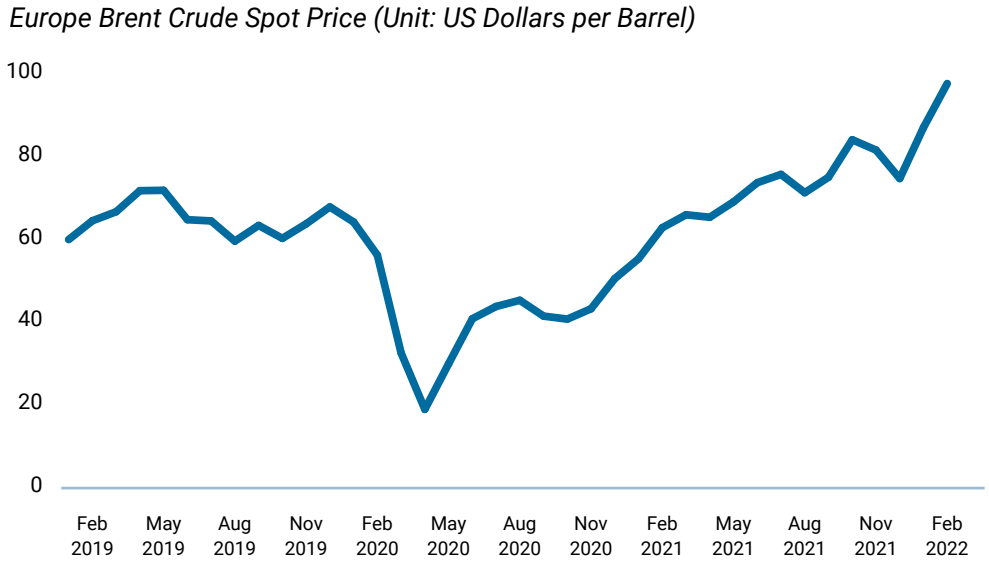
For example, capital outflows from a selected number of African oil-producers reached the record level of USD 100 billion in the early months of the pandemic, as banks sought to de-risk.[20] Fiscal measures were adopted with expediency to deal with the economic and social crisis in contexts where administrative oversight, and audit functions were already overstretched.[21] The picture is complicated and varies by context — in some cases, the fall in oil prices appears to have constrained patronage and corruption possibilities in kleptocratic regimes.[22]

The energy crisis unfolding around the Russia-Ukraine conflict has again put questions of company ownership firmly into public focus

However, the rebound in oil and gas prices and the energy crisis that is unfolding around the Russia-Ukraine conflict has again put questions of company ownership in the energy sector firmly into public focus. The pressures of pandemic recovery may be further exacerbated by the emerging energy crisis resulting from the conflict, as well as continued volatility in commodity prices – not only oil and gas but also grain and other food stuffs. This creates a challenging context in which to mobilise resources to accelerate the energy transition.

While outside the scope of this brief, sanctions targeting Russian interests in the wake of the Ukraine invasion have further highlighted the need for transparent ownership around energy companies and their investments. As many investors seek to address near term pressures and pivot to the renewable energy sector, it is important that beneficial ownership transparency features as a key instrument in curbing illicit financial flows.

Figure 2. Crude oil price, 2019-2022



Source: US Energy Information Administration (March 2022), "Petroleum & Other Liquids: Spot Prices."

In mining operations, the COVID-19 pandemic introduced greater complexity into the opportunities for, and monitoring of, corruption. For example, in Madagascar air travel restrictions led to the delinking of global and local prices for some minerals. Gold prices plummeted locally even as they reached global highs. This had the effect of undermining community-based anti-corruption initiatives, as some local producers were forced into illicit activities and unsustainable extraction practices due to extreme economic hardship.[23] Mobility limitations related to government lockdowns and air travel restrictions also limited observers' access to mining sites.[24] Competition for critical minerals related to the energy transition is now intensifying, with a sustained growth in global demand. This raises the risk of short-term contracts being granted by governments, without adequate public oversight or beneficial ownership information being required, recorded or stored.

The world turns its attention to the climate crisis

Even as the economic effects of the pandemic endure, and despite the impact of the Russia-Ukraine conflict, attention is increasingly turning to addressing the climate crisis. Opportunities for reform have emerged from the COVID-19 context that are closely related to the global agenda of tackling climate change and financing the energy transition. Some policymakers and investors experienced the COVID-19 crisis as a wake-up call that highlighted the urgent need for a different approach to investing, and parallels have been drawn between the unforeseen risks of a pandemic and the risks of climate change.[25] For example, investors such as those involved in initiatives like the Glasgow Financial Alliance for Net Zero[26] and the Council for Inclusive Capitalism[27] have increased their focus on pushing for companies worldwide to commit to corporate social responsibility and environmental, social and governance (ESG) standards.

Parallels have been drawn between the unforeseen risks of a pandemic and the risks of climate change

A just energy transition requires beneficial ownership transparency

The energy transition represents a new policy context in which future beneficial ownership transparency reforms will take place. This context is especially relevant for countries with large industries linked to energy value chains because the transition refers to a movement away from the primary use of non-renewable resources such as fossil fuels, to clean energy sources, such as wind and solar power.[28] While often referred to as a single change, in practice it will comprise a complex series of shifts occurring in parallel around the world through a combination of policy interventions and market forces.

Numerous national commitments and guidance documents address the techno-economic features of the energy transition, and international bodies such as the United Nations (UN) and International Energy Agency (IEA)[29] also increasingly point to the need to address social and governance aspects of the transition.

> *"Based on the concept of 'leaving no one behind', a just and inclusive energy transition will enhance human well-being, health, and capabilities, increase resilience, and drive innovation towards a sustainable society at all levels, while also driving huge investments."*
>
> ***United Nations: Theme Report on Enabling SDGs through Inclusive, Just Energy Transitions.***[30]

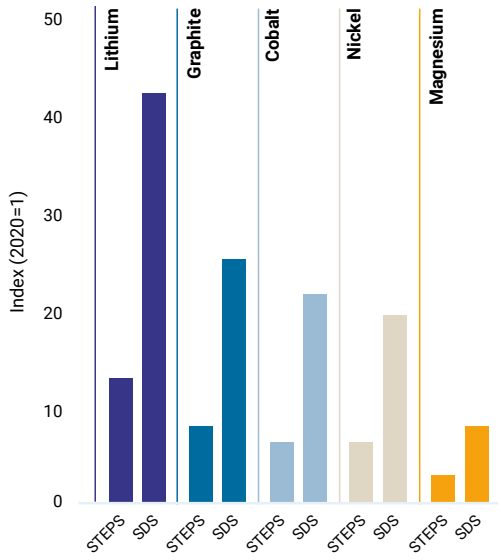
Reliable and easily accessible company ownership information is a resource which governments can use to help ensure citizens' trust is maintained through the energy transition, and that the huge investments involved in the transition are accompanied by robust oversight. Governance failures such as corruption and tax evasion undermine governments' ability to ensure that the benefits of the transition will be fairly distributed. A lack of transparency risks the diversion of benefits from the transition away from communities, and towards politically exposed persons and bad actors, due to the interference of vested interests. For these reasons, measures to ensure transparency and accountability are a prerequisite to delivering a just transition.

Building transparency and accountability into the energy transition

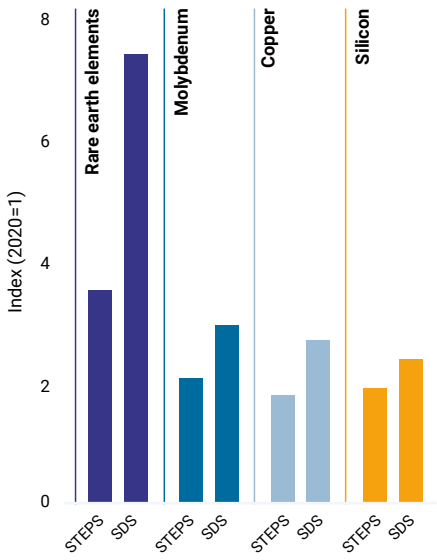
The shift to clean energy as the primary source of energy globally requires a profound transformation for countries rich in the raw materials on which the world's energy systems rely — many of which are emerging economies. The movement away from fossil fuels will create risks for countries whose economies rely on oil, gas and coal, such as lost revenue and an erosion of both the quantities and standards of investment. Meanwhile, the anticipated boom in the critical minerals sector could replicate some of the governance risks experienced in fossil fuel extraction.

Figure 3. Projected growth in demand for selected renewables and minerals

Demand for selected battery-related minerals in 2040 relative to 2020 levels



Demand for selected renewables and network related minerals in 2040 relative to 2020 levels



Source: Reproduced from IEA (2021), The Role of Critical Minerals in Clean Energy Transitions, *Overview.*

Aggregate mineral demand from a range of clean energy technologies, under the IEA's Stated Policies Scenario (STEPS) and the Sustainable Development Scenario (SDS). The IEA notes that projected mineral demand is dependent on the stringency of climate policies (reflected in the difference between STEPS and SDS) and technology development pathways.

The movement toward clean energy is expected to drive rapid growth in the demand for clean energy technologies and for the critical minerals upon which they rely

Political and economic challenges such as illicit financial flows (IFFs)[31] and corruption, conflict and weak governance have historically been associated with reliance on natural resource wealth. Under resource curse theory, these challenges are seen as specific to resource rich countries due to a lack of public monitoring and oversight of government spending.[32] While there is much debate about the nature and causality of the resource curse, it is clear that the anticipated rise in demand for critical minerals means the debate about the potential role of natural resources in development is as relevant as ever. Additional effort and resourcing is needed on the part of governments, companies and civil society to build accountability into the clean energy sector, and will be more effective the earlier it starts.

As countries wind-down the production of fossil fuels, beneficial ownership transparency can continue to help prevent corruption and IFFs, and can help strengthen revenue generation and build citizens' trust. Building on lessons learned in non-renewables, beneficial ownership transparency should also be part of the architecture of clean energy value chains, from critical minerals production to electricity distribution, and as one means of supporting effective natural resource governance. Finally, beneficial ownership information can be an asset to companies and investors seeking to contribute to a just energy transition through ESG commitments and emissions standards.

In a study of over

100

cases of licensing and contracting corruption in the extractive sector, more than half involved a competing or winning company showing signs of hidden beneficial ownership by a politically exposed person

Sayne, A., Gillies, A., and A. Watkins (April 2017), Twelve Red Flags: Corruption Risks in the Award of Extractive Sector Licenses and Contracts*, NRGI*

The role of beneficial ownership transparency in the shift away from fossil fuels

Combating corruption in resource-rich countries

Tackling corruption is critical to ensuring natural resources are used responsibly, and in a way that promotes sustainable development.[33] Corruption risks exist along non-renewable energy value chains, from the awarding of mineral, oil and gas rights, to the regulation and management of operations.[34] To help combat corruption, beneficial ownership information should be made available at each stage. For instance, transparency in the beneficial owners of companies awarded mining rights helps deter bribery and detect conflicts of interest.[35] Experience reveals that to be effective, anti-corruption efforts need to go beyond transparency, to include active measures to ensure information is deployed to increase accountability.[36] Measures are most impactful when they are supported by public officials and cultivate broad civic participation. Interventions like the Opening Extractives programme have taken such lessons on board and embedded them in both objectives and methodology.

Prioritising beneficial ownership in extractives

Opening Extractives is an ambitious global programme aiming to transform the availability and use of beneficial ownership data for effective governance in the extractive sector.

The programme provides sustained, multi-year support to around 10 partner countries to disclose the ownership of extractive companies. It aims to catalyse the use of this data to improve natural resource governance.

The programme combines political and technical engagement, to support countries implementing beneficial ownership reforms and to enable the use of the data by governments, civil society and companies. It is run jointly by the EITI and Open Ownership.

Findings and evidence from the programme will be communicated globally, leveraging the tools and knowledge developed to drive impact beyond the focus countries.

By the end of 2025, the programme aims to deliver clear improvements to domestic resource mobilisation from the extractive sector in partner countries. It targets three key outcomes:

1. Ensure government, industry and civil society actors have greater access to comprehensive and reliable information on the ultimate owners of extractive industry companies.

2. Enable government, industry and civil society actors to more easily identify and address the risks related to hidden ownership, which may include corruption and mismanagement.

3. Advance beneficial ownership transparency in the extractive industries and beyond in a world altered by COVID-19, by documenting and communicating the impact and outcomes of the programme.

Stemming illicit financial flows

Corruption siphons away natural resource revenues, while IFFs represent the movement of these funds across borders. The long-term structural decline of the fossil fuel industry in the energy transition is anticipated to carry a high risk of IFFs.[37] Actors involved in extractives have long employed practices that create opacity in their ownership, as a means of evading taxes and hiding ties to government officials.[38] This includes reporting nominal or proxy owners rather than beneficial owners, and setting up complex ownership structures[39] spanning offshore financial centres (OFCs) with little or no transparency requirements.[40] According to the OECD, large independent oil traders' use of OFCs is both exceptional and largely unexplained:

> *"While OFCs are a controversial though established feature of globalisation, among the top 100 global corporations, an average of just 18% of their group subsidiaries are owned via OFC-based holding companies. By contrast, 97% of independent [oil] trading companies' subsidiaries are owned via OFC-based holding companies."*
>
> ***Organisation for Economic Co-operation and Development***[41]

Beneficial ownership transparency can help stem IFFs related to fossil fuel extraction through shell companies posing as legitimate corporate vehicles, even as the production of these resources decreases. Beyond disclosure, there is also a need for verification systems that can confirm the identity of individuals named as beneficial owners on a register,[42] since mis-reporting is still common practice in some resource-rich countries.[43]

Strengthening domestic resource mobilisation

Reducing global demand for fossil fuels is central to the energy transition, but emerging economies with large fossil fuel deposits still need the opportunity to grow and invest in human development.[44] This requires effective domestic resource mobilisation, including to help ensure that countries can manage their energy transition fairly, such as supporting vulnerable groups like those working in extractives who face a loss of livelihood. For countries with lucrative extractive industries and a high degree of dependence on fossil fuels, lost revenue in the transition presents an enormous challenge.

For example, in Nigeria about 65% of government revenues come from the oil and gas sector, with the total revenue flow from all sources coming to USD 32.6 billion in 2018.[45] As the energy shift takes place, beneficial ownership transparency can support effective domestic resource mobilisation from remaining fossil fuel activities.

For example, the OECD notes that beneficial ownership is key to tax transparency:

> *"The availability of legal and beneficial ownership information, accounting and banking information, the access to that information and its effective exchange with foreign partners… allows tax authorities to have a complete picture of taxpayers' affairs to address the issue of tax evasion and enhance domestic resource mobilisation (DRM). Beyond tax evasion, tax transparency is also a powerful weapon against other forms of IFFs such as corruption and money laundering."*[46]

Ensuring state-owned enterprises operate for public benefit

Finally, particular attention should be paid to state-owned enterprises (SOEs), such as national oil companies. The beneficial ownership of an SOE like a national oil company can be highly complex, but is important, for it offers citizens an assurance that the enterprise is being run for public benefit, and also gives companies the market information they need for effective planning.[47] The OECD anticipates that national oil companies will increasingly play a role in raising the capital to respond to macro-fiscal crises that arise in fossil fuel-producing countries, including as a result of the pandemic.[48] The Natural Resource Governance Institute (NRGI) recommends governments take an active role in directing their national oil companies to manage economic risks associated with the energy transition.[49] NRGI also recommends that SOEs disclose their beneficial owners[50]:

> *"…the SOE should report their beneficial owners, including the legal name of the state body, agency or office that holds the interest. It should also identify its subsidiaries and joint ventures, and work toward disclosing the names and beneficial owners of the entities that hold shares in these entities."*
>
> ***Natural Resource Governance Institute***[51]

They also note that beneficial ownership data can be combined with other data, such as information about politically exposed persons, to identify potential conflicts of interest, including vested interests which may capture policy processes related to the transition.[52]

A study by the OECD found that state-owned enterprises were involved in

20%

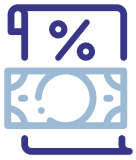
of corruption cases in natural resource-dependent countries

OECD Development Centre (August 2016), Corruption in the Extractive Value Chain: Typology of Risks, Mitigation Measures and Incentives

The role of beneficial ownership transparency in the shift toward clean energy

Further development of clean energy is essential to reducing greenhouse gas emissions, but it also carries social and governance risks. Some of these are similar to those that have been historically encountered in oil, gas and mining. Whilst a broad base of governance strategies are necessary to account for such risks, beneficial ownership information has a role to play in shoring up transparency and accountability mechanisms along clean energy value chains.

Table 1. The potential role of beneficial ownership transparency in clean energy value chains

 **Award of contracts and licenses**	• Helps detect conflicts of interest in the allocation of licenses for critical minerals mining and clean energy projects • Helps manage operational and reputational risks in licensing
 **Production and processing**	• Improves due diligence in managing supply chain risks • Deters corruption and increases competition in procurement at various stages of large projects
 **Payments of taxes and royalties**	• Flags potential use of shell companies which may facilitate tax evasion and money laundering • Allows tax authorities to have a more complete picture of taxpayers' affairs and enhances domestic resource mobilisation
 **Citizen services and infrastructure**	• Increases value for money for taxpayers, by expanding the supplier base and fostering competition • Supports utilities, regulators and citizens in overseeing power purchasing agreements • Helps ensure that state-owned enterprises are acting in the public benefit
 **Financing the transition**	• Helps companies manage operational risks such as potential debt liabilities and reputational risks • Contributes to ESG standards by offering insights into suppliers, partners and investees • Helps identify companies trying to circumvent emissions reduction protocols and pacts

Mitigating risks and pitfalls for critical minerals producers

Critical minerals sit at the base of the clean energy supply chains. These include resources such as lithium, graphite, nickel, cobalt and manganese for battery storage, copper and aluminium for electricity networks, and rare earth elements for wind turbines.[53] Developing and emerging economies are likely sources of a significant proportion of these minerals, some of which have weak governance environments. For example, the Democratic Republic of the Congo (DRC) produces around 70% of the world's cobalt, and copper reserves are expected to be sourced from places such as the DRC, Indonesia, Mongolia and Peru.[54] The growing emphasis on this sector means there will be new entrants to the market (e.g. producers and suppliers), and foretells fresh risks in new producer countries. Where mining sector governance is already weak, countries with large critical mineral deposits may be vulnerable to corruption and political instability.[55]

The DRC, Indonesia, Mongolia and Peru are likely to be major suppliers of critical minerals, according to the Natural Resources Governance Institute (NRGI)

The rise in demand for critical minerals could lead to a boom in mining investment. Past experience shows that mining booms can increase the incentives for corruption, rent-seeking behaviour and economic mismanagement.[56] It is important that this experience is not replicated for countries supplying critical minerals to clean energy value chains, as some warn of the possibility of a 'green resource curse'.[57] An investment boom could also create incentives to mine in environmentally and socially sensitive areas.[58] This could make processes like environmental and social impact assessments, land acquisition and community consultations more contested, and potentially result in harm to people and the environment.

Producer and consumer countries and companies can mitigate these risks by prioritising good governance in their mineral supply chains.[59] This includes enabling the provision of and access to reliable information about the individuals investing in and benefiting from these resources' development. Given the globalisation of energy value chains, having robust beneficial ownership reporting requirements and central, public registers in both producer and consumer countries will offer better visibility of transnational company structures and supply chains.[60] The adoption of an open data standard for the publication of beneficial ownership information, such as the Beneficial Ownership Data Standard, can help ensure national datasets are well-structured, interoperable with other (beneficial ownership) datasets, and can be easily understood by domestic and international investigators, as well as civil society, researchers and journalists.[61]

Strengthening transparency along clean energy value chains

The energy transition will lead to an increase in the deployment of clean energy projects. These could likewise face many of the same environmental, social and governance challenges that are already well documented in the oil, gas and

mining sectors. Lessons learned from extractives energy governance can help anticipate and address risks in the clean energy sector, and to define standards and governance measures needed to secure a just transition.

Lessons learned from non-renewable energy governance can help anticipate and address risks in the clean energy sector, and to define standards and governance measures needed to secure a just transition

The risk is greatest for new producer countries, where there may be less awareness of governance reforms such as beneficial ownership transparency. Countries with critical minerals may be eager to develop midstream industries, such as minerals processing and the manufacturing of battery plants, and could lower standards to attract investors. Large capital flows into such industries may attract unscrupulous actors who can influence licensing deals, such as the award of wind and solar licenses, to benefit vested interests.[62] Beneficial ownership transparency can help to mitigate the risk of politically exposed people gaining access to business opportunities in emerging clean energy industries, and can also help detect the use of shell companies for illicit purposes.

For example in Europe, midstream industries are still being developed to enable lithium production, and companies are shoring up investment to fully exploit these industries.[63] Countries such as Portugal and Serbia can provide critical sources of lithium for the emerging pan-European battery industry.[64] Continued progress will need to be made on effectively implementing beneficial ownership registers to safeguard such industries, in line with European Union Anti-Money Laundering Directives.[65]

Uncovering power purchasing agreements

Finally, the energy transition must include not just a shift to clean energy, but also the expansion of electricity access. Contracts called Power Purchase Agreements (PPAs) sit at the centre of electricity generation projects. They are decisive for effective power distribution arrangements, and poor terms can lead to damaging outcomes, such as overpayment to the supplier, overcapacity, debt and grid instability.[66] PPAs often include public sector actors and investments, but their conditions are not always disclosed.[67]

The Energy for Growth Hub, a research network of leading universities and think tanks, includes beneficial ownership data in the information that should be disclosed in PPAs because it is "essential for utilities/regulators to maintain their oversight ability and manage issues such as taxation or tort liability."[68] Beneficial ownership information serves a similar function for PPAs as it does in procurement: mitigating against conflicts of interest, increasing value for money for taxpayers, fostering competition, and increasing accountability to the public.

Some countries have begun to take this recommendation on board. For example, in late 2021, Kenya Power began requiring suppliers to disclose their beneficial owners, to help "expose insider dealings and other potential conflicts of

interest."[69] This followed the launch of a presidential task force to review some of the country's PPAs, and a report from the Auditor General that pointed to conflicts of interest in contracts awarded by Kenya Power and the Ministry of Energy.[70]

Monitoring private finance in the transition

Vast financial resources are being committed to the energy transition. COP26 resulted in new just transition initiatives that include government pledges[71] and voluntary commitments in the finance, industry and business sectors.[72] Beneficial ownership transparency can make private financing for the transition more transparent and accountable to the public good by supporting commitments to environmental, social, and governance standards. It can also help account for emissions attached to business activities.

New investment targets and reporting standards around sustainability are being developed for the private sector alongside countries' commitments to reduce greenhouse gas emissions. These aim to ensure that private finance reinforces national policies, and that investors have reliable information on climate risks.

Environmental, social and governance standards
Research on the use of beneficial ownership data by the private sector shows a growing trend in voluntary standards around companies' ESG performance, and ESG standards and frameworks can reinforce incentives to disclose and use beneficial ownership data.[73] Beneficial ownership information is used by the private sector to gain better insights into suppliers, partners, and investees.[74] This can help with managing operational risks such as potential debt liabilities, as well as reputational risks.[75]

Publicly accessible, high quality beneficial ownership data allows any investor or company to determine the true owners of companies and visualise complex transnational ownership structures, such as those that characterise energy value chains.[76] Beneficial ownership disclosure requirements offer a clear key performance indicator that could be incorporated into ESG frameworks being developed to support the energy transition,[77] as a governance standard to complement social and environmental standards. For example, beneficial ownership disclosure is included in the Global Reporting Initiative's Oil and Gas Standard, which was launched in 2021 to help position companies to "demonstrate accountability for their impacts and how they are transitioning to a low-carbon future."[78]

The IEA estimates that annual investment in the energy sector must reach

$5tn

by 2030 to achieve net-zero greenhouse gas emissions

IEA (2021), Net Zero by 2050: A Roadmap for the Global Energy Sector

Emissions and accounting

There are rising public expectations and industry standards for companies to be held accountable for the emissions and social impacts of their value chains. Beneficial ownership transparency can help with monitoring and due diligence of company activities, and making information about who owns and benefits from business activities public can foster greater accountability and trust.

Making information about who owns and benefits from business activities public can foster greater accountability and trust

For example, under the Greenhouse Gas Protocol, companies must report three types of emissions:

1. Direct emissions from sources owned or controlled by the company;
2. Indirect emissions from energy that is purchased; and
3. All other emissions associated with a company's activities.[79]

Beneficial ownership information can help identify those trying to circumvent such a protocol. For example, a company could incorporate additional entities and obscure common ownership to disguise high-emission activities from a single entity. Knowing who truly owns and controls companies used in subcontracting is especially important for enabling governments and civil society groups to hold companies accountable for their commitments.[80] A similar approach should be taken for climate-related statements and pacts such as the 2021 Global Coal To Clean Power Transition Statement.[81] In this case, beneficial ownership transparency can be used to track the investments of signatory financial institutions to ensure that they are actively diversifying their portfolios away from coal and towards clean energy.

Conclusion

As part of a wider set of governance reforms, beneficial ownership transparency can support countries in achieving a just energy transition. The transition will need to include a shift away from fossil fuels, and there is already rapid growth in demand and investment at every link of clean energy value chains. Beneficial ownership transparency can improve governance and management in both emerging clean energy industries and the fossil fuel sector, by continuing to address known risks in extractives industries, curbing the threat of social, economic and political challenges associated with resource rich countries, and increasing accountability and transparency in both government and private spending through the transition.

Multiple actors have a role to play in achieving meaningful and continuing reform of the global standards on beneficial ownership transparency. We recommend that producer and consumer governments and companies proactively adopt beneficial ownership transparency in the energy and extractive industries. Governments can use beneficial ownership information to improve revenue generation and the oversight of state-owned enterprises. Companies can use it to improve risk management, ESG standards and emissions accounting. Finally, we recommend civil society monitor reforms, and use beneficial ownership data to hold actors in the public and private sector to account.

Endnotes

1 Open Ownership (no date), "Worldwide commitments and action". Retrieved from https://www.openownership.org/map/ on 10 February 2022.

2 Please refer to https://www.openownership.org/what-is-bot/ for more information. Page accessed 8 March 2022.

3 Please refer to https://www.openownership.org/principles/ for more information. Page accessed 8 March 2022.

4 Please refer to https://www.openownership.org/resources/beneficial-ownership-data-in-procurement/ for more information. Page accessed 8 March 2022.

5 Please refer to https://www.openownership.org/uploads/oo-briefing-using-bo-data-for-national-security-2021-12.pdf for more information. Page accessed 8 March 2022.

6 Please refer to https://www.openownership.org/resources/catalysing-transformative-change-in-beneficial-ownership-transparency/ for more information. Page accessed 8 March 2022.

7 Okunbor, E. and T. Kiepe (March 2021), *Beneficial ownership data in procurement*, Open Ownership. Retrieved from https://www.openownership.org/resources/beneficial-ownership-data-in-procurement/ on 3 March 2022.

8 EITI and Open Ownership (August 2020), "Opening Extractives Programme Proposal". Note: as of January 2022, the EITI has raised the standards for beneficial ownership disclosure among its 56 implementing countries, requiring them to provide detailed information about companies' ownership structures, to identify politically exposed persons, and to name entities that fail to disclose all or parts of their beneficial ownership transparency information. Please refer to https://eiti.org/document/2021-eiti-validation-guide#req25 for more information. Page accessed 8 March 2022.

9 Open Ownership (September 2021), "Six of the largest extractive companies commit to a common set of policies and practices on beneficial ownership transparency". Retrieved from https://www.openownership.org/news/six-of-the-largest-extractive-companies-commit-to-a-common-set-of-policies-and-practices-on-beneficial-ownership-transparency/ on 21 February 2022.

10 EITI (January 2022), "Expectations for EITI supporting companies". Retrieved from https://eiti.org/document/expectations-for-eiti-supporting-companies on 21 February 2022.

11 The International Monetary Fund, the Organisation for Economic Co-operation and Development, the World Economic Forum, the World Health Organization, the World Bank, the Council of Europe's Group of States against Corruption, the European Ombudsman, and the United Nations Office on Drugs and Crime all made calls in 2020 for countries to increase vigilance and the integration of anti-corruption programming. Please refer to https://www.unodc.org/pdf/corruption/G20_Compendium_COVID-19_FINAL.pdf for more information. Page accessed on 10 February 2022.

12 Examples of vulnerabilities in systems to counter money laundering, terrorist financing and fraud include work from home orders limiting financial intelligence units' access to intelligence systems and would-be criminals' perception of impunity. Please refer to https://www.unodc.org/documents/Advocacy-Section/EN_-_UNODC_-_MONEY_LAUNDERING_AND_COVID19_-_Profit_and_Loss_v1.1_-_14-04-2020_-_CMLS-COVID19-GPML1_-_UNCLASSIFIED_-_BRANDED.pdf for more information. Page accessed on 12 February 2022.

13 UNODC (October 2020), *Good Practices Compendium on Combating Corruption in the Response to COVID-19*, p. 8. Retrieved from https://www.unodc.org/pdf/corruption/G20_Compendium_COVID-19_FINAL.pdf on 10 February 2022.

14 UNODC (no date), *Corruption and COVID-19: Challenges in Crisis Response and Recovery*, p. 12. Retrieved from https://www.unodc.org/documents/Advocacy-Section/COVID-19-Crisis-responserecovery-WEB.pdf on 11 February2022.

15 G20 Anti-Corruption Working Group (no date), "Anti-Corruption Action Plan 2022-2024", p. 2.

16 G20 Anti-Corruption Working Group (no date), "Anti-Corruption Action Plan 2022-2024". Retrieved from https://www.unodc.org/documents/corruption/G20-Anti-Corruption-Resources/Action-Plans-and-Implementation-Plans/2021_G20_Anti-Corruption_Action_Plan_2022-2024.pdf on 11 February 2022.

17 FATF (March 2022), "Public Statement on revisions to R.24", FATF Recommendations. Retrieved from https://www.fatf-gafi.org/publications/fatfrecommendations/documents/r24-statement-march-2022.html on 5 March 2022.

18 UNODC (April 2020), "Money Laundering and COVID-19: Profit and Loss." Retrieved from https://www.unodc.org/documents/Advocacy-Section/EN_-_UNODC_-_MONEY_LAUNDERING_AND_COVID19_-_Profit_and_Loss_v1.1_-_14-04-2020_-_CMLS-COVID19-GPML1_-_UNCLASSIFIED_-_BRANDED.pdf on 11.02.2022.

19 UNODC (October 2020), *Good Practices Compendium on Combating Corruption in the Response to COVID-19*, p. 49.

20 Angola, Ghana, Kenya, Nigeria, South Africa and Zambia. Source: Porter, D. and C. Anderson (2021), *Illicit Financial Flows in Oil and Gas Commodity Trade: Experience, Lessons, and Proposals, IFFs and Oil Commodity Trading Series*, OECD, p. 12. Retrieved from https://www.oecd.org/development/accountable-effective-institutions/illicit-financial-flows-oil-gas-commodity-trade-experience.pdf on 24 February 2022.

21 Ibid.

22 GIllies, A. (March 2021), *A Pandemic and a Price Plunge: Oil-Rich Kleptocracies in Uncertain Times*, Global Insights Series. Retrieved from https://www.ned.org/wp-content/uploads/2021/03/Pandemic-Price-Plunge-Oil-Rich-Kleptocracies-Uncertain-Times-Gillies-March-2021.pdf on 1 March 2022.

23 Klein, B. and S. Mullard (September 2021), "The unusual impacts of Covid: Reflections on the links between demand, extraction, conservation, and corruption", World Wildlife Fund. Retrieved from https://www.worldwildlife.org/pages/tnrc-blog-the-unusual-impacts-of-COVID-reflections-on-the-links-between-demand-extraction-conservation-and-corruption on 22 February 2022.

24 Bainton, N., Owen, J.R. and D. Kemp (2020), *Invisibility and the extractive-pandemic nexus*, The Extractive Industries and Society, vol. 7, issue 3, pp. 841-843. Retrieved from https://www.sciencedirect.com/science/article/pii/S2214790X20301490 on 22.02.2022.

25 J.P. Morgan (July 20202), "Why COVID-19 Could Prove to Be a Major Turning Point for ESG Investing". Retrieved from https://www.jpmorgan.com/insights/research/covid-19-esg-investing on 10 February 2022.

26 Please refer to https://www.gfanzero.com/ for more information. Page accessed 10 February 2022.

27 Please refer to https://www.inclusivecapitalism.com/just-energy-transition-company-framework/ for more information. Page accessed 10 February 2022.

28 Energy transitions have taken place multiple times over the course of history, and are defined as "a change in the primary form of energy consumption of a given society. E.g., the historic transition from wood to coal and then to oil and gas in industrial Europe." Source: Cleveland C.J. and Morris, C (2015), *Dictionary of Energy (Second Edition)*. Retrieved from https://www.sciencedirect.com/topics/engineering/energy-transition on 4 February 2022.

29 Please refer to https://www.iea.org/reports/recommendations-of-the-global-commission-on-people-centred-clean-energy-transitions for more information. Page accessed 10 February 2022.

30 United Nations (2021), *Theme Report on Enabling SDGs through Inclusive, Just Energy Transitions*, Executive Summary, p. 1. Retrieved from https://www.un.org/sites/un2.un.org/files/2021-twg_3-exesummarie-062321.pdf on 10 February 2022.

31 Illicit financial flows are defined as, "the movement of money across borders that is illegal in its source (e.g. corruption, smuggling), its transfer (e.g. tax evasion), or its use (e.g. terrorist financing)." Source: IMF (March 2021), "The IMF and the Fight Against Illicit and Tax Avoidance related Financial Flows". Retrieved from https://www.imf.org/en/About/Factsheets/Sheets/2018/10/07/imf-and-the-fight-against-illicit-financial-flows on 25 February 2022.

32 More broadly, the resource curse (also known as the paradox of plenty) is the failure of many resource-rich countries to benefit fully from their natural resource wealth, and for governments in these countries to respond effectively to public welfare needs. Please refer to https://resourcegovernance.org/sites/default/files/nrgi_Resource-Curse.pdf for a brief overview. Page accessed on 24 February 2022.

33 EITI (November 2021), "Navigating the energy transition: search for common ground". Retrieved from https://eiti.org/blog/navigating-energy-transition-search-for-common-ground on 11 February 2022.

34 OECD Development Centre (August 2016), *Corruption in the Extractive Value Chain: Typology of Risks, Mitigation Measures and Incentives*, Executive Summary. Retrieved from https://www.oecd-ilibrary.org/sites/9789264256569-2-en/index.html?itemId=/content/component/9789264256569-2-en on 11.02.2022.

35 EITI (June 2019), *Transparency in the First Trade*, p. 5. Retrieved from https://eiti.org/files/documents/eiti_commodity_trading_transparency_may2019_web_0.pdf on 11 February 2022.

36 Eisen, N. et al. (2020), *The TAP-Plus Approach to Anti-corruption in the Natural Resource Value Chain*, Brookings Institution. Retrieved from https://www.brookings.edu/research/the-tap-plus-approach-to-anti-corruption-in-the-natural-resource-value-chain/ on 24 February 2022.

37 Porter, D. and C. Anderson (2021), *Illicit Financial Flows in Oil and Gas Commodity Trade: Experience, Lessons, and Proposals*, IFFs and Oil Commodity Trading Series, OECD, p. 13.

38 Open Government Partnership Openness in Natural Resources Working Group (February 2016), "Disclosing beneficial ownership information in the natural resource sector". Retrieved from https://opengovpartnership.org/wp-content/uploads/2019/05/FIN20OGP20Issue20Brief20BO20Disc1.pdf on 24 February 2022.

39 Ibid.

40 Tax havens are jurisdictions that allow companies and individuals to escape taxation and other financial regulation in one jurisdiction by moving their money from elsewhere, to an offshore location with fewer regulations. Tax havens are estimated to collectively cost governments at least USD 500 billion a year in lost corporate tax revenue. Source: Shaxon, N. (September 2019), *Tackling Tax Havens*, IMF: Finance and Development, p. 7. Retrieved from https://www.imf.org/external/pubs/ft/fandd/2019/09/pdf/tackling-global-tax-havens-shaxon.pdf on 23 February 2022.

41 Porter, D. and C. Anderson (2021), *Illicit Financial Flows in Oil and Gas Commodity Trade: Experience, Lessons, and Proposals*, IFFs and Oil Commodity Trading Series, OECD, pp. 14-15.

42 Please refer to https://www.openownership.org/uploads/oo-briefing-verification-briefing-2020-05.pdf for more information. Page accessed 8 March 2022.

43 Please refer to https://www.openownership.org/resources/early-impacts-of-public-beneficial-ownership-registers-ukraine/ for an example. Page accessed 8 March 2022.

44 The Glasgow Climate Pact that resulted from the 2021 Conference of Parties (COP26) made this explicit by including the first reference to a phasing-down of fossil fuel use and phase-out of subsidies in a UN Framework Convention on Climate Change agreement. Please refer to https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2021/12/Lessons-from-COP26-for-financing-the-just-transition.pdf for more information. Page accessed 25 February 2022.

45 EITI (January 2022), Nigeria: Revenue Collection. Retrieved from https://eiti.org/nigeria on 25 February 2022.

46 OECD (2021), *Tax Transparency in Africa: Africa Initiative Progress Report*, Global Forum on Transparency and Exchange of Information for Tax Purposes, p. 16. Retrieved from https://www.oecd.org/tax/transparency/documents/Tax-Transparency-in-Africa-2021.pdf on 28 February 2022.

47 Beneficial ownership information can also help with auditing SOEs' use of resources, with monitoring their impact on the economy and the sectors in which they operate, and can shed light on these enterprises' cross-border activities and make government influence over business affairs more apparent. Source: Lord, J. (January 2021), "State-owned enterprises: a new frontier", Open Ownership. Retrieved from https://www.openownership.org/blogs/state-owned-enterprises-a-new-frontier/ on 3 March 2022.

48 Porter, D. and C. Anderson (2021), *Illicit Financial Flows in Oil and Gas Commodity Trade: Experience, Lessons, and Proposals*, IFFs and Oil Commodity Trading Series, OECD.

49 Manley, D. and P. Heller (February 2021), *Risky Bet: National Oil Companies in the Energy Transition*, Summary, NRGI. Retrieved from https://resourcegovernance.org/sites/default/files/documents/risky-bet-national-oil-companies-in-the-energy-transition-summary.pdf on 25 February 2022.

50 This aligns with Open Ownership's recommendations for effective beneficial ownership disclosure in SOEs, which are being integrated into a forthcoming update to the Beneficial Ownership Data Standard. Please refer to https://www.openownership.org/blogs/state-owned-enterprises-and-beneficial-ownership-disclosures/ for more information. Page accessed 9 March 2022.

51 NRGI (January 2022), *Anticorruption Guidance for Partners of State-Owned Enterprises: Full guidance*, p. 63. Retrieved from https://soe-anticorruption.resourcegovernance.org/files/anticorruption_guidance_for_partners_state_owned_enterprises.pdf on 3 March 2022.

52 Sayne, A. (May 2020), *The Proof is in the Politics: Fossil Fuel Interests and Domestic Energy Transitions*, NRGI. Retrieved from https://resourcegovernance.org/blog/proof-politics-fossil-fuel-interests-and-domestic-energy-transitions on 24 February 2022.

53 IEA (May 2021), *World Energy Outlook: The Role of Critical Minerals in Clean Energy Transitions*. Retrieved from https://www.iea.org/reports/the-role-of-critical-minerals-in-clean-energy-transitions on 1 March 2022.

54 Gillies, A., Shafaie, A., and P. Heller (June 2021), "G7 Countries Cannot Secure Critical Minerals Without Tackling Governance and Corruption", NRGI. Retrieved from https://resourcegovernance.org/blog/g7-countries-cannot-secure-critical-minerals-without-tackling-governance-and-corruption on 1 March 2022.

55 Ibid.

56 Knutsen, C. H., Kotsadam, A., Olsen, E. H. and T. Wig (2017), *Mining and Local Corruption in Africa*, American Journal of Political Science, Vol. 61, no. 2, pp. 320–334. Retrieved from http://www.jstor.org/stable/26384734 on 4 March 2022.

57 Please refer to https://www.environmentalpeacebuilding.org/conferences/2nd-international-conference-on-environmental-peacebuilding/agenda/show/1845 for examples. Page accessed on 28 February 2022.

58 Miranda, M. et al. (2003), *Mining and Critical Ecosystems: Mapping the Risks*, World Resources Institute. Retrieved from http://pdf.wri.org/mining_critical_ecosystems_full.pdf on 4 March 2022.

59 OECD (2021), *How to address bribery and corruption risks in mineral supply chains*. Retrieved from https://mneguidelines.oecd.org/faq-how-to-address-bribery-and-corruption-risks-in-mineral-supply-chains.pdf on 1 March 2022.

60 Cross-border investigations can help countries guard against the interference of politically exposed persons and bad actors. Source: OECD (2021), *How to address bribery and corruption risks in mineral supply chains*.

61 The Beneficial Ownership Data Standard was developed by Open Ownership and the Open Data Services Co-operative. Please refer to https://standard.openownership.org/en/0.2.0/ for more information. Page accessed 8 March 2022.

62 EITI (November 2021), "Navigating the energy transition: search for common ground".

63 Karunaratne, N. (January 2021), "Picking the winners of the electric vehicle revolution", Investors' Chronicle. Retrieved from https://www.investorschronicle.co.uk/news/2021/01/28/race-to-riches/ on 24 February 2022.

64 Peel, M. and H. Sanderson (August2020), "EU sounds alarm on critical raw materials shortages". Retrieved from https://www.ft.com/content/8f153358-810e-42b3-a529-a5a6d0f2077f on 24.02.2022.

65 Fraiha Granjo, A. and M. Martini (2021), *Access Denied? Availability and accessibility of beneficial ownership data in the European Union*, Transparency International. Retrieved from https://images.transparencycdn.org/images/2021-Report-Access-denied-Availability-and-accessibility-of-beneficial-ownership-data-in-the-European-Union.pdf on 18 February 2022.

66 Rali Badissy, M., Kenny, C., and T. Moss (September 2021), "The Case for Transparency in Power Project Contracts: A proposal for the creation of global disclosure standards and PPA Watch", Energy for Growth Hub and Center for Global Development. Retrieved from https://www.energyforgrowth.org/wp-content/uploads/2021/08/The-Case-for-Transparency-in-Power-Project-Contracts_-A-proposal-for-the-creation-of-global-disclosure-standards-and-PPA-Watch.pdf on 24 February 2022.

67 Ibid.

68 Rali Badissy, M., Kenny, C., and T. Moss (September 2021), *The Case for Transparency in Power Project Contracts: A proposal for the creation of global disclosure standards and PPA Watch*, p. 11.

69 Juma, V. (November 2021), "Owners of firms supplying Kenya Power to be revealed", Business Daily. Retrieved from https://www.businessdailyafrica.com/bd/corporate/companies/owners-firms-supplying-kenya-power-revealed-3615894 on 24 February 2022.

70 Energy for Growth Hub and EED Advisory (October 2021), *Enhancing Public Participation in Kenya's Power Purchase Agreement Process*, p. 8. Retrieved from https://www.energyforgrowth.org/wp-content/uploads/2021/10/Enhancing-Public-Participation-in-Kenyas-Power-Purchase-Agreement-Process.pdf on 25 February 2022.

71 At COP26, high-income countries recommitted to the goal of contributing USD 100 billion per annum in climate finance to developing economies between 2020 and 2025. Source: Kaya, A. (November 2021), "The 100 Billion Dollar Question: COP26 Glasgow and Climate Finance", Global Policy Opinion, Durham University. Retrieved from https://www.globalpolicyjournal.com/blog/16/11/2021/100-billion-dollar-question-cop26-glasgow-and-climate-finance on 28 February 2022.

72 For example, the 450 firms in the Glasgow Financial Alliance for Net Zero promised over USD 130 trillion following COP26. Please refer to https://www.gfanzero.com/press/amount-of-finance-committed-to-achieving-1-5c-now-at-scale-needed-to-deliver-the-transition/ for more information. Page accessed 28 February 2022.

73 Cognitiks and Open Ownership (forthcoming), *The use of beneficial ownership data by private entities*.

74 For example, it can help companies identify and raise red flags about individual owners of companies in their value chain, such as unpaid taxes, pending lawsuits, or failure to file returns. Numerous private companies add value to beneficial ownership data by providing business insights and company verification as a service to other companies. Please refer to https://youcontrol.com.ua/en/ for an example. Page accessed 8 March 2022.

75 Cognitiks and Open Ownership (forthcoming), *The use of beneficial ownership data by private entities*.

76 Please refer to https://www.openownership.org/visualisation/ for more information. Page accessed 4 March 2022.

77 For example, the framework being developed by the Task Force on Climate-related Financial Disclosures. Please refer to https://www.fsb-tcfd.org/recommendations/ for more information. Page accessed 4 March 2022.

78 Global Reporting Initiative (October 2021), "Oil and gas transparency standard for the low-carbon transition". Retrieved from https://www.globalreporting.org/about-gri/news-center/oil-and-gas-transparency-standard-for-the-low-carbon-transition/ on 4 March 2022.

79 Greenhouse Gas Protocol (no date), "Standards". Retrieved from https://ghgprotocol.org/standards on 22 February 2022.

80 Transparency in subcontracting is also relevant from a human rights perspective. Some companies may use this model in part to reduce costs, limit liability for workers' safety, and prevent workers from joining unions. Source: RAID-UK (November 2021), *The Road to Ruin? Electric vehicles and workers' rights abuses at DR Congo's industrial cobalt mines*. Retrieved from https://www.raid-uk.org/sites/default/files/report_road_to_ruin_evs_cobalt_workers_nov_2021.pdf on 1 March 2022.

81 Please refer to https://ukcop26.org/global-coal-to-clean-power-transition-statement/ for more information. Page accessed 3 March 2022.

Contact

Rådhusgata 26, 0151 Oslo, Norway
+47 222 00 800
openingextractives@eiti.org

Opening Extractives

Unlocking the benefits of ownership data

Jointly implemented by the EITI and Open Ownership

EITI

Open Ownership