

23 January 2018

Re: Natural Resource Governance Institute Comments on Sustainability Accounting Standards Board Proposed Changes to Provisional Standards – Extractives & Minerals Processing Sector

We are pleased to provide topic-level and metric-level comments that pertain to the following SASB industry standards (hereinafter the “SASB Standards”):

- A. Oil & Gas – Exploration & Production
Metals & Mining
- B. Oil & Gas – Refining & Marketing

About the Natural Resource Governance Institute

The Natural Resource Governance Institute (NRGI) is an international non-profit policy institute and grant-making organization whose focus and expertise is the responsible management of oil, gas and mineral resources for the public good. Our work promotes transparency and governance standards for the management of natural resources and resource revenues by governments, as well as the associated activities of companies, lenders and investors active in the extractive industries. We work in resource-rich countries in Africa, the Middle East, Eurasia, Latin America, South East Asia and the Pacific.

We also work at the international level to inform and implement best practice standards for extractive industry governance, and have played a central role in the establishment of the Natural Resource Charter (NRC)¹, the Extractive Industries Transparency Initiative (EITI) and the Publish What You Pay (PWYP) coalition. NRGI additionally publishes the Resource Governance Index (RGI), which measures the quality of governance of oil, gas and mining sectors across 81 countries producing 82 percent of the world's petroleum, 78 percent of gas and 71 percent of copper, generating trillions of dollars in annual profits. Please find more information on NRGI at: www.resourcegovernance.org.

A. Oil & Gas – Exploration & Production and Metals & Mining

1. Business Ethics & Payment Transparency

Topic-level comments: We applaud the inclusion of payment transparency as a topic, but note that the SASB Standards would benefit from clarifications regarding the role of transparency in reducing risks and global transparency norms on disclosures across the extractives value chain. Thus, we would recommend the following topic-level changes to the SASB Standards:

- a. **Amend the topic description to align with reasonable investor relevance by clarifying that anti-corruption/payment transparency laws can *reduce* risks:** The current description of the

¹ The Natural Resource Charter is a set of principles to guide governments’ and societies’ use of natural resources. See more here: <http://resourcegovernance.org/approach/natural-resource-charter>

Business Ethics & Payment Transparency topic states that anti-corruption/payment transparency laws “create regulatory risks” and that enforcement of such laws could “lead to significant one-time costs or higher ongoing compliance costs”. The SASB Conceptual Framework indicates that investor views are central to the development of the SASB Standards, but the framing of this topic description does not align with investor perspectives on payment transparency laws. Over 30 international investors representing more than \$5 trillion in assets under management have documented their support for Canadian, E.U. and U.S. payment transparency rules, specifically noting risk reduction as a basis for such support: “the key is reducing risk...[t]he less mystery there is behind these resource deals, the fewer unpleasant surprises we can expect.”²

In light of such reasonable investor perspectives, we recommend amending the topic description as follows (pgs 41 and 243³): “The emergence of several anti-corruption, anti-bribery, and payments-transparency laws and initiatives in the U.S. and abroad create regulatory ~~mechanisms to reduce certain risks~~ ~~Enforcement of these could lead to significant ~~one-time costs or higher ongoing compliance costs~~ risk mitigation opportunities~~ and even affect a company’s social license to operate.”

- b. **Expand the scope of the topic to align with industry-specific norms by referencing transparency across the extractives value chain, not just payment transparency:** While payment disclosures continue to be a central component of extractive sector transparency norms, industry-specific standards have now become considerably broader in scope. In 2013, the Extractive Industries Transparency Initiative (EITI) Standard was amended from focusing exclusively on revenue/payment transparency to instead requiring company and government disclosures across the entire extractives value chain. Further updates were made to the EITI Standard⁴ in 2016. Since the 2013 reforms, implementation of the broader EITI Standard has continued to grow, making it one of the most widely-accepted industry norms. Hundreds of extractive companies make disclosures under the EITI Standard in over 50 member countries.

In light of such industry norms, we recommend amending the topic title as follows (pgs 41 and 243): “Business Ethics & ~~Payment~~ Transparency”

Metric-level comments: The clarifications and scope amendments that we have proposed above would necessitate related changes to metrics. We would recommend the following metric-level changes on the Business Ethics & Payment Transparency topic:

- c. **Add a metric on payment transparency in line with legal and regulatory reference points:** Although the SASB Standards currently refer to payment transparency at the topic-level, no metric is actually included on this critical issue. Several international legal and regulatory reference points on extractive sector payment transparency exist. These include the European

² <http://www.lapfforum.org/wp-content/press/investors-press-us-and-canada-on-tax-disclosure-by-extractive-companies.pdf>

<http://www.publishwhatyoupay.no/sites/all/files/SEC%20investor%20letter%20-%20Press%20Release%20-%20US%20-%20FINAL%20082713%20pdf%5B2%5D%5B2%5D.pdf>

³ All page numbers refer to the exposure draft redline.

⁴ https://eiti.org/sites/default/files/documents/the_eiti_standard_2016_-_english_0.pdf

Union’s Accounting Directive (Chapter 10)⁵ and Transparency Directive (Article 6)⁶ which have been transposed into national legislation in each of the EU Member States; Norway’s *Forskrift om land-for-land-rapportering*⁷; and Canada’s Extractive Sector Transparency Measures Act. Section 1504 of the US Dodd Frank Wall Street and Consumer Protection Act also contains similar requirements, but the SEC’s implementing regulations are pending finalization due to legal and legislative challenges. These laws require the disclosure of payments of over \$100,000 to governments at the project-level for the following payment categories in relation to extractive activities:

- (a) production entitlements;
- (b) taxes levied on the income, production or profits of companies;
- (c) royalties;
- (d) dividends;
- (e) signature, discovery and production bonuses;
- (f) license fees, rental fees, entry fees and other considerations for licenses and/or concessions; and
- (g) payments for infrastructure improvements.

In light of these legal and regulatory reference points, we recommend adding the following metric to EM0101-21 and EM0302-21 – *Description of the management system for prevention of corruption and bribery throughout the value chain* (pgs 41 and 243): **The registrant shall discuss any reporting regime under which they are subject to payment transparency requirements (including but not limited to Chapter 10 of the EU Accounting Directive and the Extractive Sector Transparency Measures Act in Canada), describe its mechanisms for complying with such requirements and provide links to disclosures made in accordance with each regime.**

- d. **Align with industry-specific norms by expanding the current EITI reference to specify disclosures across the extractives value chain:** As noted above, the EITI Standard was amended in 2013 and 2016 to require company and government disclosures across the entire extractives value chain. These amendments to the EITI Standard included significant expansions of required and encouraged company-side disclosures, including on: beneficial ownership/politically-exposed persons, licenses/contracts, social expenditures, project-level payments, subnational payments, resource-backed loans, data accessibility and multi-stakeholder engagement. Currently, SASB Standards only request registrant discussion of general EITI “participation” and, coupled with the narrow “Payment Transparency” topic context, this gives the impression that the scope of relevant information is quite limited. Investors would obtain more useful information if the SASB Standards provided greater specificity on the range of disclosures considered relevant to a registrant’s discussion of its EITI implementation, in line with the broader scope of the EITI Standard.

⁵ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32013L0034>

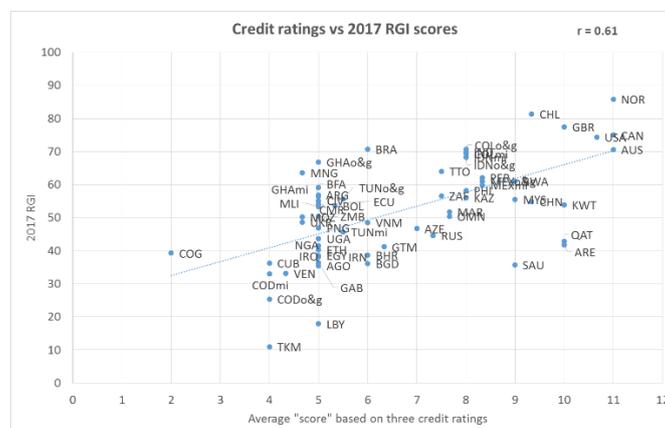
⁶ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32013L0050>

⁷ <https://lovdata.no/dokument/SF/forskrift/2013-12-20-1682>

The evolution of the EITI standard is closely linked to a broader evolution in practice of many extractive companies in relation to disclosure. A growing group of companies has made public commitments to transparency of contracts and beneficial ownership and begun to put those commitments into practice in their reporting practices (see below for more detail).

In light of this potential for increased investor relevance and improved alignment with industry-specific norms, we recommend the following changes (pgs 42 and 243): “Relevant aspects of a management system include employee awareness programs, internal mechanisms for reporting and following up on suspected violations, anti-corruption policies, and **participation in implementation of the Extractive Industry Transparency Initiative (EITI) Standard (including but not limited to compliance with the EITI Standard provisions on beneficial ownership/politically-exposed persons, licenses/contracts, social expenditures, project-level payments, subnational payments, resource-backed loans, data accessibility and multi-stakeholder engagement).**”

- e. **Utilize an industry-specific index on extractive sector transparency as a registrant reference point.** The SASB Standards utilize the Transparency International Corruption Perception Index (CPI) as reference point for registrant disclosures, which we support. Adding an industry-specific index on extractive sector transparency would be a strong addition. The Resource Governance Index (RGI)⁸ is a freely available composite index that quantifies transparency and accountability of the extractive industries in 81 countries around the world (please see more details on the RGI in Annex A). RGI scores are strongly correlated with country credit ratings, a relationship which is mainly driven by its measurement of the “enabling environment” for good governance and accountability.



While both composite indices, a fundamental difference between the RGI and the CPI is the nature of the underlying data used in their construction. Firstly, the RGI is a hybrid index, comprised of secondary data which measure the broader enabling environment (taken from the World Bank’s Worldwide Governance Indicators and three additional sources that measure the extent to which countries followed principles of open data) and primary, original data on accountability and transparency in the extractive sector. The CPI, on the other hand, utilizes only secondary data which is provided by 13 different data sources. Worth noting is that there is an overlap between data

⁸ <http://resourcegovernanceindex.org/>

sources used in the enabling environment component of the RGI and those data sources used to calculate the CPI.

A second difference between these two indices is their use of “hard” and “soft” data. In the extractive sector specific components of the RGI, the index measures the existence of rules, disclosures and oversight procedures that allow citizens to hold their government to account for managing their extractive resource wealth. In contrast, the CPI captures perceptions of business people and country experts of the level of corruption in the public sector. This is a necessary approach because corruption generally comprises illegal, hidden, activities for which it is difficult to collect hard empirical data. The two data types used in the construction of the RGI and the CPI are complementary in nature.

Further, the aggregation methodology of the RGI is such that it is a hierarchy of topic areas with five descending levels: composite, components, sub-components, indicators and questions. This allows granular analysis of particular sub-topics related to resource governance. The CPI is a single aggregate value, calculated by combining the 13 data sources in a simple average.

In light of the RGI serving as an industry-specific and ratings-relevant index, we recommend adding the following new metric to the Business Ethics and Payment Transparency topic (pgs 41 and 243):

EM0101-XX. Operations in countries ranked as weak, poor, or failing by the Natural Resource Governance Institute’s Resource Governance Index

XXX. The registrant shall disclose details of operations (including, but not limited to, amount of net proved reserves, amount of net probable reserves, and amount of net production) in any country classified as weak, poor or failing by the Natural Resource Governance Institute’s Resource Governance Index (RGI).

XXX. The registrant shall use the most current version of the RGI via the Natural Resource Governance Institute’s publicly accessible [website](#).

XXX. The registrant may choose to provide discussion around operations that are located in countries with low rankings in the RGI but present low business ethics risks; the registrant may choose to provide similar discussion for operations located in countries that do not rank as weak, poor, or failing in the RGI but which present unique or high business ethics risks.

2. Community Relations

Metric-level comments: We applaud inclusion of community rights as a topic, but note that the SASB Standards would benefit from coverage of the enabling environment for civil society to engage in extractives policy debates as a key component of social rights, as well as coverage of poor natural resource governance as a country risk factor. These issues are highly interrelated. The 2017 RGI findings indicate that the absence of civic space goes hand-in-hand with opacity and poor governance and, on average, countries where civic space is strong exhibit stronger extractives governance performance:



Thus, we would recommend the following metric-level changes to the SASB Standards on the Community Relations topic:

- a. **Include civic space enabling civil society to engage in extractives policy consultations as a component of social rights:** The SASB Standards note the important role that community consultation plays in sustainability efforts, but make no reference to factors related to civic space. Civic space is highly constrained in many resource-rich countries⁹, meaning that community members are often not free to fully express their views during company consultation processes. This undercuts the entire purpose of such consultation. Poor civic space conditions are a major stakeholder concern, can lead to short-term operational disruptions, and are linked to poor sector governance that impacts extractive projects’ sustainability in the longer term. As a result, industry-specific norms like the EITI Standard have been amended to include frameworks like the EITI Civil Society Protocol¹⁰ that focus specifically on evaluating civic space issues related to the extractive sector.

In light of these stakeholder concerns, risks factors, and industry norms, we recommend adding the following metric components to EM0101-15 and EM0302-13 – *Description of process to manage risks and opportunities associated with community rights and interests* (pgs 33 and 232):
 “89. ...• Social rights and interests, including the rights to adequate **civic space to engage in policy debates**, health care, education, and housing...

94. ...• **Efforts to be responsive to the civic space environment, including to monitor compliance with the EITI Civil Society Protocol and to engage in multi-stakeholder discussions in instances when such Protocol may have been violated.”**

- b. **Include poor natural resource governance as a country risk factor:** Poor governance of a country’s extractive resources should be of central relevance to investors in this sector. As noted above, the RGI provides a sector-specific framework to consider extractives governance and gives each country a score, rank and performance band. Each country assessment is classified as good, satisfactory, weak, poor or failing in each element of the top four tiers of the index

⁹ <http://www.civicus.org/documents/CIVICUSMonitorFindings.EITI.Countries.pdf>

¹⁰ <https://eiti.org/document/eiti-protocol-participation-of-civil-society>

(composite, component, sub-component and indicator). Again, country scores on the RGI are strongly correlated with country credit ratings.

In light of such investor relevance, risk factors and sector-specific framework, we recommend adding the following metric components to EM0101-15 and EM0302-13 – *Description of process to manage risks and opportunities associated with community rights and interests* (pgs 35 and 234):

“95. ...• Country, regional, and/or community risks include, but are not limited to: **natural resource governance**, corruption, business legal structure, political stability, regulation, resource nationalism...

- Discussion should be in addition to broad country risk classification (e.g., OECD Prevailing Country Risk classification, Standard & Poor’s Country Risk ratings, World Economic Forum Global Competitiveness Index, **Resource Governance Index performance band**, etc.).”

- c. **Refer to broader sustainability policies that capture contract transparency norms.** When governments and private sector companies agree to exploit publicly owned natural resources, citizens have the right to know the terms of the resulting deals. Contract transparency can help inform community consultation and build trust with communities. There are now over 39 countries that have disclosed extractive industry contracts, and 22 with laws requiring disclosure.¹¹ A growing number of extractive companies, including Kosmos Energy, Tullow Oil and Rio Tinto, BHP Billiton, Newmont and Statoil have made public statements in support of contract disclosure¹² and several more make disclosures contracts in stock exchange filings in their home countries.¹³ The practice is also endorsed by the endorsed by the International Council on Mining and Metals.¹⁴

¹¹ Hubert and Pitman (2017), *Past the Tipping Point? Contract Disclosure within EITI*, p.2 and p.27, available at <https://resourcegovernance.org/sites/default/files/documents/past-the-tipping-point-contract-disclosure-within-eiti-web.pdf>

¹² For Kosmos Energy, see <http://www.kosmosenergy.com/responsibility/transparency.php>; for Tullow Oil, see <http://www.tulloil.com/sustainability/shared-prosperity/transparency>; and for Rio Tinto, see http://www.riotinto.com/documents/RT_taxes_paid_in_2014.pdf. For an overall discussion of the state of company-level endorsements of contract transparency, see Open Contracting (2016), *From Contract Transparency to Open Contracting in Natural Resources*, <https://www.open-contracting.org/2016/10/28/contract-transparency-open-contracting-natural-resources/>.

¹³ See <https://resourcegovernance.org/blog/how-many-governments-are-disclosing-oil-gas-and-mining-licenses-and-contracts>

¹⁴ International Council on Mining and Metals (2017), *Contract Transparency*, available at <https://www.icmm.com/en-gb/society-and-the-economy/governance-and-transparency/contract-transparency>.

Contract transparency is also endorsed by a large number of international institutions including in the IMF Guide on Resource Revenue Transparency¹⁵, the UN Principles for Responsible Contracts¹⁶, the International Bar Association’s Model Mining Development Agreement.¹⁷ Disclosure is encouraged as a part of the EITI Standard¹⁸. The International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) require that all their financings or guarantees of oil, gas and mining projects disclose the “principal contract with government that sets out the key terms and conditions under which a resource will be exploited”.¹⁹ The European Bank for Reconstruction and Development has similar requirements for hydrocarbon projects.²⁰ Contract disclosure was recently recommended in the OECD Secretary-General’s High-Level Advisory Group (HLAG) Report on Anti-Corruption and Integrity.²¹ In light of these global norms on extractives contract transparency, we recommend adding the following metric components to EM0101-15 and EM0302-13 – *Description of process to manage risks and opportunities associated with community rights and interests* (pgs 34 and 233):

“92. The registrant shall disclose the degree to which its policies and practices are aligned with the **UN Principles for Responsible Contracts and the International Finance Corporation’s (IFC) Performance Standards on Environmental and Social Sustainability}, and Policy on Environmental and Social Sustainability** January 1, 2012, including specifically:

- Performance Standard 4 – Community Health, Safety, and Security
- Performance Standard 5 – Land Acquisition and Involuntary Resettlement
- Performance Standard 8 – Cultural Heritage
- **Policy on Environmental and Social Sustainability – Sections 50-52 on Extractive Industry contract transparency...**”

¹⁵ IMF (2007), *Guide on Resource Revenue Transparency*, p.17, available at <https://www.imf.org/external/np/pp/2007/eng/051507g.pdf>

¹⁶ UN (2015), *Principles for responsible contracts*, p.32, available at http://www.ohchr.org/Documents/Publications/Principles_ResponsibleContracts_HR_PUB_15_1_EN.pdf

¹⁷ International Bar Association (2011), *Model Mining Development agreement*, p.130, http://www.mmdaproject.org/presentations/MMDA1_0_110404Bookletv3.pdf

¹⁸ See EITI standard, Requirement 2.4.

¹⁹ International Finance Corporation (2012), *Policy on Environmental and Social Sustainability*, pp.11-12, available at http://www.ifc.org/wps/wcm/connect/7540778049a792dcb87efaa8c6a8312a/SP_English_2012.pdf?MOD=AJPERES, and Multilateral Investment Guarantee Agency (2013), *Policy on Environmental and Social Sustainability*, p. 10, available at https://www.miga.org/documents/Policy_Environmental_Social_Sustainability.pdf.

²⁰ European Bank for Reconstruction and Development (2013), *Energy Sector Strategy*, p.60, available at <http://www.ebrd.com/what-we-do/sectors-and-topics/ebd-energy-strategy-transparency.html>

²¹ OECD (2017), *On Combatting Corruption and Fostering Integrity*, p.15, available at <https://www.oecd.org/corruption/HLAG-Corruption-Integrity-SG-Report-March-2017.pdf>

3. Management of the Legal and Regulatory Environment

Metric-level comments: We applaud the SASB Standards' focus on corporate positions related to government regulations and/or policy proposals that address sustainability factors affecting the industry, but note that extractives governance is not included among such factors, even though sector governance can have a significant impact on commercial outcomes. Extractive companies can make important contributions to the governance of their host countries by supporting policies on and complying in practice with recognized good governance standards in the execution of their projects.

Thus, we would recommend the following metric-level changes to the SASB Standards on the Management of Legal and Regulatory Environment topic:

- a. **Include natural resource governance as a relevant policy area:** Natural resource governance policies are a critical part of determining sustainability. Often acting as pioneer investors, extractive companies can play an important role in shaping the policies that shape sector governance and determine the general investment climate of the countries in which they operate. Where they contribute positively, extractive companies can support the development of good governance practices in a country. Where they contribute negatively, companies can entrench mismanagement and corruption.

Drawing on the policy options and practical advice of the Natural Resource Charter²², the Natural Resource Charter Benchmarking Framework is a tool for benchmarking government and company approaches in the oil, gas and minerals sector against global best practices. The framework is the product of five years of expert input and testing in more than 15 country projects. Precept 11²³ in the Framework covers the role of extractive companies. Precept 11 contains a series of questions that investors and extractive companies can use to structure assessments of company policy and practice, as well as a guidance note providing explanation of concepts and further considerations.

In light of the centrality of sector governance to sustainability and the existence of a comparable industry-specific assessment framework on the role of companies in the extractives policy context, we recommend adding the following metric components to TA04-10-01 – *Discussion of corporate positions related to government regulations/or policy proposals that address environmental and social factors affecting the industry* (pgs 48-49), as well as adding an analogous section to the Mining & Metals Standard:

“152. ...The regulatory environment related to relevant environmental and social factors includes, but is not limited to, those related to greenhouse gas emissions, other air emissions,

²² <https://resourcegovernance.org/approach/natural-resource-charter>

²³ https://resourcegovernance.org/sites/default/files/documents/precept_11_0.pdf

water withdrawals and effluents, biodiversity impacts, community impacts, employee health and safety, **natural resource governance**, and business ethics and **payments** transparency...

156. The registrant shall discuss its overall strategy to manage risks and opportunities associated with each aspect of the legal and regulatory environment it has identified, which may include, but is not limited to:...**Any evaluation it has conducted of its policy and practice as assessed against Precept 11 (Role of Extractive Companies) of the Natural Resource Charter Benchmarking Framework...**"

B. Oil & Gas – Refining & Marketing

For a number of years, NRGi has undertaken research into the major revenue flows which stem from the purchase of volumes of oil and gas from government entities (principally state-owned oil and gas companies). These purchases are often made by integrated oil and gas companies, as well as independent traders and refineries. In some countries, such as Nigeria and Libya, these transactions can constitute their largest revenue stream. While economically important, these transactions are generally not made public and are vulnerable to abuse.²⁴ Since 2013, the EITI has required²⁵ disclosure by government entities of these transaction, while encouraging purchasers to make similar disclosures. A multistakeholder working group, including a number of Oil and Gas Registrants, have collaborated on the production of reporting guidance.²⁶

In order to improve disclosure in this area, we recommend elaborating upon topic "Pricing Integrity & Transparency" (EM0103-15) to include payment and other disclosures related to the sale of a government's share of oil, gas or mineral production.

To this end, we recommend adding to the description of Pricing Integrity & Transparency (page 108), the following wording: **Due to the economic importance of payments made to governments for the purchase of oil, gas and minerals (sale of the state's share of production) and the vulnerability of these transactions to abuse, greater disclosure of such payments and related disclosure by companies is recommended.**

We also recommend the addition of a metric for this topic as follows: **The registrant shall disclose any material amounts paid to government entities (including state-owned companies) as well volumes received for the purchase of oil and gas consistent with requirement 4.2 of the EITI standard.**

²⁴ <https://resourcegovernance.org/analysis-tools/publications/initial-evidence-corruption-risks-government-oil-and-gas-sales>
<https://resourcegovernance.org/analysis-tools/publications/big-spenders-swiss-trading-companies-african-oil-and-risks-opacity>

²⁵ See EITI Standard 4.2 on "Sale of the state's share of production or other revenues collected in kind"
<https://eiti.org/document/standard#r4-2>

²⁶ Available here <https://eiti.org/GN26>

Annex A

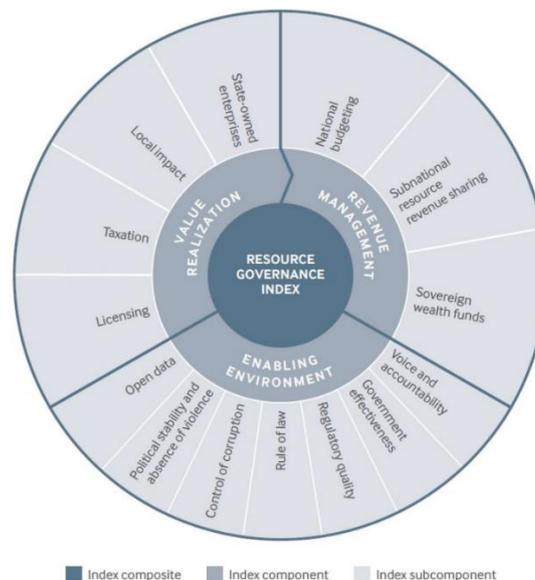
Additional Information on the Resource Governance Index

Overview of 2017 Resource Governance Index

The 2017 Resource Governance Index (RGI) is a freely available composite index that quantifies transparency and accountability of the extractive industries in 81 countries around the world. The RGI defines resource governance as the rules, disclosures, oversight procedures and enabling environment that allow citizens to hold their government to account for managing their extractive resource wealth.

The 2017 iteration of the index was published in June 2017, with data up to December 2016; moving forward the RGI is expected to be released in three-year research cycles.

The RGI is a hierarchy of topic areas with five descending levels: composite, components, sub-components, indicators and questions. The composite score, or RGI score, is the result of combining these elements.



The RGI includes 51 questions devoted to measuring the presence and quality of rules in a country. “Rules” here refers to the laws, regulations or government policy documents that are pertinent to an extractives sector. We assess whether rules exist that require government agencies (or in some cases companies) to take actions (e.g., allocating licenses competitively) or make those agencies subject to certain actions (e.g., audits).

The index includes 67 questions related to disclosures. We evaluate the actual disclosure of data (e.g., beneficial ownership), the disclosure of processes (e.g., what happens before and after a licensing round) and the availability of analytical reports published by government agencies and organizations who hold their governments to account.

There are seven questions related to oversight. “Oversight” includes processes such as audits and the appointment of independent oversight bodies. These processes ensure that rules are followed

and reporting is reliable, and they act as an important guard against conflicts of interest and undue discretion.

Lastly, the RGI measures the quality of the enabling environment for resource governance. “Enabling environment” refers to the wide range of practices and processes in the government, parliament, media and civil society that are likely to either enable or disable the effectiveness of resource policies and governance. A good enabling environment includes, among other things, an independent judiciary, efficient public services and an absence of violence. These aspects, if present in a country, are likely to mean that a government follows the policies it sets for itself and that these policies are good for the country.

Scores, ranks and ‘performance bands’ in the 2017 Resource Governance Index

Each country in the RGI receives a score, rank and performance band for the top four tiers of the index (composite, component, sub-component and indicator). While there is value in a country receiving a score and rank in an index, we developed performance bands in response to the value of having an absolute performance classification to complement the relative performance shown by rankings. Further, as the true quality of governance in a country may not be exactly reflected in the respective score (due to the uncertainty that surrounds any measure of governance), the performance bands mitigate the over-interpretation of scores.

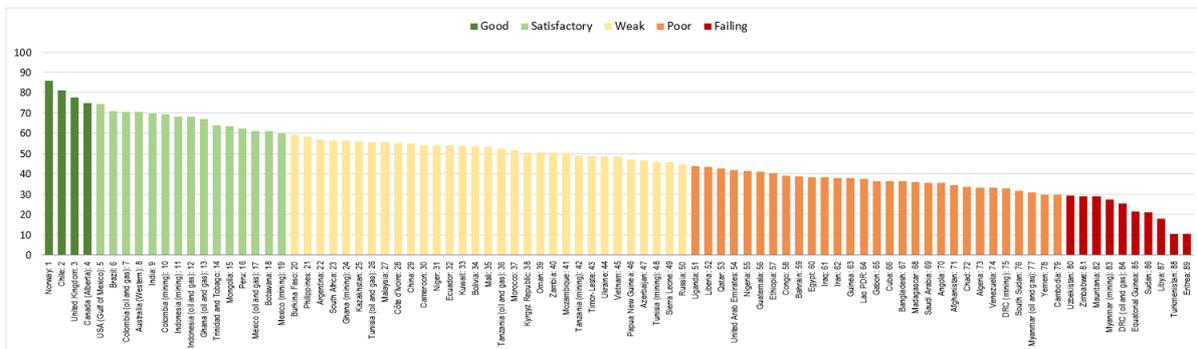
Each country assessment is classified as good, satisfactory, weak, poor or failing in each element of the top four tiers of the index (composite, component, sub-component and indicator).

2017 RESOURCE GOVERNANCE INDEX

Score 0-100 where 100=best.

Rank out of all 89 available assessments. 1=best

If a country scores “No data/Not applicable” it will not show in the bar chart



Granular information included in the 2017 Resource Governance Index

Beyond the composite scores, ranks and performance bands, the index components and subcomponents represent more disaggregated information. Analysis of the RGI has shown that countries often do not perform consistently across these governance dimensions. In addition, the RGI indicator and question-level data are also available and allow a focused analysis of very granular data that might be particularly pertinent to the Standards. For example, the indicator “company payment disclosure” is the average score of three questions, as seen below:

**COMPANY PAYMENT
DISCLOSURE**

Payment disclosure

Payment disclosure timeliness

Payment disclosure
disaggregation

In addition to providing a score for each question, the [RGI dataset](#) includes written justifications for each score, and supporting documentation.

2017 Resource Governance Index resources:

www.resourcegovernanceindex.org

[Offline data explorer](#)