

# D-EITI

Extractive Industries Transparency Initiative

Germany



Extractive Industries Transparency Initiative – Germany

## 5<sup>TH</sup> D-EITI REPORT 2023

(Information on the reporting year 2020)

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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.

**57 countries** are implementing EITI (as of 2023) and disclosing information on tax payments, extracted volumes and other important data related to the extraction of natural resources.

## The Multi-Stakeholder Group



A national multi-stakeholder group (MSG) with equal representation was established to implement the EITI Standard. The MSG is made up of high-ranking representatives from government, business and civil society who jointly develop the reporting in a dialogue on equal terms.

## EITI Implementation in Germany (D-EITI)

- 2015** Foundation of the D-EITI Multi-Stakeholder Group
- 2016** Candidature to the EITI
- 2017** Publication of first D-EITI report and launch of the transparency portal [www.rohstofftransparenz.de](http://www.rohstofftransparenz.de)
- 2019** Validation and declaration of EITI compliance
- since 2020** Germany's participation in the EITI pilot project on alternative reporting
- 2023** Publication of fifth D-EITI report

## Fifth D-EITI Report



The EITI standard provides for an annual reporting requirement. In early 2023, the MSG published the fifth comprehensive 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 key payments from extractive companies and verifies the quality of the data.

## Special topics



Subsidies and tax benefits; dealing with interventions in nature and the landscape; environmental protection, renaturation, recultivation; employment and social issues; 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 the EITI in Germany. The fifth report deals for the first time with the contribution of domestic natural resources extraction to security of supply and Germany's role in the international natural resources market and dedicates a new chapter to this topic.

## Payment reconciliation pilot

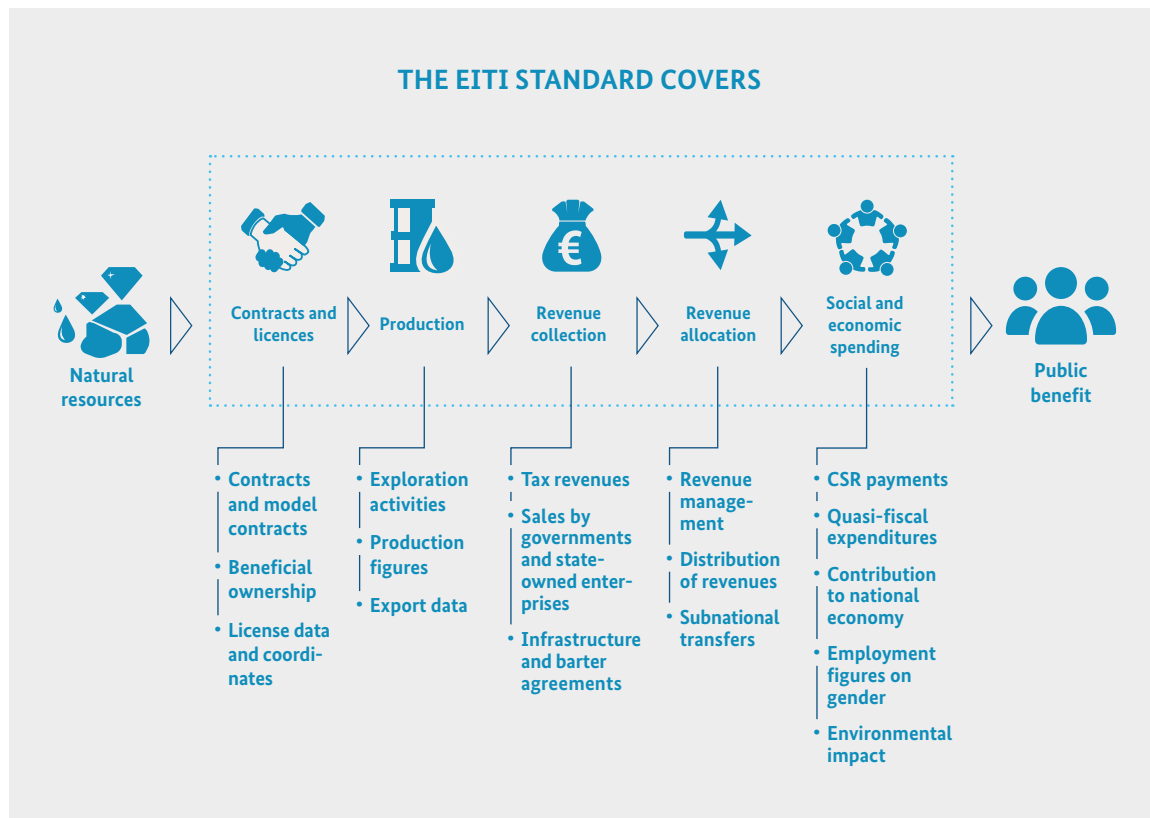
The international EITI Board has asked Germany to carry out a pilot project to develop alternatives to the EITI standard quality assurance procedure. Until now, EITI countries have carried out an elaborate payment reconciliation process to match the most important payments of companies from the extractive 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, risk-based approach. This approach consists of a comprehensive presentation of the government functions and procedures 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 the identified risk. In the fifth report, the alternative approach was applied for the third time.

## Implementation of the EITI in Germany

Since its inception in 2003, the German government has been providing political, technical and financial support to the Extractive Industries Transparency Initiative (EITI) in 16 countries in Africa, Asia and Europe. The implementation of the EITI in Germany (D-EITI), which has been underway since 2015, is intended to strengthen the political significance of the initiative at 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 domestic 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 reporting is at the core of the implementation process. The EITI reporting is 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.

### The mandatory reporting of D-EITI



## The extended reporting of D-EITI

For the D-EITI reports published to date, topics that go beyond the mandatory requirements of the international EITI Standard were included on the basis of the decisions of the D-EITI Multi-Stakeholder Group. The aim of these so-called special topics is to place the natural resources sector in as broad a context as possible and to consider not only economic and legal aspects, but also issues of ecological and social sustainability. Topics include subsidies and tax concessions; managing human interventions in nature and landscape, including provisions, security deposits and the withdrawal of water needed for the extraction of natural resources as well as environmental protection,

renaturation, and recultivation. Other topics include employment and social affairs; the circular economy, in particular recycling; the impact of the energy transition and structural change on the extraction of natural resources in Germany with a special focus on renewable energies and domestic natural resources, as well as the contribution of natural resources extracted in Germany to security of supply, taking into account Germany's role in the international natural resources market. The aim of the D-EITI reports is to provide relevant and comprehensible information on the German natural resources sector.

### Extraction of natural resources in Germany in 2020

Natural resource	Value (2020) in millions of €	Quantity (2020)
Lignite	1,545	107.4 million tonnes
Crude oil	528	1.9 million tonnes
Natural gas*	610	5.7 billion m <sup>3</sup>
Potash salt	No information available**	35.8 million tonnes
Potash and potash salt products	1,598	6.2 million tonnes
Clay (fine and coarse ceramic clay)	161	13.8 million tonnes
Rock salt and industrial brine	399	14.2 million tonnes NaCl content
Kaolin	58	0.8 million tonnes
Quartz gravel and sand	195	9.8 million tonnes
Gravel and sand	1,956	262.0 million tonnes
Broken natural stone	1,720	223.0 million tonnes
Ashlar	37	0.4 million tonnes
Limestone/marlstone/dolomite	813	55.2 million tonnes

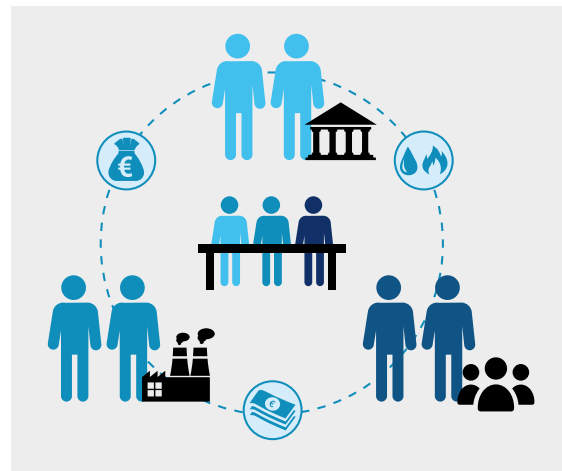
\* incl. petroleum gas

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

Source: D-EITI Report for 2020 (May 2023)

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

The content of the D-EITI reporting is determined by a Multi-Stakeholder Group (MSG) with equal representation from government, the private sector and civil society in a dialogue on equal terms. 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.



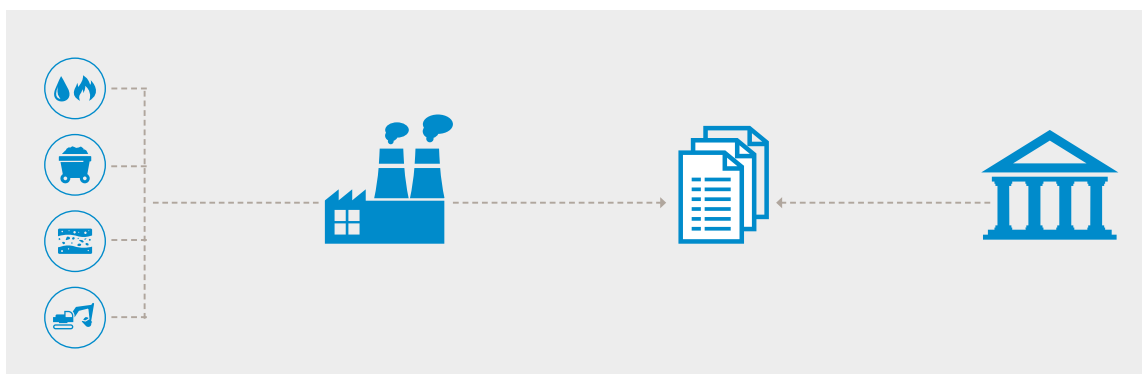
## Objectives of the D-EITI

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 certain **objectives for the implementation of the EITI in Germany**. These objectives can be assigned to three topics:



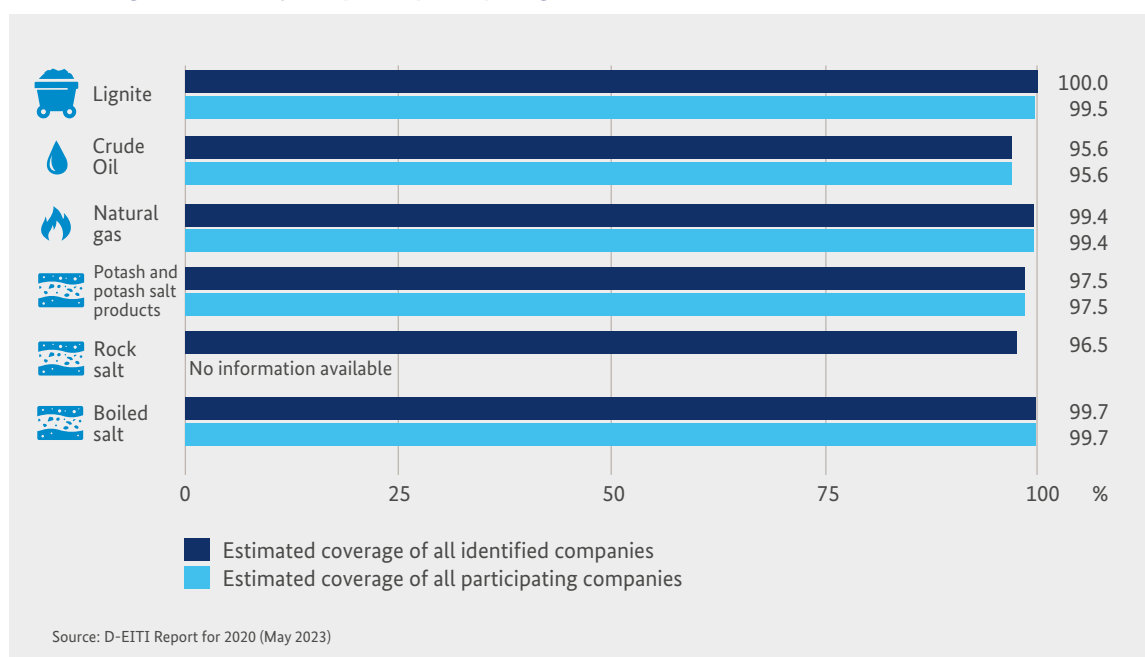
## D-EITI pilot for payment reconciliation



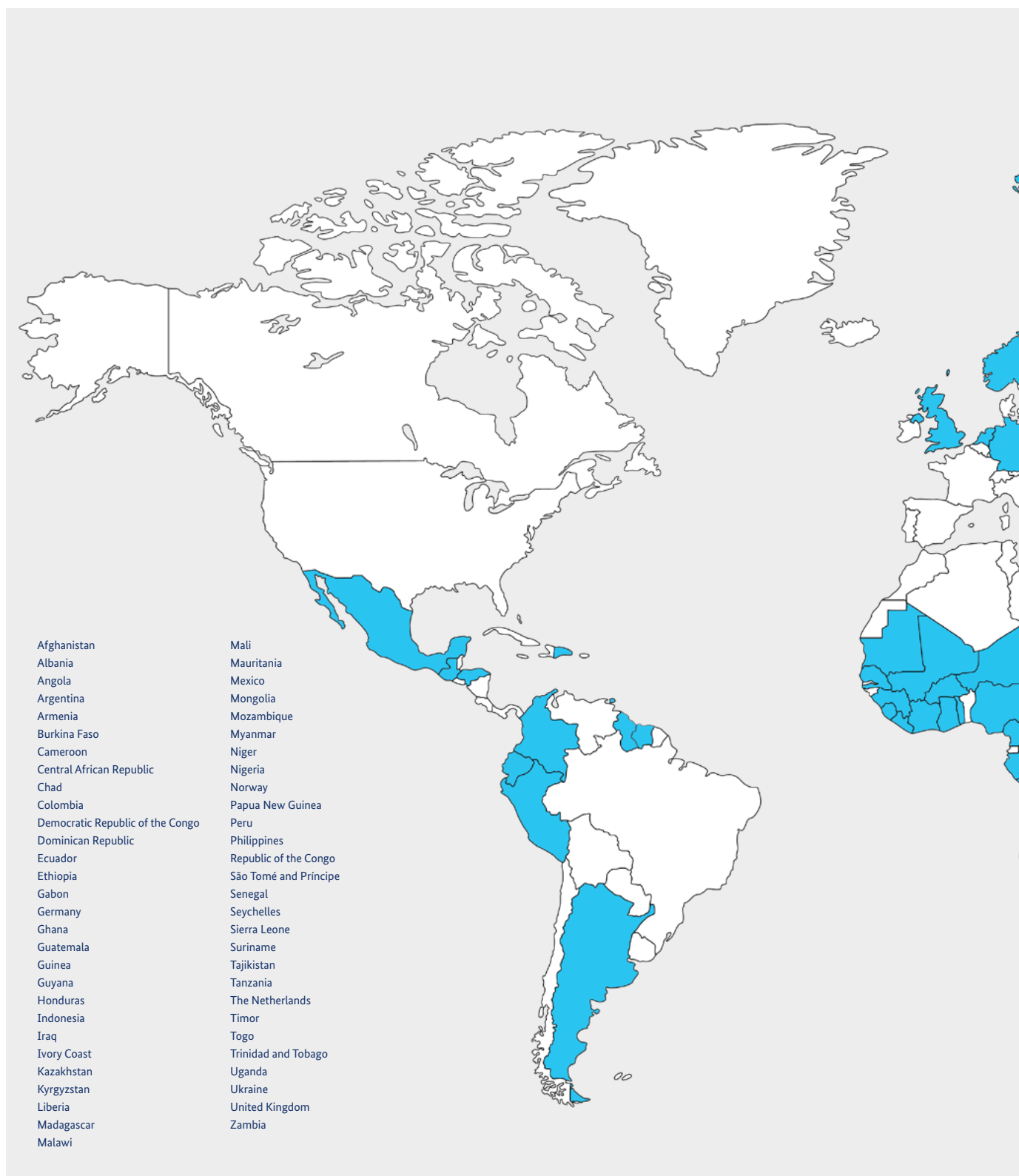
For the fifth D-EITI report on the 2020 reporting year, the D-EITI MSG decided to further develop the alternative payment reconciliation process first presented in the third D-EITI report and modified in the fourth D-EITI report. Payment reconciliation has been the standard procedure to date for quality assurance of data on disclosed payment flows from extractive industries to government agencies. In the third D-EITI report, this form of payment reconciliation was replaced for the first time by a quality assurance procedure. On the one hand, this alternative procedure discloses the payments made by the extractive companies and,

on the other hand, it comprehensively describes the structure of the payment system, the legal framework and the hedging mechanisms and safeguards. In addition, the procedure takes into account the current results of actual audits of the public coffers to which payments are made at federal, state and municipal level. 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.

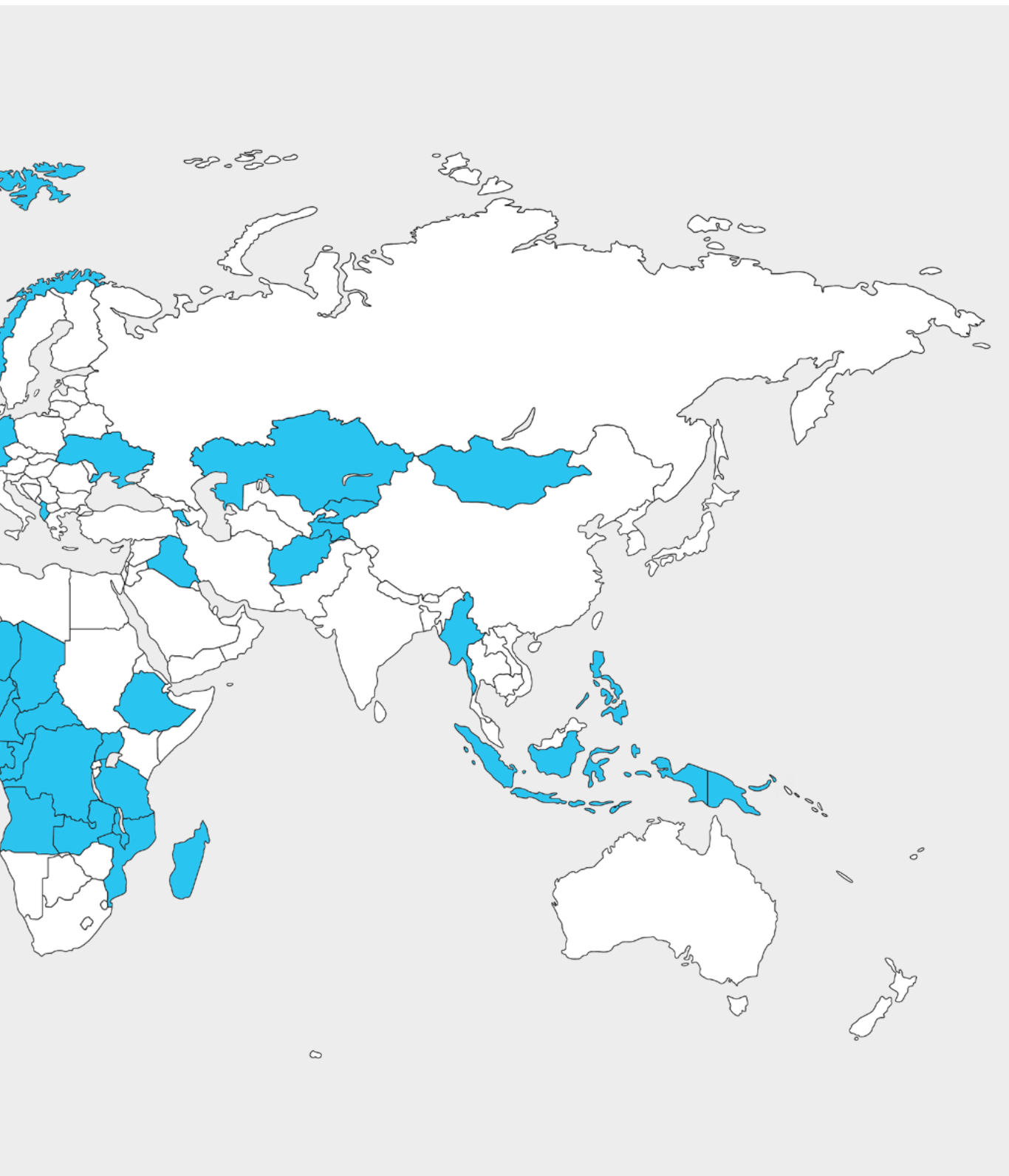
### Coverage of sectors by companies participating in D-EITI



## The EITI Standard is implemented by 57 countries worldwide







## No double burdens for reporting for 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	€100,000 per payment	€100,000 per payment
Criteria for the size of companies*	Balance sheet total: €20m Revenues: €40m 250 employees	Balance sheet total: €20m Revenues: €40m 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 mentioned criteria on two successive reporting dates (Section 267 (3) sentence 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 internationally for extractive companies at international level. The implementation of the initiative in OECD and European countries (so far Germany, the

United Kingdom, Norway, the Netherlands, Mexico and Colombia) is intended to encourage commodity-rich emerging economies (such as South Africa and Chile) to also implement the EITI Standard and thus further level the international playing field.

## Overview of the chapters of the fifth 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. Furthermore, relevant regulations for the prevention of corruption in 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 respective 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 revenue for the state at the various federal levels. The most important revenues are the taxes from general company taxation (corporate income tax and personal income tax plus solidarity surcharge and trade tax), as well as minesite and extraction royalties specific to the natural resource extracted in each case. Together, these revenues from the extractive industry amounted to approximately €368m in 2020. This represents 0.02% of total Federal 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 benefits 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 acceptable phase-out of hard coal mining will be facilitated by granting 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/>



## 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 from 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/>



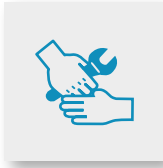
## Environmental protection, renaturation, recultivation

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





## Employment and social affairs

The extractive industry provides industrial jobs for a variety of different occupations and activities and also has a positive employment impact in the regions. The report provides information on employment figures, collectively bargained labour conditions, income levels, as well as diversity and equal opportunities within the industry. In addition, this chapter addresses the responsibility of companies in mining natural resources and approaches for a socially acceptable design of the coal phase-out.

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

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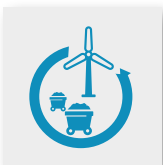


## The circular economy, in particular recycling

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/>



## 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 takes a closer look at some of the laws that apply in Germany for improved climate action, the status of renewable energies and the rise in demand for metal and mineral natural resources. It also describes activities and measures being undertaken in Germany to tackle 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/)





## Contribution of domestic natural resources extraction to security of supply and Germany's role in the international natural resources market

As an industrial and technology location, Germany is dependent on a secure supply of energy and non-energy (mineral) natural resources. In the future, even more mineral resources will be needed than before for important technologies of the future such as renewable energies (RE) and technologies relevant for digitalisation and electromobility. This chapter looks at the three pillars that are relevant to Germany's needs in natural resources in terms of security of supply: domestic natural resources, secondary raw materials and imported natural resources.

[Link to the chapter on the contribution of domestic natural resources extraction to security of supply and Germany's role in the international natural resources market:](https://rohstofftransparenz.de/en/versorgungssicherheit/)

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



## 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 (standard EITI procedure is payment reconciliation). In the fifth report of the D-EITI, an alternative procedure is used. Instead of an individual examination of each payment 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 the payment process. Depending on the risk, quality assurance measures are to be adapted 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 fifth D-EITI report for the reporting year 2020 was prepared by the German MSG in cooperation with the Independent Administrator, the auditing company Grant Thornton AG Wirtschaftsprüfungsgesellschaft of Düsseldorf.

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

You can download the entire report, including the Independent Administrator's work report here:

<https://d-eiti.de/en/dokumente/>.

# The Multi-Stakeholder Group

## Members of the government



Bundesministerium  
der Finanzen



Bundesministerium  
für Wirtschaft  
und Klimaschutz



Niedersächsisches Ministerium  
für Wirtschaft, Arbeit, Verkehr  
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 **Forum Umwelt  
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 **TRANSPARENCY  
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