

# D-EITI

Extractive Industries Transparency Initiative

Germany



Extractive Industries Transparency Initiative – Germany

## Information on the REPORT FOR 2019

(Feb. 2022)

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## General information about EITI



The global Extractive Industries Transparency Initiative (EITI) works to increase financial transparency and accountability in the extractive sector.

**56 countries** are implementing EITI (as of 2022) and disclosing information on tax payments, extracted volumes and other important data related to the extraction of natural resources.

## Fourth D-EITI Report



The EITI Standard provides for an annual reporting requirement. In early 2022, the MSG published the fourth D-EITI Report.

This report consists of two parts: The context report contains information that provides the general public with an overview of the German extractive sector. In the second part of the report, an Independent Administrator collects data on key payments from extractive companies and verifies the quality of the data.

## EITI Implementation in Germany (D-EITI)

- 2015** Foundation of the D-EITI Multi-Stakeholder Group
- 2016** Candidature to the EITI
- 2017** Publication of the first D-EITI report and launch of the transparency portal [www.rohstofftransparenz.de](http://www.rohstofftransparenz.de)
- 2019** Validation and declaration of EITI compliance
- 2020/21** Germany's participation in the EITI pilot project
- 2022** Publication of fourth D-EITI report

## Payment reconciliation pilot

The international EITI Board has asked Germany to carry out a pilot project to develop alternatives to the EITI standard quality assurance procedure. Until now, EITI countries have carried out an elaborate payment reconciliation process to match the most important payments made by companies from the extractive sector with the corresponding revenues of government agencies to ensure the quality of the data. The payment reconciliation pilot checks the payment flows disclosed by the companies using an alternative quality assurance method. This method consists of a comprehensive representation of the systems and processes underlying the payment flows. On this basis, the risk for the existence of non-compliant payment flows is first assessed and then a procedure for the quality assurance of the data is selected according to this risk.

## Special topics



Compensation measures for the impact on nature, provisions and implementation securities, water, environmental protection, renaturation, recultivation, employment and social affairs, circular economy, in particular recycling, as well as the effects of the energy transition and structural change on the extraction of natural resources in Germany are important special topics of the D-EITI reports. They go beyond the international EITI standard and thus increase the relevance of EITI in Germany.



## The Multi-Stakeholder Group

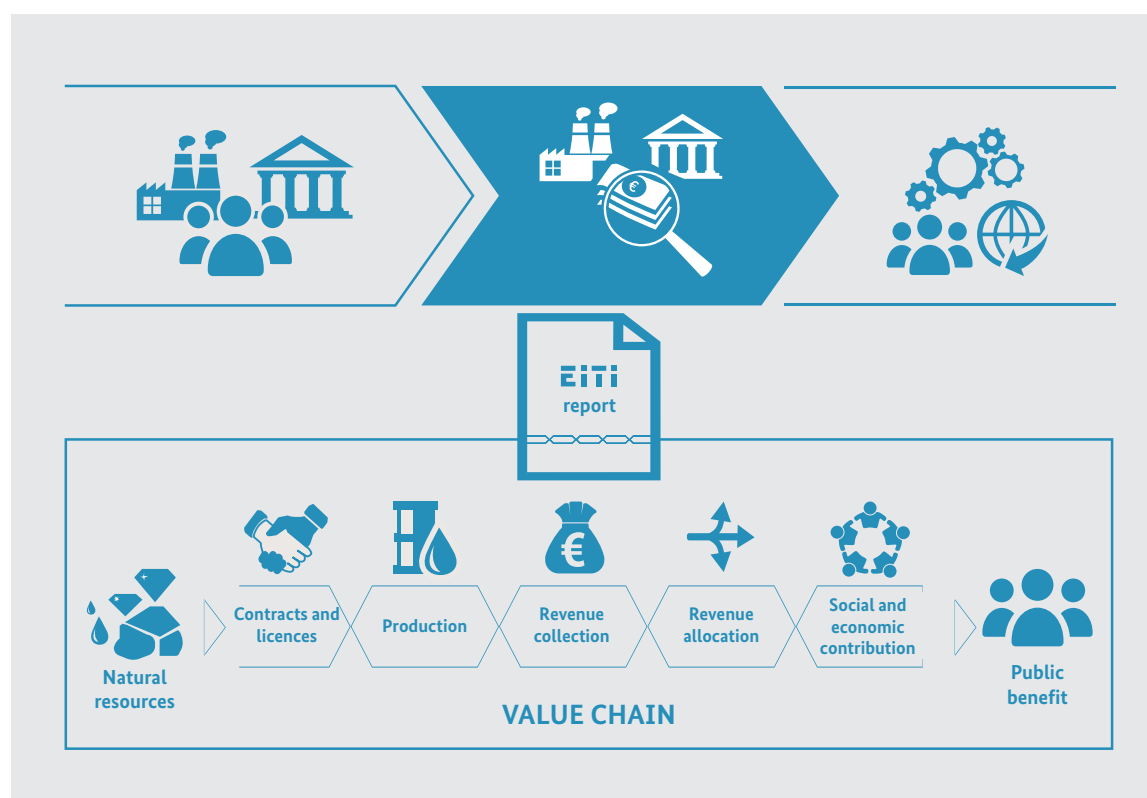


A national Multi-Stakeholder Group (MSG) was established for the implementation of the D-EITI: The MSG is made up of high-ranking representatives from government, business and civil society who jointly steer and monitor the implementation of the international EITI standard on an equal footing.

## Implementation of the EITI in Germany

The Extractive Industries Transparency Initiative (EITI) is a global initiative for greater financial transparency and accountability in the extractive sector, implemented by 56 countries worldwide. Since its inception in 2003, the German government has provided political and financial support for the EITI in more than 20 countries in Africa, Asia, Europe and Latin America. The implementation of the EITI in Germany (D-EITI), which has been under way since 2015, is intended to strengthen the political significance of the initiative on the international level. At the national level, joining the EITI helps to promote dialogue and transparency in the extractive sector and in this way increase understanding of the domestic extraction of natural resources.

EITI implementation requires that information on the German extractive sector and payments made by extractive companies be made transparent and publicly available. This information includes licensing, the legal framework governing the extraction of natural resources, and other contextual information. Therefore, the annual EITI reports are at the core of the implementation process. The EITI reports are jointly drafted and updated for the respective reporting year by the members of a so-called Multi-Stakeholder Group. As part of an external validation, it was determined in 2019 that Germany had already met all the requirements of the EITI Standard with its first report.



Presentation of the structure of EITI reporting according to the international EITI standard. Reporting in Germany goes well beyond these standard requirements with voluntary reporting on special topics such as subsidies, renewable energies, measures to minimise or remedy the impact of extraction on nature and the landscape, and the effects of the energy transition and structural change on the extraction of natural resources in Germany.

## The D-EITI reports

For the D-EITI reports published to date, topics that go beyond the mandatory requirements of the international EITI Standard have also been included based on the decisions of the D-EITI Multi-Stakeholder Group. The aim of these so-called special topics is to describe the natural resources sector in as broad a context as possible and to consider not only economic and legal aspects but also issues of environmental and social sustainability. Topics include subsidies and tax concessions, circular economy, including recycling, employment and social affairs, and managing with human

interventions in nature and the landscape, including provisions, implementation securities and the withdrawal of water needed for the extraction of natural resources. Other topics include environmental protection, renaturation, recultivation and the effects of the energy transition and structural change on the extraction of natural resources in Germany, including the topics of renewable energies and domestic natural resources. The aim of the D-EITI reports is to provide relevant and understandable information about the German extractive sector.

### Natural resource extraction in Germany for 2019

Natural resource	Value (2019) in EUR millions	Quantity (2019)
Hard coal*	0	0 million tonnes
Lignite	1,853	131.3 million tonnes
Crude oil	823	1.9 million tonnes
Natural gas**	1,013	6.7 billion m <sup>3</sup>
Potash salt	No information available***	33.0 million tonnes
Potash and potash salt products	1,655	5.7 million tonnes
Clay (fine and coarse ceramic clay)	142	14.5 million tonnes
Rock salt and industrial brine	387	15.6 million tonnes NaCl content
Kaolin	65	1.0 million tonnes
Quartz gravel and sand	207	10.9 million tonnes
Gravel and sand	1,825	259.0 million tonnes
Broken natural stone	1,621	217.0 million tonnes
Ashlar	53	0.4 million tonnes
Limestone/marlstone/dolomite	812	55.0 million tonnes

\* Useable extracted output

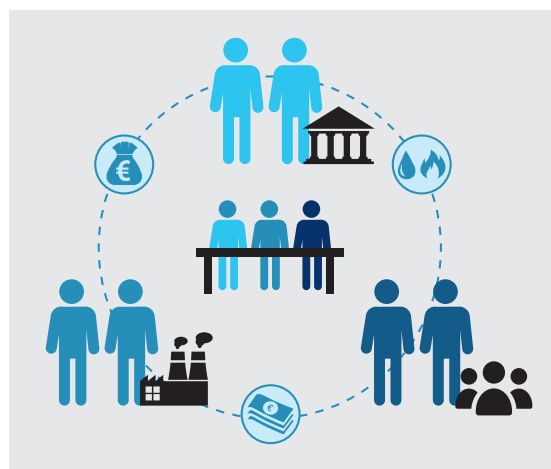
\*\* incl. petroleum gas

\*\*\* These values can only be reported for potash and potash salt products

Source: D-EITI Report for 2019 (Feb. 2022)

## D-EITI is a dialogue platform for relevant topics in the extractive sector

The content of the D-EITI reports is determined in an equal dialogue by a Multi-Stakeholder Group (MSG) with equal representation from government, the private sector and civil society. In addition to the implementation of the international EITI standard, the MSG deals with other important topics that can be included in reporting and create more transparency. The EITI countries are free to work on issues beyond the EITI Standard in the MSG. In this way, they contribute to the development of the international EITI and provide new food for thought for other EITI countries.



## Objectives of the D-EITI

To match the special national characteristics of its extractive industries, each country has the option to determine its own targets and priorities for national EITI implementation. The basis for this is always the mandatory EITI standard. The Multi-Stakeholder

Group (MSG) defines the national objectives and establishes a work plan for their implementation. The MSG of the D-EITI has adopted seven **objectives for the implementation of the EITI in Germany**. These objectives can be assigned to three subjects:

1

Development of an understandable D-EITI report, which promotes dialogue about the national extractive sector

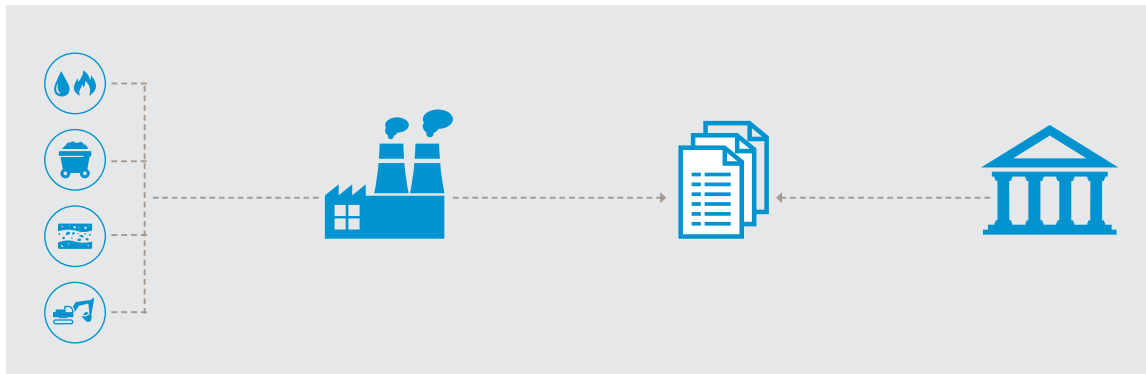
2

Sharing of knowledge and experiences regarding the multi-stakeholder process in a federal country

3

Contribution to the development of the EITI Standard as a global transparency standard

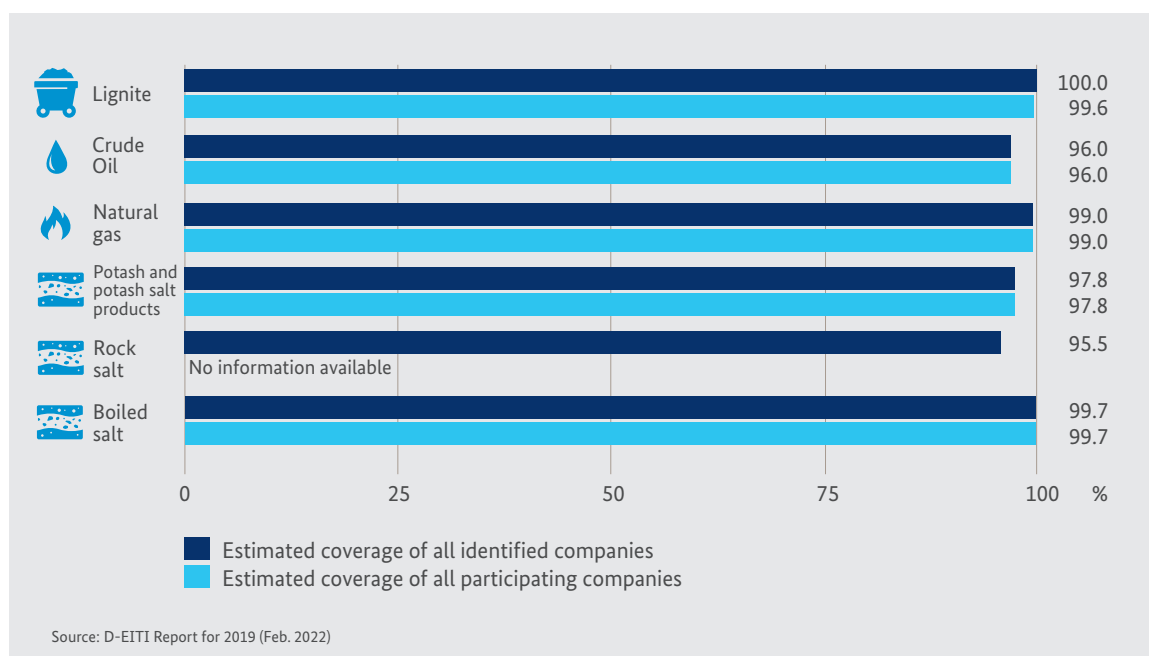
## D-EITI pilot for payment reconciliation



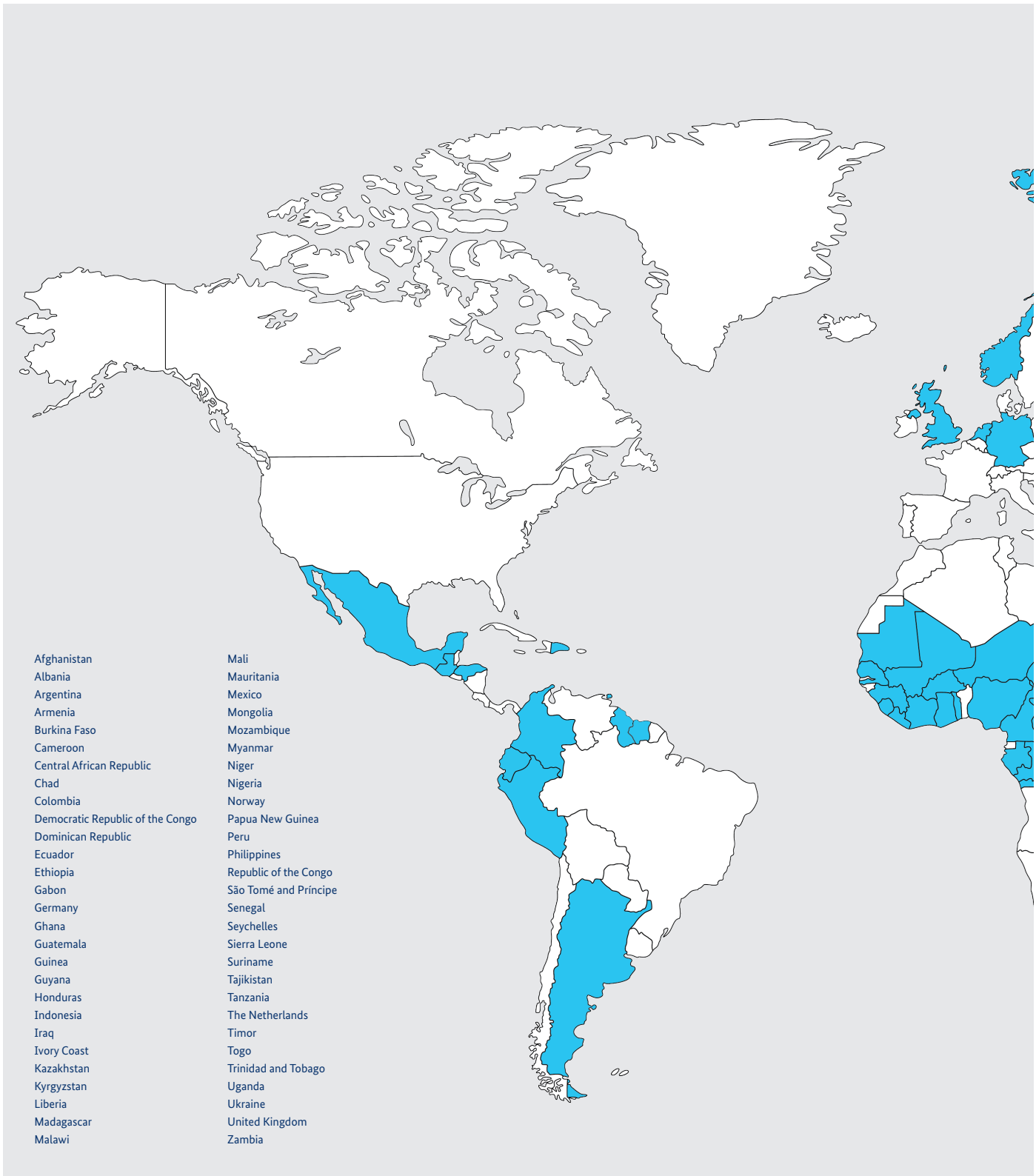
For the fourth D-EITI report on the 2019 reporting year, the D-EITI MSG has decided to continue and further develop the alternative payment reconciliation process first presented in the third D-EITI report. Payment reconciliation is the standard procedure to date for quality assurance of data on disclosed payment flows from the extractive industries to government agencies. In the third D-EITI report, this form of payment reconciliation was replaced for the first time by a different quality assurance procedure. On the one hand, this alternative procedure discloses the

payments made by the extractive companies and, on the other, it comprehensively describes the structure of the payment system, the legal framework, the hedging mechanisms and safeguards. In addition, the procedure takes into account the current results of actual audits of the federal, federal state and local government agencies receiving payments. Subsequently, the risk for non-compliant payment flows was assessed and the plausibility of the payment data was checked. The alternative procedure was implemented with the help of an Independent Administrator.

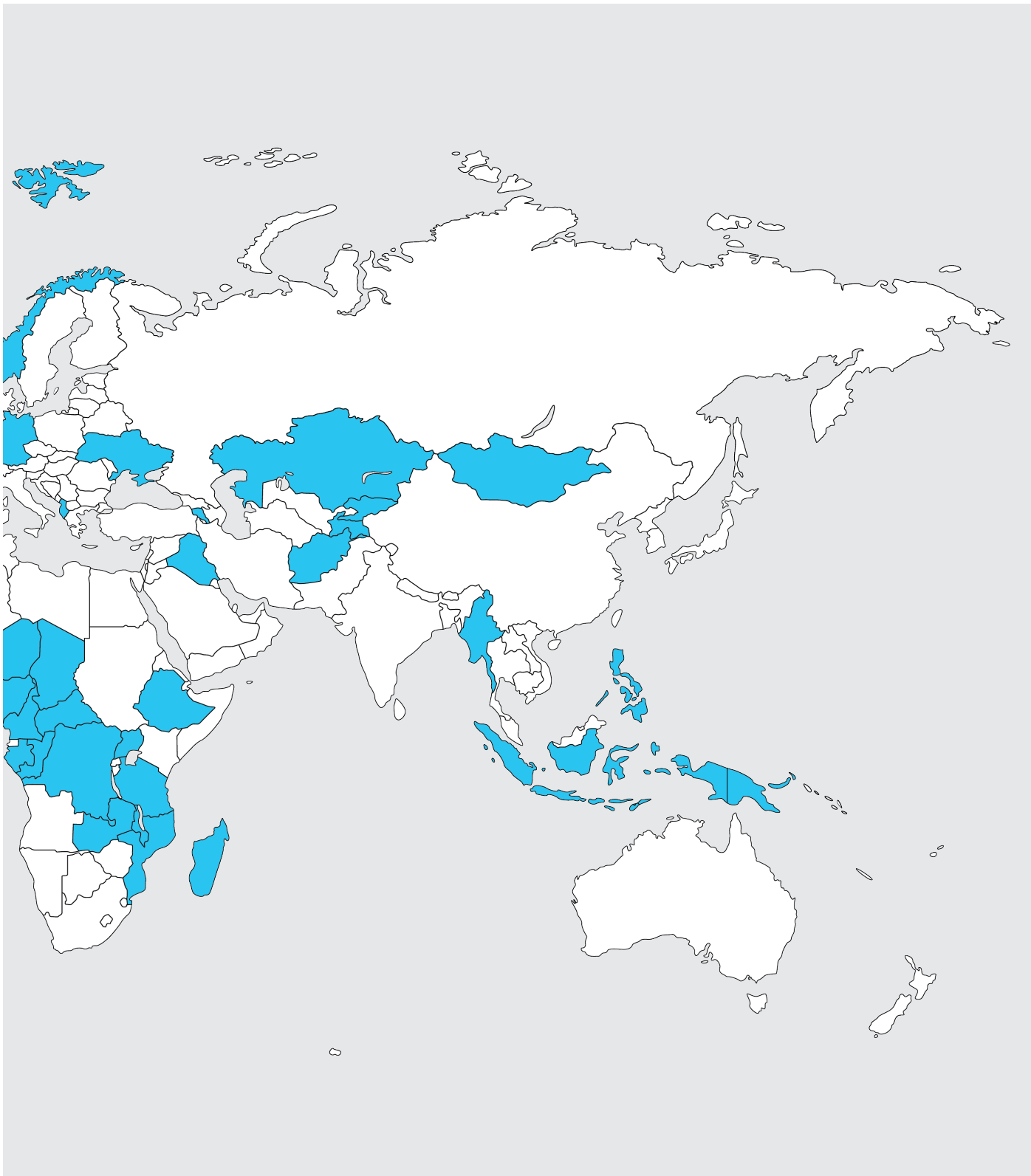
### Coverage of sectors by companies participating in D-EITI



The EITI Standard is implemented by 56 countries worldwide







## No double burdens for reporting companies

The German Accounting Directive Implementation Act (BilRUG) introduced EU regulations on the transparency of certain companies in the extractive sector regarding their payments to government agencies into the German Commercial Code (HGB). By closely

linking D-EITI reporting with statutory reporting and disclosure requirements, double burdens for companies were avoided. This is also shown by a comparison of D-EITI and HGB:

	D-EITI	HGB
Materiality threshold	EUR100,000 per payment	EUR100,000 per payment
Criteria for the size of companies*	Balance sheet total: EUR20m Revenues: EUR40m 250 employees	Balance sheet total: EUR20m Revenues: EUR40m 250 employees
Overview of the modes of operation of the extractive sector	Provided in the context report	n.a.
Cross-interest dialogue on the contribution of the extractive sector in Germany	Through the Multi-Stakeholder Group	n.a.
Is reporting mandatory?	No, no sanctions for companies; however, the EITI status of the implementing country may be at risk	Yes, disclosure can be enforced by imposing an administrative fine

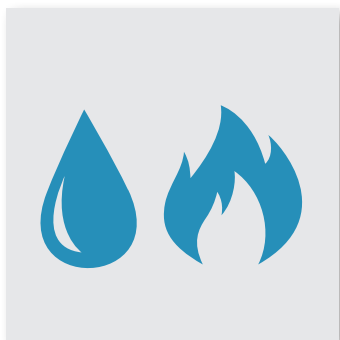
\* Companies are defined as "large" in the legal sense if they exceed at least two of the three aforementioned criteria on two consecutive reporting dates (Section 267 (3) sentence 1, (4) sentence 1 HGB).

## D-EITI contributes to an international level playing field

EITI aims at implementing a global standard for transparency and accountability in the extractive sector and thus creating a level playing field for extractive companies on an international level. The implementation of the initiative in OECD and EU

countries (so far Germany, the United Kingdom, Norway, the Netherlands, Mexico and Colombia) is intended to encourage commodity-rich emerging economies to also implement the EITI Standard and thus further level the international playing field.

## Overview of the chapters of the fourth D-EITI Report



### The extractive industry in Germany

The report provides comprehensive information on the extractive industry in Germany. In addition to crude oil and natural gas, the main minerals extracted in Germany are lignite, salts, quarried natural resources, and industrial minerals.

[Link to the chapter on the extractive industry in Germany:](https://rohstofftransparenz.de/en/rohstoffgewinnung/)

<https://rohstofftransparenz.de/en/rohstoffgewinnung/>



### Legal framework for the extractive industry

Approval procedures for mining projects in Germany vary depending on the type of natural resource and the respective legal basis. In addition to outlining approval requirements for mining projects, the report provides information and access to mining permits and licenses that have already been issued. In addition, relevant regulations enacted to prevent corruption of the public administration and the private sector are presented.

[Link to the chapter on the legal framework:](https://rohstofftransparenz.de/en/rechtlicher-rahmen-und-staatliche-stellen/)

<https://rohstofftransparenz.de/en/rechtlicher-rahmen-und-staatliche-stellen/>



### Revenues generated by the extractive industry

Extractive companies in Germany pay fees, levies and taxes on their activities. These payments are based on various laws and regulations and are distributed among the responsible federal and federal state agencies.

[Link to the chapter on revenues generated by the extractive industry:](https://rohstofftransparenz.de/en/daten/einnahmen/)

<https://rohstofftransparenz.de/en/daten/einnahmen/>





## The economic importance of the extractive industry

The extractive sector generates revenues for the state at the various federal levels. The most important revenues are taxes from general corporate taxation (corporate income tax and personal income tax plus solidarity surcharge and trade tax) as well as commodity-specific minesite and extraction royalties. Together, these revenues from the extractive industry amounted to approximately EUR426m in 2019. This represents 0.03% of total government revenue.

[Link to the chapter on the economic importance of the extractive industry:](https://rohstofftransparenz.de/en/daten/#economic-importance)

<https://rohstofftransparenz.de/en/daten/#economic-importance>



## State subsidies and tax concessions

As part of the manufacturing sector, subsidies and tax concessions are also granted to companies in the natural resources sector, e.g. preferential electricity and energy tax rates for energy-intensive companies. In addition, the socially responsible phase-out of hard coal mining will be facilitated by the granting of subsidies and adaptation payments.

[Link to the chapter on state subsidies and tax concessions:](https://rohstofftransparenz.de/en/rohstoffgewinnung/state-subsidies-and-tax-concessions/)

<https://rohstofftransparenz.de/en/rohstoffgewinnung/state-subsidies-and-tax-concessions/>



## The circular economy, in particular recycling

In addition to the extraction of primary natural resources, the demand for natural resources is partly covered by recycling. This gives the recycling industry an important function as a source of resources. The report presents the legal basis, scope and future challenges of the circular economy in Germany.

[Link to the chapter on the circular economy, in particular recycling:](https://rohstofftransparenz.de/en/rohstoffgewinnung/recycling/)

<https://rohstofftransparenz.de/en/rohstoffgewinnung/recycling/>





## Environmental protection, renaturation, recultivation

The extraction of natural resources in Germany results in permanent interventions in nature and landscape. The chapter describes for each extractive sector the aspects and legal bases that have to be taken into account for the rehabilitation of former extraction areas and sites in Germany.

[Link to the chapter on environmental protection, renaturation, recultivation:](https://rohstofftransparenz.de/en/environmental-protection-renaturation/)

<https://rohstofftransparenz.de/en/environmental-protection-renaturation/>



## Managing human intervention in nature and landscape

Every mining activity is associated with interventions in nature, some of which can result in serious environmental impacts. Therefore, German nature conservation law stipulates that unavoidable interventions must be compensated. This chapter explains the legal requirements and approval procedures for mining interventions and describes the regulatory responsibilities. In addition, it contains information on the inspection of compensatory actions and payments, provisions and implementation securities of extractive companies for dismantling former mining areas (or their rehabilitation) as well as on water extraction fees.

[Link to the chapter on managing human intervention in nature and landscape:](https://rohstofftransparenz.de/en/rohstoffgewinnung/dealing-with-nature/)

<https://rohstofftransparenz.de/en/rohstoffgewinnung/dealing-with-nature/>



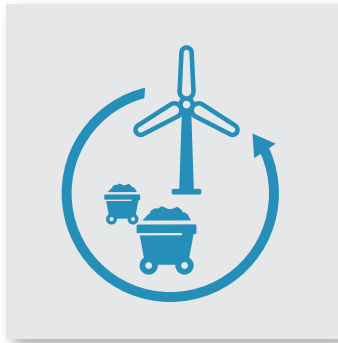
## Employment and social affairs

The extractive industry offers good industrial jobs and also has a positive employment effect in the regions. The report provides information on employment figures, collectively bargained labour conditions, income levels, as well as diversity and equal opportunity within the industry. In addition, this chapter addresses the responsibility of companies in the mining of natural resources and approaches for a socially responsible coal phase-out.

[Link to the chapter on employment and social affairs:](https://rohstofftransparenz.de/en/rohstoffgewinnung/beschaeftigung-u-soziales/)

<https://rohstofftransparenz.de/en/rohstoffgewinnung/beschaeftigung-u-soziales/>





## Effects of the energy transition and structural change on the extraction of natural resources in Germany

Climate change sets tremendous challenges for actors globally in the fields of politics, industry and civil society. This chapter presents in more detail some of the laws in force in Germany for improved climate action, provides information on the status of renewable energies and highlights the increasing demand for metallic and mineral natural resources. It also describes activities and measures being undertaken in Germany to address the challenges of energy transition and structural change in the area of natural resources extraction.

[Link to the chapter on effects of the energy transition and structural change on the extraction of natural resources in Germany:](https://rohstofftransparenz.de/en/energy-transition_structural-change/)

[https://rohstofftransparenz.de/en/energy-transition\\_structural-change/](https://rohstofftransparenz.de/en/energy-transition_structural-change/)



## Disclosed payment flows and quality assurance

An important part of EITI reporting is the quality assurance of data on payments made by companies to government agencies (the standard EITI procedure being payment reconciliation). In the fourth report of the D-EITI, an alternative procedure is used. Instead of an individual examination of the payments made, there is a systematic consideration of the payment system through which payments are processed between companies and government agencies. The first step is to analyse the risk of misrepresentation in this process. Depending on this risk, the quality assurance measures are to be adjusted in the future.

[Link to the chapter on disclosed payment flows and quality assurance:](https://rohstofftransparenz.de/en/daten/#payment-flows)

<https://rohstofftransparenz.de/en/daten/#payment-flows>



The fourth D-EITI report for the reporting year 2019 was prepared by the German MSG in cooperation with the Independent Administrator Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft Düsseldorf.

You can download the entire report, including the MSG's statement and the Independent Administrator's work report here: <https://d-eiti.de/mediathek-dokumente/>.

All the information and data listed in the report can also be found online on the D-EITI data portal [www.rohstofftransparenz.de](http://www.rohstofftransparenz.de).

# The Multi-Stakeholder Group

## Members of the government



Bundesministerium  
der Finanzen



Bundesministerium  
für Wirtschaft  
und Klimaschutz



Niedersächsisches Ministerium  
für Wirtschaft, Arbeit, Verkehr  
und Digitalisierung

HESSEN



Hessisches Ministerium  
der Finanzen

**Ass.d.B.**  
Creating The Mining World

Freistaat  
Thüringen  
Ministerium  
für Umwelt, Energie  
und Naturschutz

  
Hamburg | Finanzbehörde

## Members of the private sector

 **BDI**  
Bundesverband der  
Deutschen Industrie e.V.



**DEBRIV**  
Bundesverband Braunkohle



**bbs** die baustoffindustrie

## Members of civil society

 **Forum  
Ökologisch-Soziale  
Marktwirtschaft**



 **BCE**  
Industriegewerkschaft  
Bergbau, Chemie, Energie



 **Arbeit und Umwelt**  
STIFTUNG DER IG BERGBAU CHEMIE ENERGIE



