

HOW TO BECOME A SUPPORTING INVESTOR

How global investment institutions can support the EITI at the international level

Over 80 investment institutions, which collectively manage over US\$16 trillion of assets, have seen it in their interest to support the EITI

Benefits of supporting the EITI

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"We believe that the EITI contributes to a better investment climate that can enhance the prospect for investment returns from companies operating in participating countries "
-Julie McDowell, Head of SRI, Standard Life Investments; and EITI Board member

An institutional investor supporting the EITI

- has signed the Investor Statement on Transparency in the Extractives Sector
- contributes to raising awareness about the EITI with companies and other investors
- is asked to make an annual contribution to the international management of the EITI
- has made a statement where it endorses the EITI Principles and Criteria, and has made the statement available on its website

Institutional investors will

- be officially recognised by the EITI and invited to participate in EITI Conferences
- receive regular updates about the progress of EITI implementation and related issues.

Companies operating in areas of political instability, violence and bribery and corruption face business risks that can significantly affect their commercial prospects and returns to investors. Companies in the extractives industries – oil, gas and mining – are increasingly subject to these risks as they move to source more production from assets in countries with higher risk profiles. Institutional investors with exposure to extractives companies have an interest in encouraging the implementation of the EITI as a means to contribute to improvements in governance and transparency.

The EITI brings members of civil society, companies, investors and governments together to develop an effective system of disclosure that can contribute to good governance through the verification and publication of company payments and government revenues from extractive industry revenues. This increased transparency sends a clear signal that a government is committed to high standards. It also strengthens accountability and can promote greater economic and political stability. All of these factors can enhance the prospect for investment returns from companies operating in participating countries .

Corporate Responsibility and the EITI

EITI and the UN Principles for Responsible Investment

Support of the EITI can serve as a useful tool when investors evaluate companies' management of corporate responsibility issues. Companies which support and implement the EITI in the countries where they operate demonstrate that they are playing an active role in combating corruption.

Participation in the EITI helps investors implement their UN PRI commitments, namely Principles 3 and 5:

- By supporting improved company transparency and governance, the EITI helps implement Principle 3 on seeking appropriate disclosure on ESG (environmental, social and governance) issues; and
- By supporting the EITI, which is a multi-stakeholder initiative, investors demonstrate compliance with Principle 5 on working together to enhance effectiveness in implementing the UN PRI

Role of investors

Investors contribute by expressing support for the EITI, assisting in the development of EITI implementation processes and encouraging companies to participate and provide technical and other support

Supporting investors are also asked to make an annual financial contribution of US\$1,500 to the operating costs of the EITI International Secretariat. Being a supporter of the EITI does not involve any reporting requirements. Feedback and guidance from investors on how the EITI can improve its profile, relevance and support among investors and companies is appreciated.

What is the EITI?

Extractive industries are important in over 50 developing countries, home to some 3.5 billion people. The EITI is a coalition of governments, companies, investors and civil society which sets a global standard for reporting revenues from natural resources. It is implemented by countries and supported by other stakeholders. This multi-stakeholder structure is at the heart of the initiative at the international and national level, and is embedded in its principles and criteria. Extractives companies operating in EITI implementing countries are required to publicly disclose all payments to that government in the form of taxes, royalties and bonuses.

Support from the EITI Secretariat

The EITI International Secretariat communicates at least four times a year with all supporting investors in order to keep them informed of EITI developments and progress in implementation.

More information?

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