

ICMM STATEMENT ON THE EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE

COLLECTIVE VOICE ON SUSTAINABLE DEVELOPMENT IN THE MINING AND METALS INDUSTRY

In a process initiated in 1999, the leading players in the mining and metals industry indicated their intention to respond to the legitimate concerns of stakeholders and have put sustainable development at the centre of their corporate strategies. Through the Global Mining Initiative (GMI) and the independent Mining, Minerals and Sustainable Development (MMSD) project, the industry signalled that it recognised the time had come for major changes in the ways it goes about its business, faces up to new challenges, listens and engages with a variety of partners, and turns analysis into action.

The International Council on Mining and Metals (ICMM) has been charged with taking forward the recommendations from the GMI/MMSD process and looking for practical ways to implement them through its own actions and working in partnership with others. ICMM has 15 corporate members and 27 commodity and national association members.

ICMM members have committed to seek continual improvement in their performance and contribution to sustainable development, while enhancing shareholder value. In striving to achieve this, through its Sustainable Development Framework, members have committed to make ethical business practice and sound governance a pervasive feature of company operations by, inter alia:

- implementing policies and practices that seek to prevent bribery and corruption; and
- working with governments, industry and other stakeholders to achieve appropriate and effective public policy, laws, regulations and procedures that facilitate the mining, minerals and metals sector's contribution to sustainable development within national sustainable development strategies.

Thus, ICMM members welcome the Extractive Industries Transparency Initiative promoted by the UK's Department for International Development (DFID) and are pleased to support its overall objective of greater transparency in payments made by companies and revenues received by governments for natural resource extraction. We are supportive of the Statement of Principles and Agreed Actions and our members are committed to working with host governments that wish to develop a framework to promote country-level payment and revenue disclosure and publication in the extractive industries. In the longer term, we believe that the approach developed under this process should be broadened to address transparency issues in other sectors.

Disclosure of payments made by companies to governments and receipts of payments from extractive companies is a necessary, but not a sufficient, condition to promote sound fiscal management to support sustainable development. A necessary next step is to look at policies and procedures to ensure that these revenues are disbursed appropriately and effectively. While recognising that mining companies have no

mandate to seek to dictate to governments how their expenditures are distributed between national and regional levels or between competing priorities, we hope that this initiative will lead to broader public debate on better governance and to further action to ensure that revenues from the extractive sector are put to sustainable uses in the host countries.

ICMM members are committed to contributing to the social, economic and institutional development of the communities in which we operate through working with the communities and relevant organisations in the implementation of community sustainable development plans. In partnership with the World Bank, we are currently exploring ways to ensure that we maximise the potential opportunities to contribute to this development.

Although mining companies contribute substantial non-statutory payments to the communities within which we operate – through provision of local infrastructure, schools, training, health care and other support, we believe the purpose of this initiative is to disclose only statutory payments made to governments at the national and regional level as a first step in ensuring the effective management of these revenues.

ICMM is working with the Global Reporting Initiative to develop reporting guidelines for the industry through a mining and metals supplement to the 2002 Sustainability Reporting Guidelines. Reporting payments to governments where national EITI processes are in place is likely to be a core indicator of ICMM's reporting framework.

IMPLEMENTATION OF PRINCIPLES AND REPORTING GUIDELINES

ICMM corporate members commit to reporting all payments made to government to the assigned "aggregating body" in those countries whose governments have committed to the EITI process. Reporting of company payments from any one mining company should be aggregated on a country-by-country basis so that the company concerned reports one aggregate revenue figure derived from all operations located there to the collator/verifier.

We support the intention to aggregate company payments across companies in each country so that just one figure for mining industry payments is reported by the "aggregating body". The disclosure of company payments should be made to an independent qualified third party collator/verifier who should be bound to retain the underlying details received from each mining company as confidential. Reporting should be in local currencies and should be completed within six months of the end of the host government's fiscal year.

A Level Playing Field

Given the multi-national operations of ICMM members, it is essential that there should be consistency of approach at the country level and a common reporting template in most, if not all, countries.

Where a country does initiate a disclosure process, we believe that the government should require all companies to disclose payments made to government. Steps should be taken to ensure that all companies operating in a particular tax jurisdiction are treated in a similar fashion. Smaller companies need to be

encouraged and provided with incentives to participate. Pressure on non-compliant or recalcitrant companies could be applied through a name and shame approach.

National Approaches and Beyond

ICMM members support the current focus of the initiative at the country level as a useful first step in improving transparency. In the longer term, as appropriate, we are willing to work with others to build on national initiatives to broaden the coverage and spread good governance.

Scope of Mining for the Purposes of Reporting

Company payments to be disclosed should be the tax payments (defined in the template attached) generated from the activities of mining, processing/concentrating ores, smelting, refining and to first stage fabrication in the signatory host country.

We support disclosure of payments in line with existing international standard accounting practices. We do not support restricting reporting boundaries to particular mineral ore extraction or to upstream activities only, especially where the operation may be an integrated producer. We understand that operations of metal companies that are primarily custom smelters and downstream fabricators are not included in the initiative.

Controlling Interests and Joint Ventures

ICMM members will disclose the relevant payments of their parent company and all majority-controlled subsidiaries. In the case of unincorporated contractual joint ventures the manager appointed under the JV agreement should be responsible for reporting all payments accounted for on behalf of the joint venture; joint venture participants will report their own relevant payments. This will mean that taxes such as payroll taxes and royalties will be reported on a 100% basis even though they are allocable to joint venture participants. The joint venture participants in turn will report only in respect of the taxes they directly pay in their capacity as JV participants.

Aggregating Body

ICMM continues to support the initial proposal that the World Bank Group and the International Monetary Fund should play the role of "honest broker" – as an independent collator and verifier of individual country data. The role of the collator/verifier is critical to the success of the initiative. It will need to provide the reporting companies and governments the assurance of dealing with the disclosed information in an appropriate confidential manner and it must provide the interested public with information that is understandable, trustworthy and timely.

Additionally, it has been recognised that capacity building will be critical to the success of the initiative. The World Bank Group/IMF could play an effective role in providing technical assistance to governments to implement this process.

In countries where a local organisation is chosen as the "aggregating body" or some other arrangement is made, the EITI process should provide criteria for selection of the "aggregating body" and guidelines for its operation.

Extractive Industries Transparency Initiative

Reporting Guidelines for the mining
sector

18 December 2003

This report contains 16 pages

Appendices contain 12 pages

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Overview

These guidelines are offered to those considering new approaches to promote transparency in the extractive industries, tailored for the mining sector. They seek to balance the objective of establishing consistent approaches to reporting under the Extractive Industries Transparency Initiative (EITI) with the need to reflect country-specific situations and requirements.

These Reporting Guidelines have been developed to guide Host Governments and Companies in completing the Reporting Templates to be submitted to an independent third party. Where possible, the Reporting Guidelines aim to coincide with and build on existing reporting structures and norms.

The overall process for reporting envisages:

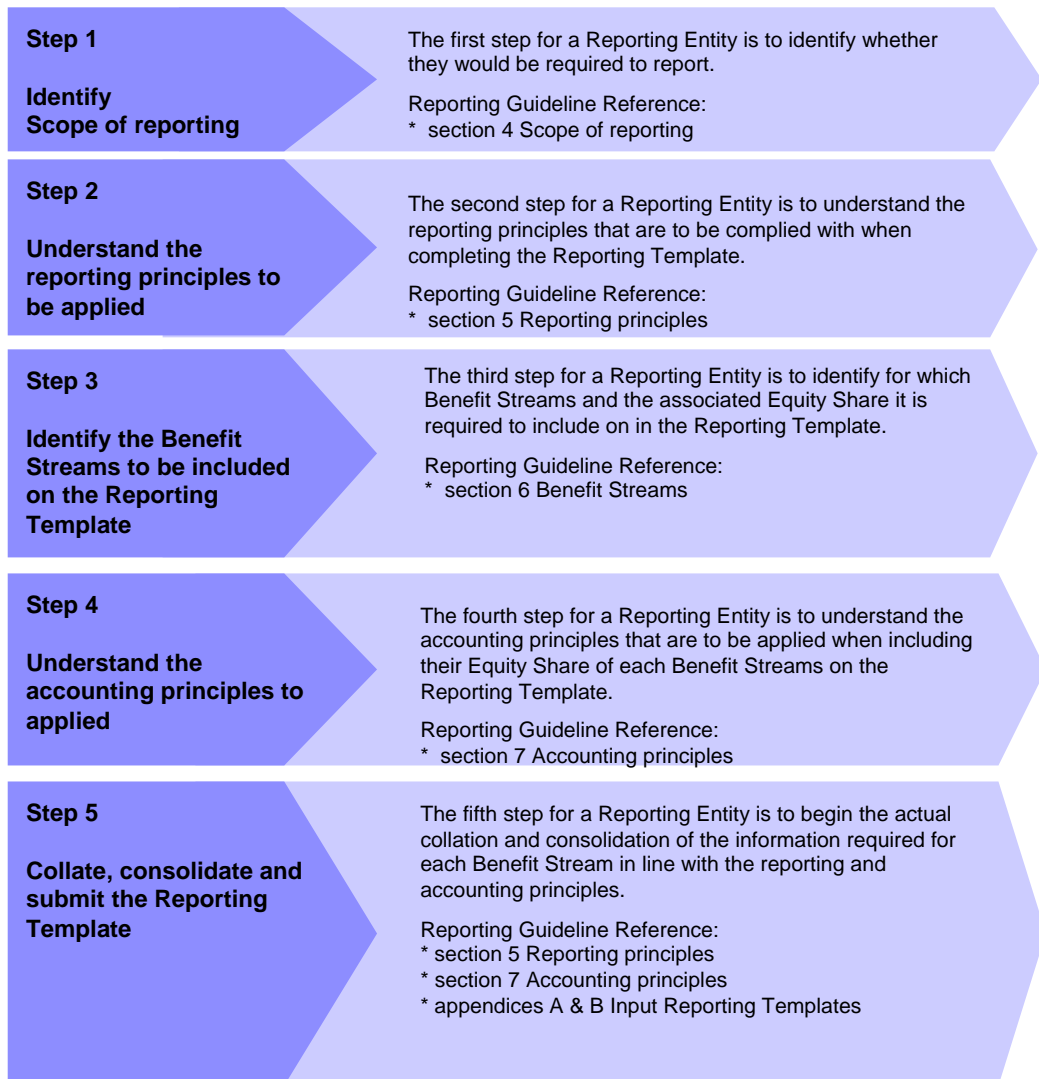
- Reporting by Host Governments in line with a standard Government Reporting Template;
- Reporting by Companies in line with a standard Company Reporting Template; and
- The aggregation and analysis of data disclosed in Host Government and Company Reporting Templates by an independent third party.

We will continue to work through a multi-stakeholder process to develop, test and revise these guidelines.

This revised draft is based on the Reporting Guidelines dated 23 May 2003, which have been amended to take into account specific mining sector issues.

How to complete the Reporting Template

To help Reporting Entities complete the Reporting Templates included in Appendices A and B a five-step process that a Reporting Entity would generally need to go through has been outlined below, along with the references to relevant sections in the Reporting Guidelines that will help complete the steps.



Definition of terms

The terms used throughout the Reporting Guidelines have been defined for the purposes of these Reporting Guidelines only and are outlined in the following table (in alphabetical order). It is important that all Reporting Entities familiarise themselves with these terms prior to using the Reporting Guidelines.

Term	Definition
Aggregating Body	The independent third party who is responsible for aggregating and analysing the Reporting Templates submitted by the Companies and the respective Host Government and publicly reporting the results thereof..
Benefit Stream	A potential source of economic benefit the Host Government receives from the extractive industry. Indirect economic benefits like construction of infrastructure and employment of local personnel are not considered for the purposes of these reporting guidelines to be Benefit Streams.
Company	Companies are: <ul style="list-style-type: none">• National State-Owned Companies• International Companies
Equity Share	The percentage of economic interest in/benefit derived from a concession, licence, operation or Company.
Mining Company	Mining Companies are those companies involved in finding and removing wasting natural resources located in or near the earth's crust. Wasting natural resources are those resources that cannot be replaced in their original state by human beings.
Mining Sector	For purposes of these guidelines, the Mining Sector is made up of Mining Companies and Integrated Mining Companies (as defined in these guidelines). The activities of the Mining Sector include: <ul style="list-style-type: none">• Companies that extract their own product (Mining Company); and• Companies that process their own "extracted" product (Integrated Mining Company). The extent that processing companies are captures (ie how far downstream does this processing go?) is dependent on the structure of the Integrated Mining Group and its constituent parts/companies.
Host Country	The territorial boundary over which a Host Government has jurisdiction and in which a Company has Mining Sector economic interests.
Host Government	The governing regimes and institutions of a state within whose territorial boundaries Companies within the Mining Sector operate. Host Government includes local, regional, state and federal

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Term	Definition
	representatives of these regimes and institutions and entities that are controlled by these regimes and institutions but excludes National State-Owned Companies.
Host Government Production entitlement	The produced minerals that a Host Government is entitled to from a mineral reserve/deposit.
Integrated Mining Company	A company that is part of an Integrated Mining Group. For example: A company that smelts product which has been extracted by another company within the same Integrated Mining Group.
Integrated Mining Group	A collection of companies controlled by a common ultimate parent, who form part of an integrated chain of the mining and processing of wasting natural resources. The activities of such an Integrated Group can be divided into the following phases: <ul style="list-style-type: none"> • Prospecting • Exploration • Acquisition of mineral rights • Appraisal or evaluation • Development • Construction • Production, • Processing; and • Closure.
International Company	For the purposes of these guidelines, an International Company includes: <ul style="list-style-type: none"> • Public and private companies that are active in the Mining Sector; • State-Owned Companies that operate outside the territorial boundaries of the Government that controls them.
Licence	Any form of arrangement, whether contractual, legally binding or otherwise, between an Mining Sector company and the Host Government regarding a specific geographical or geological area and mineral operations relating thereto. For the purposes of the Reporting Guidelines for the Mining Sector the term Licence is also used to define a <i>permit</i> , an <i>acreage position</i> , a <i>contract area</i> , a <i>lease</i> or a <i>block</i> .
National State-Owned Company	Company controlled by the Host Government that conducts Mining Sector Activities in the Host Country. When determining if the Company is controlled the following criterion is used: the ability for the Host Government to govern the financial and operating policies of the Company so as to obtain benefits from its activities.

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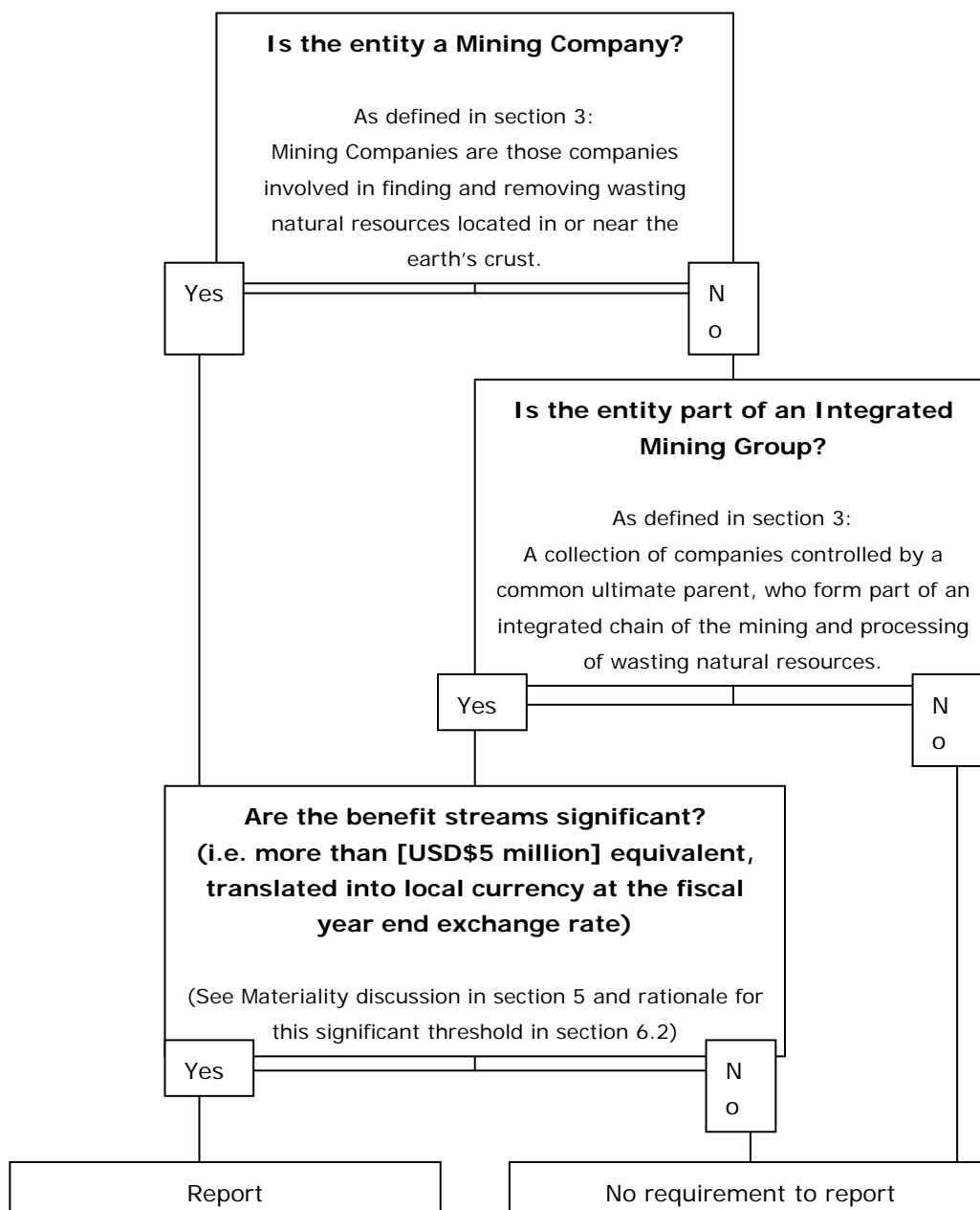
Term	Definition
Reporting Dispensation	On a discretionary basis the Aggregating Body may grant a dispensation to an International Company from submitting a Reporting Template for certain Host Countries where their operations are not significant. The Aggregating Body is responsible for determining the dispensation criteria for each Country.
Reporting Entity	Companies and Governments completing and submitting Reporting Templates.
Reporting Guidelines for the Mining Sector	This document, which provides guidance to completing the Reporting Templates for the Mining Sector included in Appendix A and B.
Reporting Period	The reporting period for each Host Country Reporting Template is the period that aligns to the fiscal year of the Host Government.
Reporting Templates	The templates that International, National, and National Stated Owned Companies and Host Governments complete and submit to the Aggregating Body as part of their responsibility under the Reporting Guidelines for the Mining Sector.
Wasting Natural Resources	Resources that cannot be replaced in their original state by human beings. For the purposes of these “Reporting Guidelines for the Mining Sector” wasting natural resources are limited to: <ul style="list-style-type: none">• Metal ores (such as aluminium, copper, gold, iron, nickel, lead, zinc, silver, tin and platinum);• Gemstones; and• Coal and industrial minerals.

Scope of reporting

Where a Host Government is implementing these Reporting Guidelines, the Host Government will be required to submit a report based on the completed Host Government Reporting Template and a Company will be [required/requested] to submit a report based on the completed Reporting Template for its Mining Sector activities in that Host Country.

On a discretionary basis, Companies maybe granted a Reporting Dispensation by the Aggregating Body for completing and submitting a Reporting Template for that Host Country.

The following decision tree has been developed to assist companies in deciding whether they are in the scope of reporting:



Reporting principles

These reporting principles have been developed to ensure a consistent and coherent system of reporting, underpinned by the reporting templates and technical accounting guidance.

Where specific guidance on an accounting issue is not provided, Reporting Entities shall consider the reporting principles (in conjunction with the EITI principles) to determine the appropriate reporting treatment.

In practice, there needs to be a balance between these qualitative characteristics taking into account the constraints of timeliness, cost/benefit and confidentiality.

Reporting shall ensure that the objectives of the EITI are achieved, whilst, at the same time ensuring that Companies are not required to breach commercial confidentiality agreements or are placed at competitive disadvantage.

The reporting principles are:

Principle	Definition
Understandability	The information reported is readily understandable to users of the information who have a reasonable knowledge of the Mining Sector business and economic activities and a willingness to study the information with reasonable diligence.
Relevance	<p>The reporting boundary of the Reporting Entity's Mining Sector Activities appropriately reflects the principal Benefit Streams that flow to Host Governments from the Activities of the Mining Sector in that Host Country. The reporting principle of relevance is supported by the following sub-principle:</p> <p><u>Materiality</u>: The relevance of information is affected by its nature and materiality. A benefit stream is material if its omission or misstatement could influence the decisions of a user taken on the basis of the information included in the Reporting Template (refer to the principle of understandability).</p>
Reliability	<p>Reporting Entities are asked to exercise due care to ensure that information submitted has the precision needed for its intended use and provides reasonable assurance on the integrity of that reported information. The reporting principle of reliability is supported by the following sub-principles:</p> <p><u>Substance over form</u>: For the information to be faithfully represented by the Reporting Entity, the Benefit Streams are to be reported in accordance with their substance and economic reality and not merely their legal form.</p> <p><u>Completeness</u>: For the information to be reliable it must be materially complete. Reporting Entities should account for all significant Benefit Streams from the Mining Sector within the reporting boundaries set. An omission can cause the information to</p>

Principle	Definition
	<p>be unreliable.</p> <p><u>Transparency</u>: All relevant issues should be noted and explained in a factual and coherent manner and information reported should be documented in a way that is traceable to source documents. All important/critical assumptions should also be documented.</p>
Comparability and consistency	<p>Users of the information must be able to make meaningful comparison of those Benefit Streams reported by Companies and Host Governments. As a result, measurement and display of the Benefit Streams must be carried out in a consistent manner. The reporting should therefore allow meaningful comparison of the Mining Sector's Benefit Streams reported by Host Governments and Companies within a Host Country.</p>

In addition to the reporting principles, the information submitted on the Reporting Templates will be subject to a number of constraints. These constraints include:

Cost/benefit: The benefits derived from information should exceed the cost of providing it, however, the cost/benefit balance is one of judgement. The appropriate balance is often difficult to assess as the benefits will also be received by those who are not bearing the costs.

Timeliness: If there is significant delay in reporting after the close of the reporting period the information may lose its relevance. To provide the information on a timely basis, it may be necessary to use preliminary figures for certain Benefit Streams (in particular those related to year-end production entitlement). In achieving the balance between reliability, relevance and timeliness, it is necessary to consider how best to satisfy the decision-making needs of a user.

Benefit Streams

Reporting requirement

Host Governments are to report all significant Benefit Streams flows from the Mining Sector, during the Reporting Period, on a consolidated cash-basis. The required Reporting Template to be used by Host Governments is included in Appendix A.

International, National and National State-Owned Companies are to report their Equity Share of all significant Benefit Streams to Host Governments from their Mining Sector activities, during the Reporting Period, on a consolidated cash-basis. The required Reporting Template to be used by Companies is included in Appendix B.

In addition, National State-Owned Companies are required to report all significant Benefit Streams received on behalf of the Host Government, during the reporting period, on a consolidated cash-basis.

Host Governments will:

- Provide (and request companies to provide), in accordance with existing or revised national law, whatever requirements, legal consents and/or waivers are necessary to enable compliance with these Reporting Guidelines;
- Ensure, in accordance with existing or revised national law, that all relevant future contracts and/or agreements are designed in a manner that allows all parties to adhere to these Reporting Guidelines and request companies to do likewise;
- Publish the aggregated company data and the host government data locally in accessible formats and in a timely manner, after due consultation; and
- Ensure adequate mechanisms exist at country level to facilitate public assessment of the data made available under these Reporting Guidelines.

A two-scope approach to capturing Benefit Streams has been proposed.

Scope 1 Benefit Streams: Compulsory

Scope 1 Benefit Streams are compulsory to report and it is intended that **all significant** Benefit Streams should be included in the Scope 1 Benefit Stream section of the Reporting Templates. The following specific exclusions to Scope 1 Benefit Streams are:

- Tax that is levied on consumption, such as value-added taxes / GST / Sales taxes;
- Payroll and social security taxes (such as Pay As You Earn (PAYE) personal income type taxes) paid to the Government by companies on behalf of employees; and
- Social payments (unless statutory requirement), such as building of public infrastructure,

The reporting principle of materiality (section 5) refers to both qualitative and quantitative considerations. To assist users of the guidelines in assessing if a Benefit Stream is material, they need to consider if the stream is significant in quantitative terms.

An individual Benefit Stream is considered to be significant if more than USD 5 million (equivalent in local currency).

If a company is paying USD 5 million or more to a host government, they will be making reasonable profits in that country and will capture a significant proportion of revenue received by the government. This threshold could be lowered at the discretion of an Aggregating Body should it be considered necessary.

Where feasibly possible those benefit streams to federal, state and local governments should be distinguished and reported separately.

The nature of benefit streams that may be significant to a company operating in the Mining Sector are:

Reference to Reporting Template	Scope 1 Benefit Stream	Further description
i	Profits taxes	Taxes levied on the profits of an Integrated Mining Company.
ii	Royalties	<p>Royalty arrangements will differ between Host Government regimes.</p> <p>Where the royalty arrangements are such that the Company is obliged to dispose of all production and pay over a proportion of the sales proceeds, these “royalty” payments should be included in Section 1(c) of the Reporting Templates.</p> <p>Where the Host Government has a more direct interest in the underlying production and makes sales arrangements independently of the concession holder, these “royalties” are more akin to Host Government production entitlement and should be reported under Section 1(f) of the Reporting Templates.</p>
iii	Licence fees, rental fees, entry fees and other considerations for licences and/or concessions	<p>Payments to the Host Government and/or National State-Owned Company for:</p> <ul style="list-style-type: none"> • receiving and/or commencing exploration and/or for the retention of a licence or concession (licence/concession fees); • performing exploration work and/or collecting data (entry fees). These are likely to be made in the pre-production phase. <p>Leasing or renting the concession or licence area.</p>
iv	Host Governments production entitlement	This is the Host Governments share of the total production. This production entitlement can either be transferred directly to the Host Government or to the National State-Owned Company. Also, this stream can either be in

Reference to Reporting Template	Scope 1 Benefit Stream	Further description
		kind and/or in cash. Where a royalty arrangement means that the Host Government has a more direct interest in the underlying production and makes sales arrangements independently of the concession holder, these “royalties” are more akin to Host Government production entitlement and should be reported under Section 1(c).
v	National State-Owned Company production entitlement	This is the National State-Owned Company’s share of the total production. This production entitlement is derived from the National State-Owned Company’s equity interest. This stream can either be in kind and/or in cash.
vi	Bonuses (such as signature, discovery, production)	Payments related to bonuses for and in consideration of: <ul style="list-style-type: none"> • Awards, grants and transfers of the extraction rights; • Achievement of certain production levels or certain targets; and • Discovery of additional mineral reserves/deposits.
vii	Dividends	If dividends are paid to the Host Government as a Shareholder of the company in respect of shares and any profit distributions in respect of any form of capital other than debt or loan capital.
viii	Other significant Benefits to Host Governments	These Benefit Streams include: <ul style="list-style-type: none"> • other taxes that are levied on the income, production, capital gains, sales, exports or profits of Companies, customs; • other royalty type arrangements • import duties; • withholding taxes related to dividends, interest/technical service fees; • registration fees; • stamp duties; and • environmental levies.

Scope 2 Benefit Streams: Voluntary

Scope 2 Benefit Streams are those Benefit Streams that are not significant, but either the Companies or Host Governments would like to report on a voluntary basis.

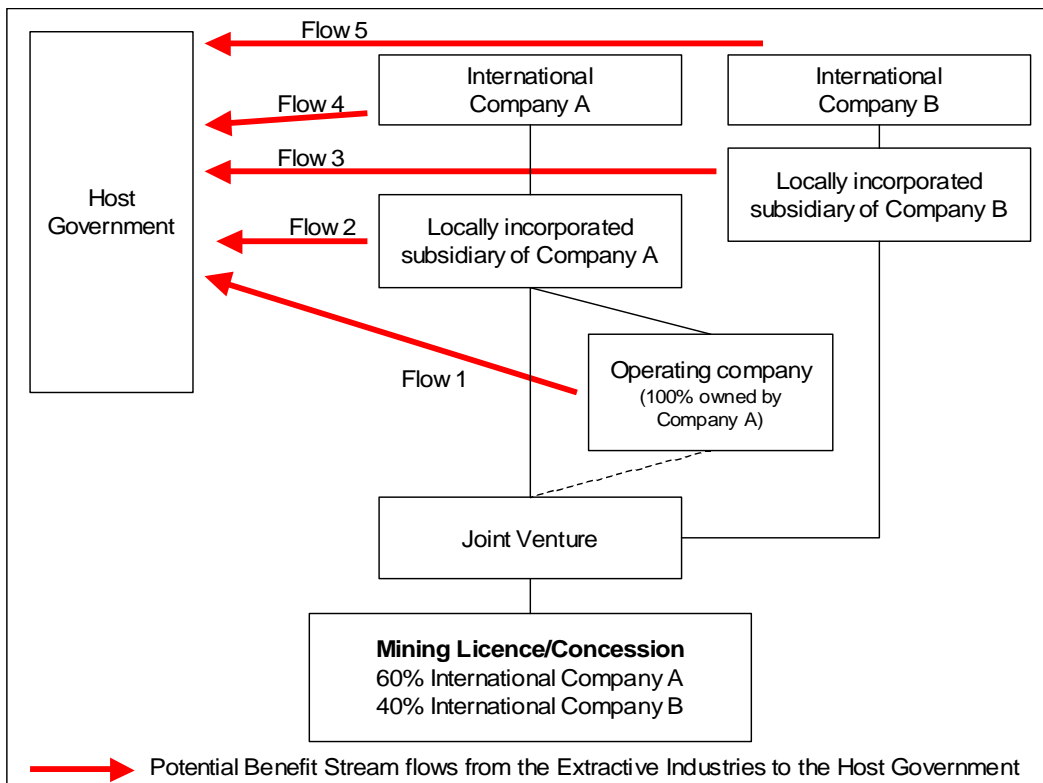
Identifying significant Benefit Streams

It is strongly recommended that all Reporting Entities compile a Benefit Stream flow map (as demonstrated in the example below) to ensure that they identify all their significant

Benefit Streams. It is likely that each Benefit Stream flow-map will vary for each Company's activities in each Host Country. This is due to the wide variety of ownership structures and regulating regimes in place.

To help Reporting Entities identify their significant Benefit Streams, a worked example of a Benefit Stream flow map has been provided below:

Figure 1: Example of a Benefit Stream flow map



*Extractive Industries Transparency Initiative
Reporting Guidelines for the mining sector
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The table below identifies the equity share of the Benefit Streams to be reported by International Companies A and B under the Concessionary System.

Benefit Stream flow	Benefit Stream reference from section 6	Who reports what		
		International Company A	International Company B	Comment
1	Payments to Host Governments: Scope 1, Benefit Streams i) to viii)	100%	0%	In the case of unincorporated contractual joint ventures the manager appointed under the JV agreement will be responsible for reporting all benefit streams for which is accounted for on behalf of the joint venture. This will mean that taxes such as royalties will be reported on a 100% basis even though they are allocable to JV participants because they are accounted for and paid by the JV operator. The JV participants will report their own relevant payments as outlined in benefit stream flows 2, 3, 4 and 5.
	Reporting Template reference	1	1	
2	Payments to Host Governments: Scope 1, Benefit Streams i) to viii)	100%	Not applicable	
	Reporting Template reference	1	Not applicable	
3	Payments to Host Governments: Scope 1, Benefit Streams i) to viii)	Not applicable	100%	
	Reporting Template reference	Not applicable	1	
4	Payments to Host Governments: Scope 1, Benefit Streams i) to viii)	100%	Not applicable	
	Reporting Template reference	1	Not applicable	
5	Payments to Host Governments: Scope 1, Benefit Streams i) to viii)	Not applicable	100%	
	Reporting Template reference	Not applicable	1	

Specific accounting principles and treatments

Cash basis

Reporting of the Benefit Streams is to be done on a cash-basis so as to allow comparability of Company and Host Government information. The date of payment is taken to be the date the payer's bank account is debited and payments made within a period are to be reported for that period. Receipts are to be treated as received on the date the recipient's bank account is credited and reported in the period of receipt.

A cash basis is considered the most appropriate basis for comparing the information from Host Governments and Companies, as Host Governments are not generally in a position to estimate accruals for receipts to be expected from Companies for any particular period.

Reporting currency

The reporting currency of all cash Benefit Streams is in the local currency of the Host Country. The principle reason for determining the reporting currency in local currency is that in the majority of cases the benefit streams to the Host Governments will be paid in local currency. Transparency of reporting will be increased by the omission of foreign exchange differences in the translation to the most common functional currency used by the mining industry, US dollars.

For transactions conducted in currencies other than the local currency, the [monthly or quarterly¹] average exchange rate should be used to translate these transactions into local currency. This is consistent with generally accepted accounting practice where non-reporting currency income statements and cash-flows tend to be either reported at monthly or quarterly average rates.

Provisional payments

As Benefit Streams are reported on a cash basis all payments to the Host Government should be captured within the reporting period. If provisional cash payments are made then any rebate or additional payment required is reported in the subsequent period.

Valuation of in-kind Benefit Streams

Reporting Entities are only required to report volumes for those Benefit Streams that are in-kind. The Aggregating Body will be responsible for associating a value to the in-kind benefit streams based on specific criteria suitable for individual Host Countries.

¹ Consultation will be needed with Reporting Entities to determine if the monthly or quarterly average would be appropriate, depending on their reporting systems and processes.

A Input template for Host Government Reporting Entity

Host Country reporting on: _____

Reporting Period: _____

Scope 1 Benefit Streams

Line ref	Guidelines section 6 ref	Volume	Value
1	Benefit Streams from International and National State-Owned Company		
1a)	Profit taxes		
1b)	Royalties		
	- in cash		
	- in kind		
1c)	License fees, rental fees, entry fees and other considerations for licenses/concessions		
1d)	Signing bonuses and production bonuses		
1e)	Dividends		
1f)	Other payments to Host Governments, specified as (including payment made through production entitlement and other royalty type arrangements):		

	Exclude:		
	- tax levied on consumption (e.g. VAT / GST / sales taxes;		
	- Pay as you earn (PAYE) income taxes		
	- Social payments (unless statutory requirement)		

Scope 2 Benefit Streams

Line ref	Volume	Value
2	Scope 2 Benefit Streams (voluntary disclosure):	

Host Government sign off

We acknowledge our responsibility for the fair presentation of the Reporting Template in accordance with the Reporting Guidelines, with the exception of:

- _____;
- _____;
- _____;
- _____.

B Input template for Company Reporting Entities

Name of Company: _____

Host Country reporting on: _____

Reporting Period: _____

Scope 1 Benefit Streams

Line ref	Guidelines section 6 ref	Volume	Value
1	Benefit Streams to Host Government / National State-Owned Company		
1a)	Profit taxes		
1b)	Royalties		
	- in cash		
	- in kind		
1c)	License fees, rental fees, entry fees and other considerations for licenses/concessions		
1d)	Signing bonuses and production bonuses		
1e)	Dividends		
1f)	Other payments to Host Governments, specified as (including payment made through production entitlements):		

Exclude:			
- tax levied on consumption (e.g. VAT / GST / sales taxes;			
- Pay as you earn (PAYE) income taxes			
- Social payments (unless statutory requirement)			

Scope 2 Benefit Streams

Line ref		Volume	Value
2	Scope 2 Benefit Streams (voluntary disclosure):		

Management sign off

We acknowledge [*or On behalf of the Board of Directors (or similar body) we acknowledge*] our responsibility for the fair presentation of the Reporting Template in accordance with the Reporting Guidelines, with the exception of:

- _____;
- _____;
- _____;
- _____.

C Aggregating Guidelines: process of aggregation

These Aggregating Guidelines define the role of the 'Aggregating Body'. The Aggregating Body is an independent party, which is responsible for:

- Aggregating and analysing the Reporting Templates submitted by the Companies and Host Government in the Host Country
- Ensuring the objectives of the Reporting Guidelines are achieved with particular regard for the principle of Understandability – i.e. preparation of a report that is understandable to Users of the information having a reasonable knowledge of the Extractive Industry and a willingness to study the information with reasonable diligence, subject to maintaining the confidentiality of the underlying information provided.

The Host Government will:

- Request a designated Aggregating Body to undertake the responsibilities listed below;
- [Require/request] all companies operating in its territory to provide the Aggregating Body the data described in the Company Template.

The Aggregating Body will:

In General

- Set the Reporting Period and the Reporting Timetable
- Prepare guidance manual for the Host Government on data disclosure in Host Country
- Prepare guidance manual for Companies on data disclosure in Host Country

Scope of Reporting

- Confirm the Scope of the Extractive Industries in the context of the Host Country
- Confirm the Scope of Upstream Activities in the context of the Host Country
- Grant Reporting Dispensations, if applicable

Benefit Streams

- Undertake Mapping of Significant Benefit Stream Flows with Companies
- Agree Mapping of Significant Benefit Streams with Host Government
- Detail actual taxes as per Host Country context and refine Reporting Templates accordingly, if applicable
- Associate a value to the in-kind benefit streams based on specific criteria suitable for individual Host Countries

Process of Aggregation

- Prepare report of aggregated company data and of Host Government data, with notes explaining any absence of information and including a list of those companies that have, and have not, submitted data.
- Make arrangements to follow up discrepancies between Companies and Host Government information with those parties, if they wish
- Ensure there is appropriate disclosure to ensure users of the information can fairly interpret or investigate the discrepancies
- It is noted that some companies may consider separate, voluntary publication of their Company Templates.

D Aggregated Company Templates

Host Country reporting on: _____

Reporting Period: _____

Scope 1 Benefit Streams

Line ref	Guidelines section 6 ref	Volume	Value
1	Benefit Streams from International and National State-Owned Company		
1a)	Profit taxes		
1b)	Royalties		
	- in cash		
	- in kind		
1c)	License fees, rental fees, entry fees and other considerations for licenses/concessions		
1d)	Signing bonuses and production bonuses		
1e)	Dividends		
1f)	Other payments to Host Governments, specified as (including payment made through production):		

E **References and sources of information**

ISSUES PAPER *Extractive Industries Issues Paper*, International Accounting Standards Committee on Extractive Industries, November 2000.

JOHNSON, D. *International Petroleum Fiscal Systems and Production Sharing Contracts*, Tulsa: PennWell Publishing Company, 1994.

KPMG *Implementing IAS – IAS compared with US GAAP and UK GAAP*, Assurance Services, June 2002

STATEMENT OF RECOMMENDED PRACTICE *Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities*, Oil Industry Accounting Committee, June 2001.

Organisations involved in development of the guidelines

Anglo American plc

Chamber of Mines of South Africa

International Council On Mining & Metals

KPMG plc

Rio Tinto plc