

June 13, 2018

Dear Chair Reinfeldt:

Thank you for your public statement and response to our letter dated February 2018.

We welcome your acknowledgment that the refusal of ExxonMobil and Chevron to disclose their taxes in the United States was a “deliberate” action to undermine the EITI and was “unprecedented.”

This behavior remains inappropriate for EITI International Board Members and continues to put the credibility of EITI at risk, especially when EITI stakeholders attempt to expand membership and raise funds for its implementation. Furthermore, it sets the precedent that EITI-Supporting Companies need not comply with fundamental EITI principles.

While we appreciate your statement, we respectfully disagree with your recommendation of “no action.” For the governments, civil society groups, financiers and companies supporting the initiative, no action by the Board in response to this willful misconduct is a violation of their EITI commitment - both in-kind and financial. In particular, civil society organizations investing scarce in-kind, technical and financial resources to support global EITI implementation, require action by the Board to justify their participation and requests of donors to support the same. Inaction by the Board equates to a vote of no-confidence in the spirit and letter of the EITI Standard itself.

To protect the reputation and credibility of the EITI, several actions should be discussed and considered by the Board:

- ExxonMobil and Chevron, along with all EITI Supporting Companies, should be required to publicly commit to disclosing tax and project-level payments in all EITI countries as required by the Standard;
- as a show of good faith, EITI Supporting Companies should voluntarily disclose all taxes and project-level payments in non-EITI implementing countries; and,
- the Board should formally censure the companies for failure to disclose taxes, which directly led to the US ceasing its implementation of the initiative and undermined the credibility of the EITI.

For your May 2018 statement to have meaning, we believe the Board should develop concrete penalties for companies that deliberately violate EITI rules. This is essential to ensure equity and parity with penalties applied to Implementing Countries that do not meet the requirements of the Standard. We therefore strongly support the effort to produce *requirements* for EITI Supporting Companies, however, we caution that these requirements will not serve as a substitute for accountability for ExxonMobil and Chevron’s deliberate behavior to undermine the EITI.

We very much appreciate your response to our concerns, and the attention given to this critical matter. Our experience with the grievance process suggests, however, that it requires strengthening to increase its effectiveness. We understand that the grievance process is under review and we will separately provide suggestions for areas of improvement.

We remain committed to supporting the full implementation of the EITI Standard, continue to believe in the spirit and the letter of its requirements and to working with you to ensure the initiative remains vibrant and relevant to the problems and needs of citizens in resource-rich countries.

Sincerely,

Danielle Brian, Executive Director, Project On Government Oversight (POGO), USEITI CSO Co-Chair

Filmona Hailemichael, Director, Publish What You Pay – United States

Waseem Mardini, Policy Advisor, Publish What You Pay – United States

Betsy Taylor, Executive Director, Livelihoods Knowledge Exchange Network (LiKEN), USEITI CSO Representative

Michael Ross, Professor of Political Science, University of California Los Angeles (UCLA), USEITI CSO Representative

Lynda K. Farrell, Executive Director, Pipeline Safety Coalition, USEITI CSO Representative

Keith Romig, Policy Analyst, United Steelworkers (organization & title listed for identification purposes only), USEITI CSO Representative

Isabel Munilla, Policy Lead, Extractive Industries Transparency, Oxfam America, USEITI CSO Representative

Paul Bugala, USEITI CSO Representative

Simon Taylor, Co-founder and Director, Global Witness

Bennett Freeman, EITI Global Board Member 2006-2009; Former United States Deputy Assistant Secretary of State for Democracy, Human Rights and Labor; Former Senior Vice President, Calvert Investments; Board Chair, EG Justice

Kate Watters, Executive Director, Crude Accountability

Tutu Alicante, Executive Director, EG Justice