

# Statement of support to the EITI from financial and lending institutions

As financial and lending institutions with exposure to extractive companies operating around the world, we believe it is in the interest of the companies that we lend to and invest in operate in a business environment characterised by stability, transparency and respect for the rule of law. These factors are essential to securing economic prosperity and social cohesion, which, in turn, enable these companies to prosper. However, they are frequently undermined by poor standards of governance and transparency, which can give rise to corrupt inefficient operating environments.

We commend the EITI process for developing a global standard that promotes the open and accountable management of extractive resources and seeks to address the key governance issues of the oil, gas and mining sectors. The EITI Standard requires disclosure of information along the extractive industry value chain from the point of extraction, to how revenue makes its way through the government, to how it benefits the public. This includes how licenses and contracts are allocated and registered, how much is produced, how much is paid, and information on the beneficial owners of those operations, the fiscal and legal arrangements, the allocation of revenues, and the contribution to the extractive sector to the economy.

We believe the Extractive Industries Transparency Initiative (EITI) encourages good resource governance in host countries, which ultimately benefits portfolio investments and lending in extractive companies. The EITI, once a narrow revenue transparency standard, now covers the wider governance of extractive resources. We support the EITI requirement on beneficial ownership disclosure that contributes to minimising the risk of investing and lending. The disclosure of a host government's policy on contract transparency gives us access to the terms and conditions of the companies. The EITI requirement on commodity trading reporting increases the probability that trade transactions are carried out in a transparent way. All the requirements taken together provide comparable, reliable and timely information on deals and wider governance in the sector around the world. We understand that through our support of the EITI, we are promoting access to information that will inform our investment choices.

We believe that shifting the focus of EITI Reports from compiling data to making recommendations for policy reforms improves extractive sector governance. The standardisation of data in EITI reporting provides consistency and comparability of data across countries. The multistakeholder governance of the EITI process in host countries provides assurance that the process is carried out in an open manner and builds trust.

We believe that support for the EITI demonstrates a financial institution's commitment to transparency and improvements in both corporate and public-sector governance. It sends a clear signal to markets of a financial institution's commitment to anti-corruption and broader governance standards. The EITI provides a forum for financial institutions to share experiences and practices thematically and geographically. Supporting the EITI allows financial institutions to be a part of this evolving debate about extractives governance. By having a voice through the company stakeholder group represented on the EITI Board, financial institutions can shape the global governance of the sector.

