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Dear Mr Reinfeldt, Dear Mr Moberg,

It is a great pleasure for me to write to you in my capacity as newly appointed Special Representative of the German Government for D-EITI. In this role, I would like to assure you of my full support for the transparency initiative, which is of great importance to the extractive sector.

Germany has been supporting the EITI financially since 2013 and is currently on its way to becoming a validated member country. The first report drafted by D-EITI was published in August last year, and a few updates and amendments are being made at the moment.

Right in this first report, the German MSG has expressed its ambition not only to implement the EITI Standard comprehensively, but also to set essential impetus for the national and international debate by including relevant topics that go beyond the core requirements of the standard. This includes the chapter on renewable energy, information on nature conservation law, and subsidies and concessions for electricity and energy tax. Germany further takes a positive and open stance on present mainstreaming reforms and is increasingly linking its reporting to publicly available reporting portals and other sources already in existence. One

Page 2 / 3 example is the companies' reports on payments to governments on the basis of the EU Accounting and Transparency Directive. It is a pleasure for me to see that the EITI community positively recognises the innovative approach of the German MSG.

The MSG currently faces the question of whether to apply for an early validation. This approach would have the benefit that the outcome of the validation would be presented at the next EITI Global conference in 2019. I support this idea, which would send out an important political signal not only to Germany, but also to the whole initiative and the EITI community.

In order to prepare for early validation, we would still need to do some reworking for the reconciliation process. Indeed there is only a pilot reconciliation included for the local business tax. This is a tax on profit, nonspecific to the extractive sector, solely received by local communities. On basis of a self-assessment performed with the kind support of the international secretariat this spring, this pilot seems to be insufficient as for us to expect a positive validation.

On the other hand, the MSG acknowledges that a full and comprehensive reconciliation of the local business tax is not feasible. In order to reconcile the local business tax payments for only those ten companies that reported for the first D-EITI report, about 240 public administration offices at local level would have to be contacted. For each administration, an individual tax waiver is needed for each company.

I therefore strongly support the assessment by the MSG in this regard. The additional efforts – in particular the additional costs – are disproportionate, especially since no discrepancies should be expected (just as there were no discrepancies in the reconciliation of the other payment streams in the first report and in the successful reconciliation pilot for the local business tax).

The German MSG therefore decided to raise the materiality threshold for local business tax up to €2 million. At the same time, the MSG decided to submit to the Board a request for clarification on 4.1. and 4.6. of the standard.

I would like to ask you expressly, and on behalf of the German MSG, to support this request and its prompt processing by the Board. We would need to receive positive feedback as soon

Page 3/3 as possible in order to be in a position to start the reconciliation of the local business tax soon and to pass an early validation in good time, prior to the world conference.

At the same time, I would like to emphasize that an early validation is of utmost importance to the German MSG and to myself personally, and that we are striving to achieve a positive outcome on this, which would also send out a positive signal to other countries.

I would like to thank you in advance for your kind support and look forward to meeting you in person at the Board meeting in Berlin in June.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Oliver Wittke', written in a cursive style.

Oliver Wittke

Parliamentary State Secretary