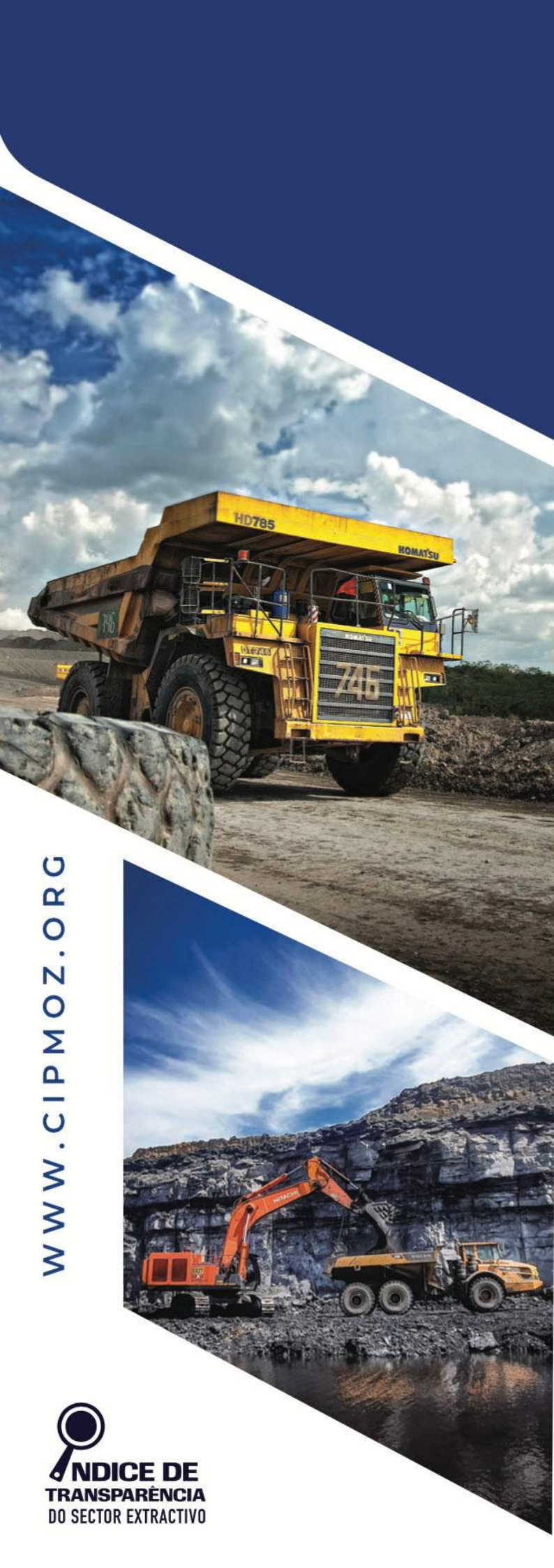




CENTRO DE INTEGRIDADE PÚBLICA
Anticorrupção - Transparência - Integridade

EXTRACTIVE SECTOR TRANSPARENCY INDEX IN MOZAMBIQUE - 2023

Unveiling the Setback in the
Commitment of Extractive
Companies in Mozambique



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Title: EXTRACTIVE SECTOR TRANSPARENCY INDEX IN MOZAMBIQUE - 2023

(Unveiling the Setback in the Commitment of Extractive Companies in Mozambique)

Director: Edson Cortez

Author: Rui Mate

Peer Reviews: Borges Nhamirre, Edson Cortez, Gift Essinalo, Teresa Boene

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1. INTRODUCTION

This report presents an assessment of the level of transparency of 33 companies in the extractive sector in Mozambique for the year 2023, using the Extractive Industry Transparency Index (EITI). This is the fourth report focusing exclusively on the transparency of companies operating in Mozambique, following a methodology developed by the Centre for Public Integrity.

The assessment reveals important negative trends and companies' commitment to fiscal transparency, corporate governance, social responsibility and environmental sustainability (ESG-F). In this edition, which incorporated a new methodology requiring companies to perform well in all areas of ESG-F transparency rather than just performing well in a few subsectors, a worrying trend was observed: the level of overall transparency was only 12.31 per cent out of a total of possible 100 per cent, representing a reduction of approximately 41.38 per cent compared to the 2022 index, which was 21 per cent. This decline is the result of a combination of three factors, namely: i) less transparency; ii) an increase in the number of companies, from 21 to 33; and iii) the introduction of the new methodology, which requires more effort in all dimensions of the index, based on international standards.

The methodology adopted in this edition represents a significant advance in relation to the previous one, which used the simple arithmetic average. Now, with the incorporation of the geometric mean and the inclusion of new indicators, aligned with the Global Reporting Initiative (GRI) guidelines and the Sustainable Development Goals (SDGs), the assessment has become more balanced and robust. This approach not only provides a more holistic view of companies' performance, but also penalises those that only present high performance in one dimension. This ensures that transparency is assessed in a fairer and more comprehensive manner.

Most of the companies evaluated remain at low or opaque levels of transparency. The results are as follows: 26 (twenty-six) companies are at the opaque level (0-19.99%), 1 (one) at the low level (20-39.99%), 3 (three) at the average level (40-59.99%), 2 (two) have reached the good level (60-79.99%) and only 1 (one) has achieved a high level of transparency (80-100%).

Positive highlights go to the companies TotalEnergies and Twigg Exploration & Mining, Lda, which, in this edition, showed greater openness to cooperate in EITI and, consequently, showed transparency in their activities.

Negative emphasis goes to the companies Haiyu Mozambique Mining Company, which in the previous edition was in third place, but has fallen back in this edition, going so far as to close itself off from cooperating in the promotion of transparency, and Capitol Resources, Lda, belonging to the Australian group Baobab Resources. The latter company has a shareholding of 13 per cent in the International Finance Corporation (IFC)¹ an institution of the World Bank Group that aims to promote economic development and reduce poverty through the private sector.² The company has not provided any relevant information about its activities, but it would be expected, especially considering that it deals with the extraction of resources and the World Bank Group's commitments, that it would adopt a different attitude in terms of transparency.

This report is divided into 5 parts, namely: 1) Introduction, which includes the methodology used; 2) Results of the Assessment, which covers the evaluation of each component by sector (hydrocarbons and mining) and the global evaluation; 3) Conclusion and Recommendations; 4) Documents Consulted; and 5) Annexes.

1.1.1 Companies Evaluated

For the 2023 Index, 13 companies from the hydrocarbons sector and 20 from the mining sector, included in the Independent Report of the Extractive Industry Transparency Initiative (EITI, 2022; 2023), were selected. The selection criteria are determined by the EITI Coordination Committee and include companies with and without significant payments, as well as certain companies not classified as part of the extractive industry, according to the tax authority.³

Three companies, namely Mozambique Rovuma Venture (MRV), Cimentos de Nacala and Minas de Benga, were not assessed individually, but within their business groups. MRV's information was published by ENI, leader of the consortium, while that of Cimentos de Nacala was published by Cimentos de Moçambique, its parent company, and Minas de Benga's information was published by ICVL Zambeze, also a parent company. It is worth mentioning that all the companies had the same (fair) opportunity to respond to the indicators, but only 6, listed below, sent a response to CIP.

In the context of EITI, as shown in Tables 1 and 2, collaboration means that the companies involved have actively participated in the evaluation process by providing the information requested by CIP. This includes

¹ Agenzia Giornalistica Italia (21/09/2016). Mozambique: Australian builds 770 million steel mill. Available at: https://international.agi.it/international/mozambique_australian_builds_770_million_steel_mill-1103276/news/2016-09-21/. Accessed on 09/08/2024

² IFC (2024). Who we Are. Available at: <https://www.ifc.org/en/about>. Accessed on 09/08/2024.

³ The EITI Coordination Committee defines material payments as tax contributions equal or above 30 million meticaís (Republic of Mozambique, 2022).

responding to the transparency indicators by sharing data on their ESG-F practices. Collaborating, in this case, demonstrates the company's commitment to transparency and accountability, contributing to a more accurate and complete assessment of its operations.

Hydrocarbons Sector

Of the 13 companies evaluated in this sector, only three, TotalEnergies, Sasol and Companhia Moçambicana de Hidrocarbonetos, were open to collaborating with EITI.

Table 1: Companies in the Hydrocarbons Sector Evaluated in the 2023 EITI

Sector	N.ord	Projecto	Empresa/ Parceiros	Website Corporativo	Abertura para Colaborar no ITSE
Hidrocarbonetos	1	Moz LNG Área 1	TotalEnergies	https://www.mozambique LNG.co.mz/pt-pt/	SIM
	2	Coral Sul FLNG Área 4	Eni	https://www.eni.com/static/en-IT/infographics/longform-coral-south/	NÃO
	3	Pande e Temane	SASOL Petroleum Temane	https://www.sasol.com/our-businesses/energy/gas-sourcing-and-operations	SIM
	4	Rovuma LNG Área 4	ExxonMobile	https://www.exxonmobil.co.mz/pt-mz	NÃO
	5	Hidrocarbonetos	Empresa Nacional de Hidrocarbonetos-EP	https://www.enh.co.mz/	NÃO
	6	Bloco de Buzi	Buzi Hydrocarbons	https://www.emp.id/	NÃO
	7	Transporte de gás Temane (Moç) a Secunda (RAS) 865 KM	ROMPCO - Republic of Mozambique Pipeline Company	https://www.rompco.co.za/	NÃO
	8	Transporte de gás -Ressano Garcia a Matola	Matola Gás Company, Sarl - MGC	https://www.mgc.co.mz/pt/	NÃO
	9	Hidrocarbonetos	Companhia Moçambicana de Hidrocarbonetos, SA (CMH)	https://www.cmh.co.mz/	SIM
	10	Coral Sul FLNG Área 4	MRV, Mozambique Rovuma Venture	https://mz.rovumalngsmp.com/#/home	NÃO
	11	Operador do Gasoduto Moçambique-África do Sul	Companhia Moçambicana de Gasoduto-CMG	http://cmg.co.mz/	NÃO
	12	Projecto de distribuição de gás natural na cidade de Maputo e distrito de Marracuene	ENH-Kogás, SA	Não localizado	NÃO
	13	Rovuma LNG e Coral Sul (Área 4)	Mitsui & Co. Europe PLC	https://www.mitsui.com/eu/en/	NÃO

Mining Sector

Of the 20 companies assessed in this sector, only three, Montepuez Ruby Mining Limitada, Kenmare Resources plc and Twigg Exploration & Mining, Lda, were open to collaborating with EITI.

Table 2: Companies in the Mining Sector Evaluated in the 2023 EITI

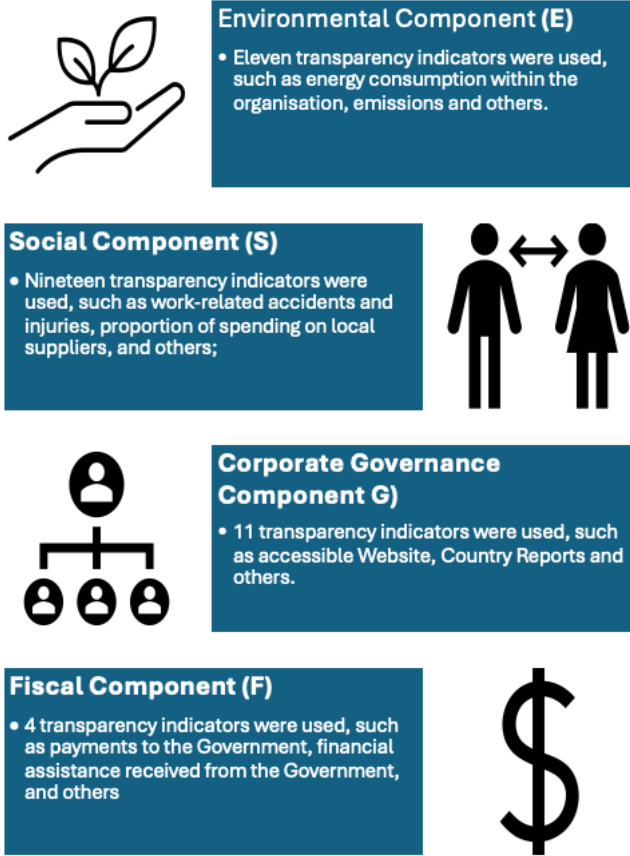
Sector	N.ord	Projecto	Empresa/ Parceiros	Website Corporativo	Abertura para Colaborar no ITSE
Mineiro	1	Exploração de Carvão	Vulcan Resources	https://www.vulcaninternational.com/pt/	NÃO
	2	Exploração de Carvão	Haiyu Mozambique Mining Company	https://www.haiyumining.com/	NÃO
	3	Exploração de Carvão	ICVL Zambeze (Grupo ICVL)	https://www.icvl.co.mz/index.php/pt/	NÃO
	4	Exploração de Carvão	Minas Moatize Lda	https://www.linkedin.com/company/minas-moatize-lda/posts/?feedView=all	NÃO
	5	Exploração de Carvão	Jindal Steel and Power Limited, - JSPL Mozambique Minerais, Lda	https://www.jindalafrika.com/operations/chirodzi/	NÃO
	6	Exploração de Carvão	Minas Revubòe Lda	https://www.revuboe.com/?page_id=1196&lang=pt	NÃO
	7	Exploração de Rubi	Montepuez Ruby Mining Limitada	https://www.gemfieldsgroup.com/assets/montepuez-ruby-mining-limitada/	SIM
	8	Exploração de Areias pesadas	Kenmare Resources plc	https://www.kenmareresources.com	SIM
	9	Exploração de ferro, titânio, vanádio e calcário	Capitol Resources, Lda	https://haohab-steel.com/contact	NÃO
	10	Exploração de tantalite	Highland African Mining Company, Lda	https://www.linkedin.com/company/marropino-tantalite-mine/about/	NÃO
	11	Exploração de grafite	Twigg Exploration & Mining, Lda	https://www.twigg.co.mz/	SIM
	12	Energia e Mineração	Eurasian Natural Resources - ENRC Mozambique, Lda	https://www.eurasianresources.lu/pt/home	NÃO
	13	Exploração de Areias pesadas	Africa Great Wall Mining Development Company, Lda.	https://www.facebook.com/p/Africa-Great-Wall-Mining-100063909657199/	NÃO
	14	Exploração de calcário e argila	Cimentos de Moçambique, S.A.R.L.	https://www.cimentosdemoçambique.co.mz/?page_id=148	NÃO
	15	Exploração de calcário e argila	CINAC - Cimentos de Nacala	https://www.cimentosdemoçambique.co.mz/?page_id=148	NÃO
	16	Exploração de Carvão	Minas de Benga, Limitada (Grupo ICVL)	https://www.icvl.co.mz/index.php/pt/	NÃO
	17	Exploração de Ouro	MMC Resources	https://www.mmcreources.com/en_home.html#	NÃO
	18	Exploração de Areias pesadas	Mozambique Heavy Sands Company VII, Lda.		NÃO
	19	Exploração de Agua Mineral	Sociedade Águas Vumba	https://www.facebook.com/Vumbamoz/?locale=pt_BR	NÃO
	20	Exploração de Areias pesadas	Tazetta Resources	https://eastminerals.asia/about-us/	NÃO

1.1.2 Data Collection

In May 2024, CIP asked the 33 companies to fill in a form about the disclosure of their ESG-F information, indicating where this information could be found. CIP provided references from the Global Reporting Initiative (GRI) and Sustainable Development Goals (SDG) manuals to facilitate submission, for which the companies had one month. Data collection included the analysis of the information available on the companies' corporate websites.

1.1.3 EITI Indicators

EITI uses 45 indicators aligned with the GRI and the SDGs. The scores for each indicator are based on the accessibility and clarity of the information. Complete and accessible information that is online receives the maximum score of 2 points, whereas information sent by e-mail or post receives an intermediate score of 1 point, and a lack of information results in a minimum score of zero (0) points.



1.2 Aggregation Methodology

- a) Firstly, the scores obtained for the indicators within a dimension are added together:

$$Component\ score_j = \sum_{i=1}^n p_{i,j}$$

where p reflects the points achieved on indicator i for component j (E: environmental, S: social, G: governance, F: fiscal) and n reflects the total number of indicators in the respective component.

- b) Secondly, the ESG–F component indices are created using Min–Max scaling, which resizes the original scores obtained from the components to a fixed range between 0 and 100 per cent.⁴ This standardisation is achieved by defining the minimum and maximum values for each ESG–F component.⁵ Each component index is calculated as follows:

$$Component\ index_j = \frac{component\ score_j - minimum\ value_j}{maximum\ value_j - minimum\ value_j}$$

- c) Finally, the EITI is calculated as the geometric mean of the four component indices:

⁴ Min–Max scaling was favoured over z-scores due to the non-normal distribution and limited nature of our data.

⁵ The maximum values can also be interpreted as transparency targets. In cases where not all indicators within a given component have the same maximum score, min-max scaling is also used at the individual indicator level so that each indicator within a dimension is weighted equally.

The EITI uses a geometric mean to aggregate the scores of the four dimensions, emphasising the importance of each ESG-F component in contributing to sustainable development. This approach penalises disparities in scores between the different ESG-F components. Compared to the arithmetic mean previously used by CIP (2023a), the geometric mean ensures that poor performance in any ESG-F component can no longer be easily compensated for by superior performance in another component.

This methodology promotes balanced efforts across all dimensions of ESG-F transparency and reduces the level of substitutability between components. Poor performance in any component is strongly reflected in the overall EITI score. The index’s use of the geometric mean ensures that companies make consistent efforts in all ESG-F components to achieve a high EITI score.⁶

1.3 Classification of Results

EITI uses a scale from 0% to 100%, where 100% represents maximum transparency and 0% indicates complete opacity. Companies are classified into five levels of transparency based on their scores in each ESG-F component and the overall EITI score:

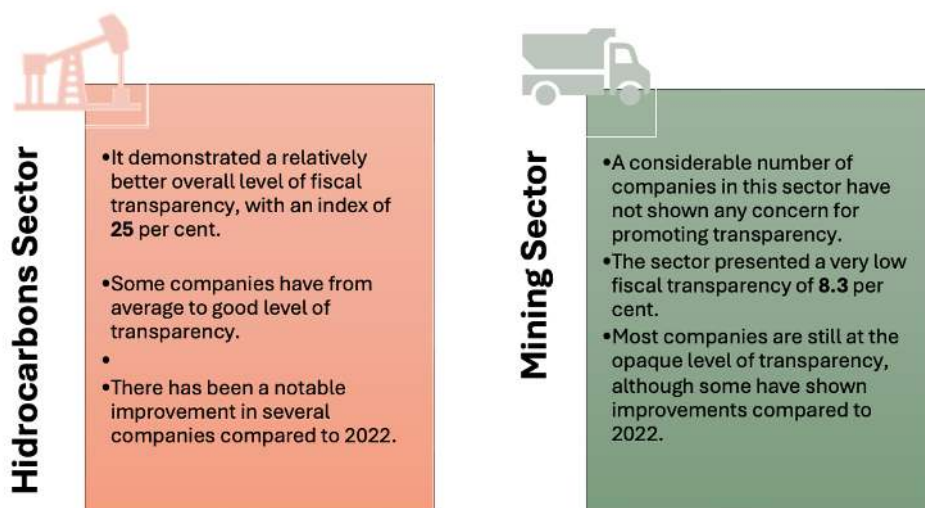
Table 3: Score for Assessing the Level of Transparency of Companies

Level	Score (%)	Description
Opaque	0-19.99	The company is not transparent.
Low	20-39.99	The company has a low level of transparency.
Average	40-59.99	The company has an average level of transparency.
Good	60-79.99	The company has a good level of transparency.
High	80-100	The company has a high level of transparency.

2. EVALUATION RESULTS

2.1 FISCAL COMPONENT (F)

Fiscal transparency in Mozambique’s extractive sector continues to be a critical challenge, with more efforts needed to increase transparency and accountability.



⁶ The use of the geometric mean in the EITI methodology is also inspired by its application in the United Nations Development Programme’s Human Development Index (HDI) (UNDP 2019; 2024a; 2024b). The switch from the arithmetic to the geometric mean in the HDI in 2010 was made to address the limitations of the arithmetic mean, such as its allowance for high performance in one dimension to compensate for low performance in another.

Overall, the average Fiscal Transparency of the Extractive Sector in 2023 is 15 per cent. This result indicates that the extractive sector in Mozambique needs to improve significantly in terms of fiscal transparency. Most companies are still at the opaque level, with few exceptions. The standouts are SASOL Petroleum Temane and Kenmare Resources plc, both with transparency levels of 62.5 per cent.

In general, the best performing companies still do not present ideal levels of transparency in the following indicators: i) F.2 - Financial assistance received from the government; and ii) F.4 - Stakeholder involvement and management of tax-related concerns.

Of the companies evaluated, 21 can be classified as complementarily opaque, 5 with a low level, 4 with an average level and 2 with a good level of transparency. None of them achieved a high level of transparency, i.e., a score between 80 and 100 per cent. See Table 4 for details of all the companies.

Table 4: Level of Fiscal Transparency by Company 2023

Nível	Pontuação (%)	Descrição	Sector de Hidrocarbonetos	Situação em relação a 2022	Sector Mineiro	Situação em relação a 2022	Geral	
Opaco	0-19,99	A empresa não é transparente.	ExxonMobile	0,0%	=	Vulcan Resources	0,0%	=
			ROMPCO - Republic of Mozambique Pipeline Company	0,0%	=	Haiyu Mozambique Mining Company	0,0%	-
			Matola Gás Company, Sarl - MGC	0,0%	=	ICVL Zambeze (Grupo ICVL)	0,0%	=
			Companhia Moçambicana de Gasoduto-CMG	0,0%	=	Minas Moatize Lda	0,0%	=
			ENH-Kogás, SA	0,0%	N/A	Jindal Steel and Power Limited, - JSPL Mozambique Minerals, Lda	0,0%	-
						Minas Revubôe	0,0%	=
						Capitol Resources, Lda	0,0%	=
						Highland African Mining Company, Lda	0,0%	=
						Eurasian Natural Resources - ENRC Mozambique, Lda	0,0%	=
						Africa Great Wall Mining Development Company, Lda.	0,0%	N/A
						Cimentos de Moçambique, S.A.R.L.	0,0%	N/A
						MMC Resources LDA	0,0%	N/A
						Mozambique Heavy Sands Company VII, Lda.	0,0%	N/A
						Sociedade Águas Vumba	0,0%	N/A
			Tazetta Resources	0,0%	N/A			
Baixo	20-39,99	A empresa tem um baixo nível de transparência.	Mitsui & Co. Europe PLC	25,0%	N/A	Twigg Exploration & Mining, Lda	37,5%	
			TotalEnergies	37,5%	+			
			Eni	37,5%	+			
			Empresa Nacional de Hidrocarbonetos-EP	37,5%	+			
Média	40-59,99	A empresa tem um nível médio de transparência.	Buzi Hydrocarbons	50,0%	+	Montepuez Ruby Mining Limitada (MRM)	50,0%	+
			Companhia Moçambicana de Hidrocarbonetos, SA (CMH)	50,0%	+			
Bom	60-79,99	A empresa tem um bom nível de transparência.	SASOL Petroleum Temane	62,5%	+	Kenmare Resources plc	62,5%	+
Alto	80-100	A empresa tem um alto nível de transparência.						
Transparência Fiscal no Sector Hidrocarbonetos				25,0%		Transparência Fiscal no Sector Mineiro	8,3%	15,0%

In the fiscal component, it is important to emphasize, as an example of transparency that could be replicated by other companies, ENI's disclosure of a report on payments made to the government. Unfortunately, this report does not give details of the payments made to Mozambique, unlike what is done for other countries where the company operates. See Figure 1 below.

Figure 1: Report on payments to governments made by ENI Group in 2023

Report on payments to governments 2023 of Eni Group

Payments overview 2023							(€ thousand)
Country	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Total
Europe							
Italy	-	20,803	233,948	4,710	13,147	-	272,608
Cyprus	-	-	-	-	519	-	519
Netherlands	-	5,397	-	-	-	-	5,397
United Kingdom	-	474,505	-	-	2,686	-	477,191
Africa							
Algeria	-	753,720	52,144	50,284	2,422	-	858,570
Congo	86,256	146,800	146,436	-	-	-	379,492
Côte d'Ivoire	-	1,500	-	5,549	-	-	7,049
Egypt	-	844,662	-	18,907	-	-	863,569
Gabon	-	-	-	1,664	416	-	2,080
Ghana	244,645	-	93,822	-	1,146	-	339,613
Libya	-	1,670,029	216,347	277,431	-	-	2,163,807
Nigeria	492,298	40,346	91,252	-	28,354	-	652,250
Tunisia	122,370	32,892	9,315	-	-	-	164,577
Americas							
Argentina	-	-	-	-	101	-	101
Mexico	217,159	-	72,947	-	15,657	-	305,763
United States	-	24,027	124,896	-	3,096	-	152,019
Asia							
China	-	915	-	-	-	-	915
Indonesia	410,811	313,760	-	-	-	-	724,571
Iraq	-	38,025	-	-	-	-	38,025
Israel	-	-	-	7,283	-	-	7,283
Kazakhstan	-	212,770	-	-	-	-	212,770
Oman	-	-	-	-	601	-	601
Timor Leste	7,827	3,422	-	-	333	-	11,582
Turkmenistan	57,769	8,364	6,032	-	-	-	72,165
United Arab Emirates	-	831,003	322,927	-	166	-	1,154,096

Source: <https://www.eni.com/content/dam/enicom/documents/eng/reports/2023/Report-payments-governments-2023.pdf>

2.2 CORPORATE GOVERNANCE COMPONENT (G)

Corporate Governance in Mozambique’s extractive sector continues to be a critical challenge, with more efforts needed to increase transparency and accountability.



Hydrocarbons Sector

- It demonstrated a relatively better overall level of transparency in corporate governance, with an average of **34.5** per cent.
- There have been notable improvements in several companies, although none have reached the high level.



Mining Sector

- It showed low transparency in corporate governance, with an average of only **22.7** per cent.
- Most companies are still at the opaque level, with a few exceptions that have shown significant improvements.

In general, the combined average Corporate Governance transparency is 27.4 per cent, which indicates that the extractive sector in Mozambique needs to significantly improve in this component. Most companies are still at the opaque level, with a few exceptions. The companies that stand out are SASOL Petroleum Temane (63.6 per cent), Twigg Exploration & Mining, Lda (72.7 per cent), TotalEnergies (77.3 per cent), Montepuez Ruby Mining Limitada (77.3 per cent) and Kenmare Resources plc (90.9 per cent) with a good level of transparency.

In general terms, the best performing companies still do not present ideal levels of transparency in the following indicators: *i)* G.10 - Project development plan; and *ii)* G.11 - Effective beneficiaries. Kenmare Resources plc (90.9%) did not reach 100% because, despite indicating the INP link, the company has not published the contract signed with the government on its website.

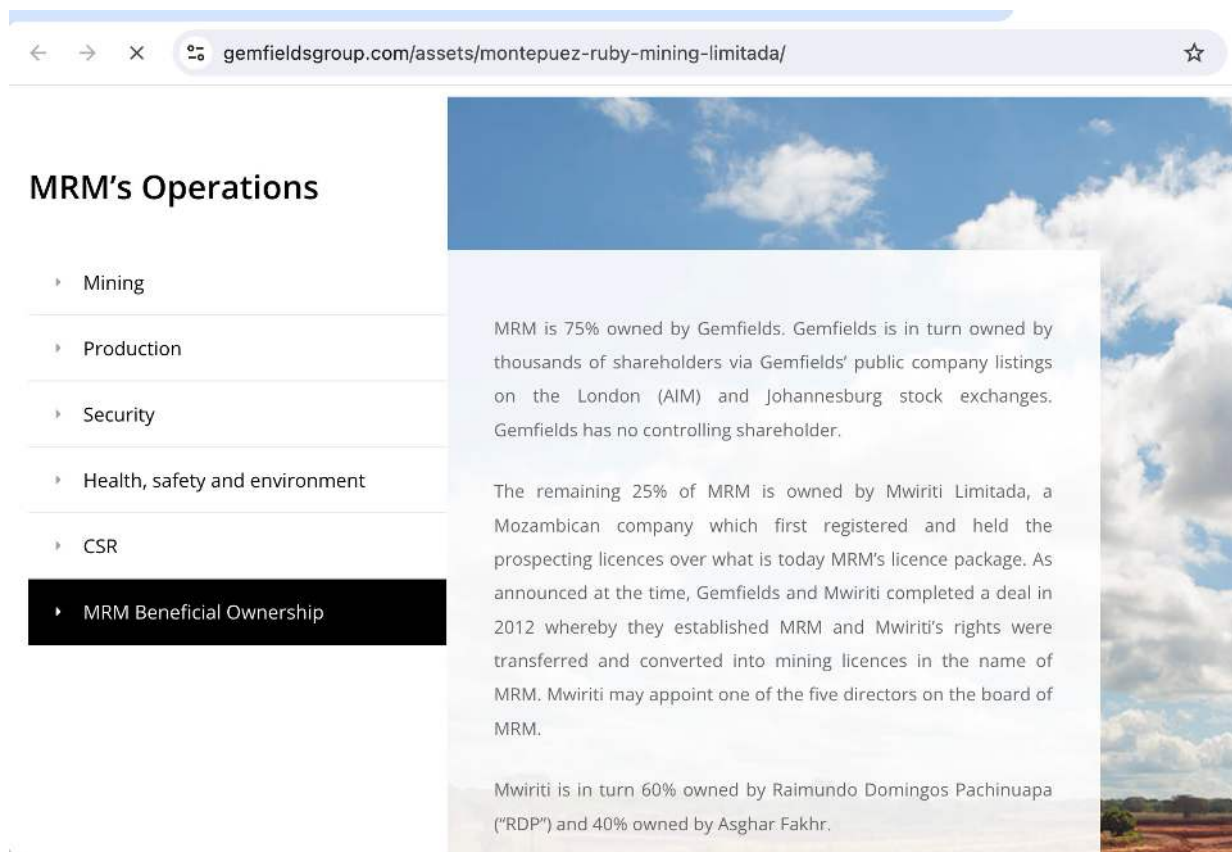
The general assessment indicates that 17 (seventeen) companies are at the opaque level, 5 (five) at the low level, 3 (three) at the average level, 4 (four) at the good level and 1 (one) at the high level of transparency. See Table 4 below for details of all the companies.

Table 5: Level of Corporate Governance Transparency by Company 2023

Nível	Pontuação (%)	Descrição	Sector de Hidrocarbonetos	Situação em relação a 2022	Sector Mineiro	Situação em relação a 2022	Geral	
Opaco	0-19,99	A empresa não é transparente.	Companhia Moçambicana de Gasoduto-CMG	0,0%	N/A	Minas Moatize Lda	0,0%	-
			ENH-Kogás, SA	0,0%	N/A	Capitol Resources, Lda	0,0%	=
			Matola Gás Company, Sarl - MGC	9,1%	+	Mozambique Heavy Sands Company VII, Lda.	0,0%	N/A
			ROMPCO - Republic of Mozambique Pipeline Company	13,6%	+	Jindal Steel and Power Limited, - JSPL Mozambique Minerals, Lda	4,5%	+
						Highland African Mining Company, Lda	4,5%	-
						Africa Great Wall Mining Development Company, Lda.	4,5%	N/A
						Sociedade Águas Vumba	4,5%	N/A
						Vulcan Resources	9,1%	+
						Cimentos de Moçambique, S.A.R.L.	9,1%	N/A
						MMC Resources LDA	9,1%	N/A
						Tazetta Resources	13,6%	N/A
Baixo	20-39,99	A empresa tem um baixo nível de transparência.	Empresa Nacional de Hidrocarbonetos-EP	31,8%	+	Minas de Revubòe	36,4%	+
			Buzi Hydrocarbons	31,8%	+	Eurasian Natural Resources - ENRC Mozambique, Lda	36,4%	+
			Exxon Mobile	36,4%	+			
Média	40-59,99	A empresa tem um nível médio de transparência.	Eni	40,9%	+			
			Mitsui & Co. Europe PLC	50,0%	N/A			
			Companhia Moçambicana de Hidrocarbonetos, SA (CMH)	59,1%	+			
Bom	60-79,99	A empresa tem um bom nível de transparência.	SASOL Petroleum Temane	63,6%	+	Twigg Exploration & Mining, Lda	72,7%	+
			TotalEnergies	77,3%	+	Montepuez Ruby Mining Limitada (MRM)	77,3%	+
Alto	80-100	A empresa tem um alto nível de transparência.			Kenmare Resources plc	90,9%	+	
Transparência Governação no Sector Hidrocarbonetos				34,5%	Transparência Governação no Sector		22,7%	27,4%

Of particular note in this component is the example of Montepuez Ruby Mining Limitada (MRM), which discloses the company's beneficial owners, i.e., the people who ultimately own, control or benefit from the company's operations. The information could be improved if it were also placed in Portuguese, which is the official language in Mozambique. This is one of those examples that is suggested as a practice for other companies in the sector.

Figure 2: Information about the effective beneficiaries on the MRM corporate web page



Source: <https://www.gemfieldsgroup.com/assets/montepuez-ruby-mining-limitada/>

2.3 SOCIAL COMPONENT (S)

The companies evaluated show an extremely low level of social transparency, which suggests a lack of commitment to social responsibility and communication with stakeholders. Despite some positive examples, most companies need to significantly improve their social transparency practices.



Hydrocarbons Sector

- It showed a relatively better overall level of social transparency compared to mining, with an average of **24.8** per cent.
- In the hydrocarbons sector, several companies, such as Companhia Moçambicana de Gasoduto-CMG, ENH-Kogás, AS, and ROMPCO, are at the opacity level.



Mining Sector

- Social transparency was very low, with an average of just **17.5** per cent.
- In the mining sector, many companies, such as Minas Moatize Lda, Capitol Resources, Lda, and Highland African Mining Company, Lda, are also at the opaque level.

Although both sectors are below an acceptable level of transparency, and with an overall level for the active sector of 20.4 per cent, the hydrocarbons sector shows a little more commitment, with some companies achieving average to good levels of transparency, such as Companhia Moçambicana de Hidrocarbonetos, SA (44.7 per cent), TotalEnergies (63.2 per cent) and SASOL Petroleum Temane (71.1 per cent). On the other hand, the mining sector shows a greater concentration of companies at the opaque level, which suggests a great lack of transparency and social commitment.

Despite this, there are notable examples, such as Montepuez Ruby Mining Limitada (52.6%), Twigg Exploration & Mining, Lda (63.2%) and Kenmare Resources plc (89.5%), with average, good and high levels of transparency, respectively.

In general, the best performing companies still do not have ideal levels of transparency in the following indicators: *i*) S.6 - New suppliers that have been assessed on the basis of social criteria; *ii*) S.12 - Proportion of spending on local suppliers; *iii*) S.16 - Complaints and claims mechanism; and *iv*) S.17 – Resettlements.

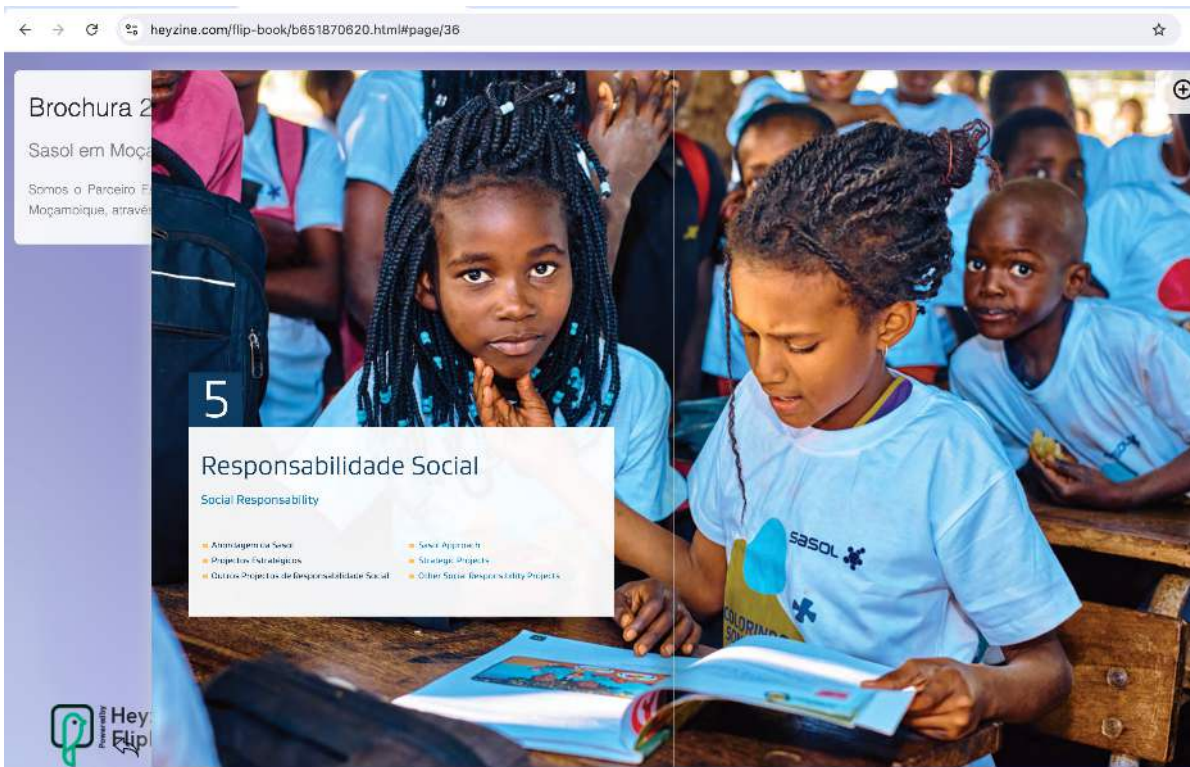
The overall evaluation indicates that 19 (nineteen) companies are at the opaque level, 6 (six) at the low level, 2 (two) at the average level, 3 (three) at the good level and 1 (one) at the high level of transparency. See Table 4 below for details of all the companies.

Table 6: Level of Social Transparency by Company 2023

Nível	Pontuação (%)	Descrição	Sector de Hidrocarbonetos	Situação em relação a 2022	Sector Mineiro	Situação em relação a 2022	Geral			
Opaco	0-19,99	A empresa não é transparente.	Companhia Moçambicana de Gasoduto-CMG	0,0%	N/A	Minas Moatize Lda	0,0%	=		
			ENH-Kogás, AS	0,0%	N/A	Capitol Resources, Lda	0,0%	=		
			ROMPCO - Republic of Mozambique Pipeline Company	2,6%	+	Highland African Mining Company, Lda	0,0%	=		
			Matola Gás Company, Sarl - MGC	2,6%	-	Cimentos de Moçambique, S.A.R.L.	0,0%	+		
			Eni	15,8%	+	MMC Resources LDA	0,0%	-		
Baixo	20-39,99	A empresa tem um baixo nível de transparência.	Empresa Nacional de Hidrocarbonetos-EP	21,1%	+	Minas de Revubôe	21,1%	+		
			Buzi Hydrocarbons	21,1%	+	Haiyu Mozambique Mining Company	26,3%	+		
			Mitsui & Co. Europe PLC	26,3%	N/A					
			Exxon Mobile	28,9%	+					
Média	40-59,99	A empresa tem um nível médio de transparência.	Companhia Moçambicana de Hidrocarbonetos, SA (CMH)	44,7%	+	Montepuez Ruby Mining Limitada (MRM)	52,6%	+		
Bom	60-79,99	A empresa tem um bom nível de transparência.	TotalEnergies	63,2%	+	Twigg Exploration & Mining, Lda	63,2%	+		
			SASOL Petroleum Temane	71,1%	+					
Alto	80-100	A empresa tem um alto nível de transparência.			Kenmare Resources plc	89,5%	+			
Transparência Social no Sector Hidrocarbonetos				24,8%	Transparência Social no Sector Mineiro		17,5%			
							20,4%			

It is worth highlighting the example of SASOL Petroleum Temane, which publishes an annual magazine which presents its social achievements and impacts on the community, in Portuguese, and distributes it to the main actors. This practice could be replicated by other companies and, in addition to producing and distributing the magazine, they could organise public events with the communities for its dissemination and public debate.

Figure 3: Information about the effective beneficiaries on MRM corporate web page



Source: [https:// https://heyzine.com/flip-book/b651870620.html#page/62](https://heyzine.com/flip-book/b651870620.html#page/62)

2.4 ENVIRONMENTAL COMPONENT (E)

The evaluation reveals that both the hydrocarbon and mining sectors have low levels of transparency. The vast majority of companies continue to be classified as opaque, which suggests an urgent need for improvements in the disclosure of information and the transparency of operations. There are few companies with high scores that stand out as positive examples, and so there is still a long way to go to achieve a more robust level of transparency across the sector.



Hydrocarbons Sector

- Environmental transparency in the hydrocarbons sector is **9.8** per cent, indicating a low level of transparency in this area.
- The transparency of companies in the hydrocarbons sector is generally low, with the majority of companies scoring 0 per cent, and therefore classified as opaque.



Mining Sector

- Environmental transparency in the mining sector is **12.9** per cent, indicating a low level of environmental transparency, but higher than in the hydrocarbons sector.
- In the mining sector, transparency has also mostly scored 0 per cent.

The overall transparency of extractive sector companies in Mozambique is 11.7 per cent, reflecting a low score for most companies in both sectors. The overall situation in relation to 2022 remains fairly constant, with few significant improvements.

Among the companies highlighted in this component, in the hydrocarbons sector SASOL Petroleum Temane (68.2 per cent) stands out as an atypical positive case of transparency. In the mining sector, the companies with the best scores are Montepuez Ruby Mining Limitada (MRM) and Kenmare Resources plc, both with 81.8 per cent, showing a good level of transparency. Another notable company is Twigg Exploration & Mining, Lda with 45.5 per cent, which shows an average level of transparency. These companies demonstrate a more significant commitment to transparency compared to the majority of their peers.

In general, the best performing companies still do not show ideal levels of transparency in the following indicators: *i*) E.1 - Energy consumption within the organisation; *ii*) E.4 - Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant atmospheric emissions; *iii*) E.6 - Waste production and significant waste-related impacts; *iv*) E.8 - Water consumption; *v*) E.10 - Closure and rehabilitation plan; and *vi*) E.11 - Environmental management reports.

The general assessment indicates that 25 (twenty-five) companies are at the opacity level, 2 (two) at the low level, 1 (one) at the average level, 1 (one) at the good level and 2 (two) at the high level of transparency. See Table 7 below for details of all companies.

Table 7: Level of Environmental Transparency by Company 2023

Nível	Pontuação (%)	Descrição	Sector de Hidrocarbonetos		Situação em relação a 2022	Sector Mineiro		Situação em relação a 2022	Geral
Opaco	0-19,99	A empresa não é transparente.	ExxonMobile	0,0%	-	ICVL Zambeze (Grupo ICVL)	0,0%	=	11,7%
			Empresa Nacional de Hidrocarbonetos-EP	0,0%	-	Minas Moatize Lda	0,0%	=	
			Buzi Hydrocarbons	0,0%	=	Jindal Steel and Power Limited, - JSPL Mozambique Minerals, Lda	0,0%	=	
			ROMPCO - Republic of Mozambique Pipeline Company	0,0%	=	Minas de Revubôe	0,0%	+	
			Matola Gás Company, Sarl - MGC	0,0%	=	Capitol Resources, Lda	0,0%	-	
			Companhia Moçambicana de Gasoduto-CMG	0,0%	N/A	Highland African Mining Company, Lda	0,0%	N/A	
			ENH-Kogás, AS	0,0%	N/A	Eurasian Natural Resources - ENRC Mozambique, Lda	0,0%	N/A	
			Mitsui & Co. Europe PLC	0,0%	N/A	Africa Great Wall Mining Development Company, Lda.	0,0%	+	
			Eni	9,1%	+	Cimentos de Moçambique, S.A.R.L.	0,0%	N/A	
			TotalEnergies	18,2%	+	MMC Resources LDA	0,0%	+	
						Mozambique Heavy Sands Company VII, Lda.	0,0%	N/A	
						Sociedade Águas Vumba	0,0%	N/A	
						Tazetta Resources	0,0%	N/A	
			Haiyu Mozambique Mining Company	4,5%	-				
			Vulcan Resources	18,2%	+				
Baixo	20-39,99	A empresa tem um baixo nível de transparência.	Companhia Moçambicana de Hidrocarbonetos, SA (CMH)	22,7%	+				
Média	40-59,99	A empresa tem um nível médio de transparência.				Twigg Exploration & Mining, Lda	45,5%	+	
Bom	60-79,99	A empresa tem um bom nível de transparência.	SASOL Petroleum Temane	68,2%	+				
Alto	80-100	A empresa tem um alto nível de transparência.				Montepuez Ruby Mining Limitada (MRM)	81,8%	+	
						Kenmare Resources plc	81,8%	+	
Transpaencia Ambiental no Sector Hidrocarbonetos				9,8%		Transpaencia Ambiental no Sector Mineiro		12,9%	

It is important to highlight, in this component, the example of Kenmare Resources plc, which is one of the few companies in the mining sector that publishes its environmental performance and its impacts on the community. It is regrettable that the publication is not in Portuguese, which could have a greater impact for Mozambicans. This is an example that should be a concern for all other companies that do not publish or carry out this type of evaluation of their activities.

Figure 4: Information about the effective beneficiaries on the MRM corporate web page

A HEALTHY NATURAL ENVIRONMENT				
Scope	Category	2021 ¹	2022	2023
Scope 1 (tonnes CO ₂ e)		70,445	66,519	57,141
Scope 2 (tonnes CO ₂ e)	Purchased electricity, Market-based	-	-	-
Scope 2 (tonnes CO ₂ e)	Purchased electricity, Location-based	14,504	16,337	16,571
Scope 3 (tonnes CO ₂ e)	Category 1: Purchased Goods and Services	6,066	9,608	11,554
	Category 2: Capital Goods	-	1,865	655
	Category 3: Fuel- and Energy-related Emissions	-	-	12,511
	Category 4: Upstream Transportation Emissions	35,868	34,041	34,510
	Category 5: Waste Generated in Operations	12	18	33
	Category 6: Business Travel	117	1,008	1,317
	Category 7: Employee Commuting	2,110	2,035	2,278
	Category 9: Downstream Transportation Emissions	79,953	66,644	47,346
Total Scope 3 (tonnes CO ₂ e)		124,126	115,218	110,204
Total Scopes 1, 2 and 3	Scope 2 - Market-based	194,571	181,737	167,345
	Scope 2 - Location-based	209,075	198,074	183,916
Emissions Intensity				
	Revenue (Scope 1 tCO ₂ e per 1,000 USD)	0.1675	0.1335	0.1240
	Production (Scope 1 tCO ₂ e per tonne of ore excavated)	0.00179	0.00166	0.00148
	Production (Scope 1 tCO ₂ e per tonne of finished product)	0.0573	0.0554	0.0524

Kenmare's imported grid electrical power represented zero tCO₂e market-based emissions (2022: 0 tCO₂e) and 16,571 tCO₂e location-based emissions (2022: 16,337 tCO₂e). Kenmare's grid power comes from Electricidade de Moçambique (EdM), Mozambique's national energy company, which sources most of its power from Hidroelectrica de Cahora Bassa's (HCB) hydroelectric dam. EdM confirms annually that the grid electrical power it supplies to Kenmare is 100% hydroelectric.

Kenmare's Wet Concentrator Plants depend on grid electrical power and are not protected by RUPS. WCP B, located in Piliwilli approximately 27 km south of the MSP is particularly susceptible to power dips from the overhead power lines. Therefore, Kenmare may still need to use diesel generators to provide temporary power in the future.

Kenmare's most significant category of indirect or Scope 3

Improving communities' climate resilience

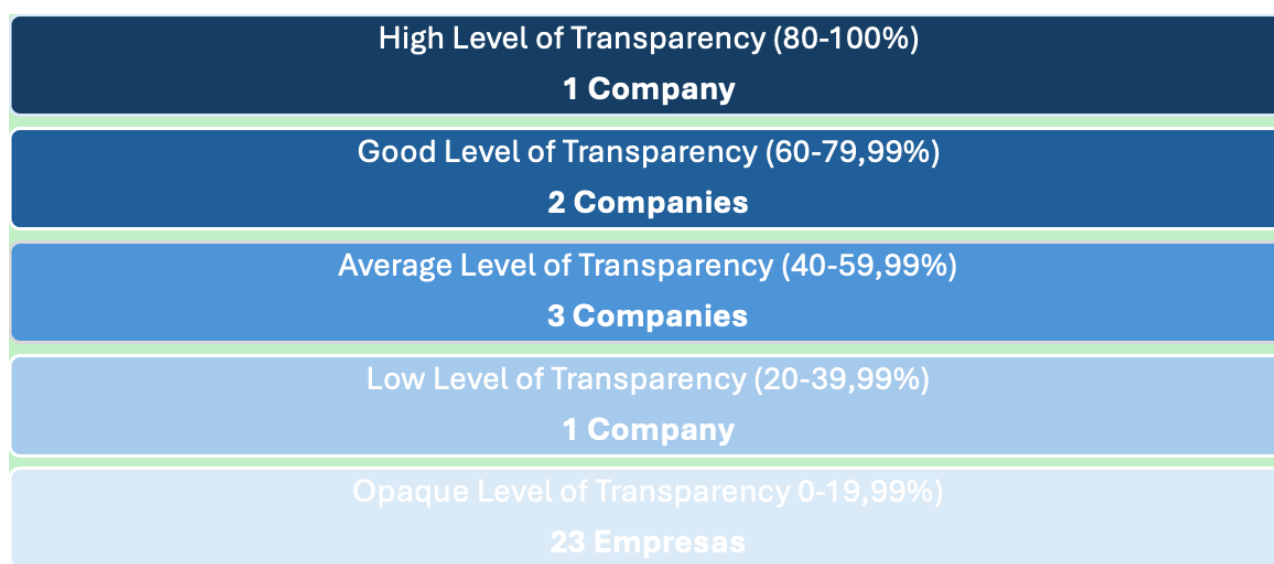
Mozambique is ranked fifth in the list of countries most affected by extreme weather over the past two decades¹. Mozambique's vulnerability to climate change is a function of its location and geography; large areas of the country are exposed to tropical cyclones, droughts (every three to four years) and river/coastal storm surge flooding. More than 60 percent of the population lives in low-lying coastal areas, where intense storms from the Indian Ocean and sea level rise put infrastructure, coastal agriculture, key ecosystems and fisheries at risk.

Kenmare helps to build resilience to these impacts by repairing community infrastructure if it is damaged by extreme weather. By meeting government guidelines which require new structures to be resilient to Category 4 cyclones, this work has provided most communities with a safe place where they can take shelter during a cyclone. MMAD's sponsorship of a Conservation Agriculture (CA)

Source: <https://www.kenmareresources.com/en/sustainability/sustainability-reports>

2.5 GENERAL ASSESSEMENT OF THE TRANSPARENCY INDEX OF COMPANIES IN THE EXTRACTIVE INDUSTRY SECTOR IN MOZAMBIQUE (2023)

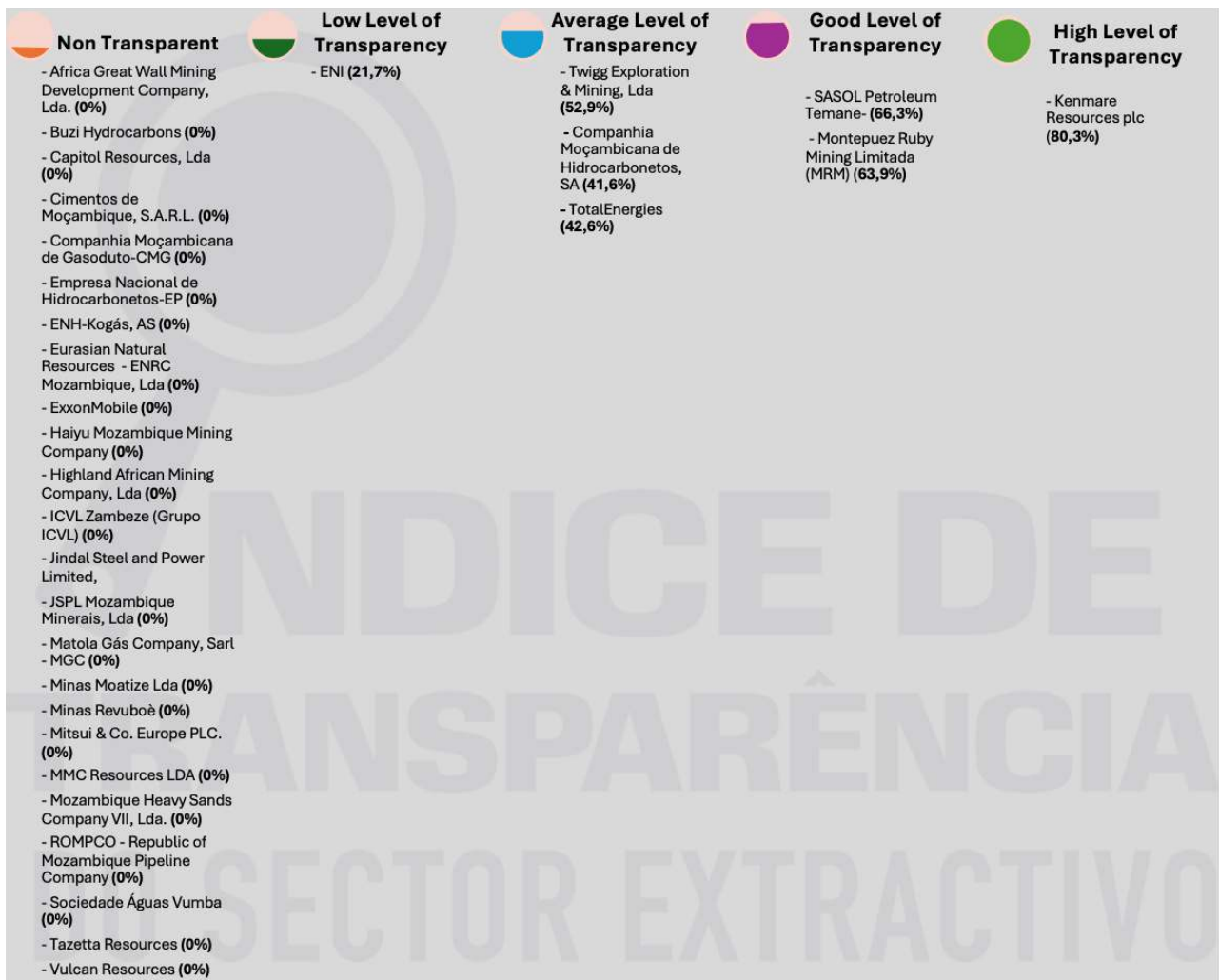
In 2023, the transparency index of extractive industry companies in Mozambique recorded a result of 12.31%, out of a possible total of 100%, representing a reduction of approximately 41.38% compared to the 2022 index, which was of 21%. The evaluation revealed that of the 33 companies analysed (remember that MRV, Cimentos de Nacala and Minas de Benga were evaluated within their groups):



Based on the 2023 index assessment, the three most transparent companies are **Kenmare Resources plc at 80.3% (High)**, **SASOL Petroleum Temane at 66.3% (Good)**, and **Montepuez Ruby Mining Limitada, with 63.9% (Good)**.

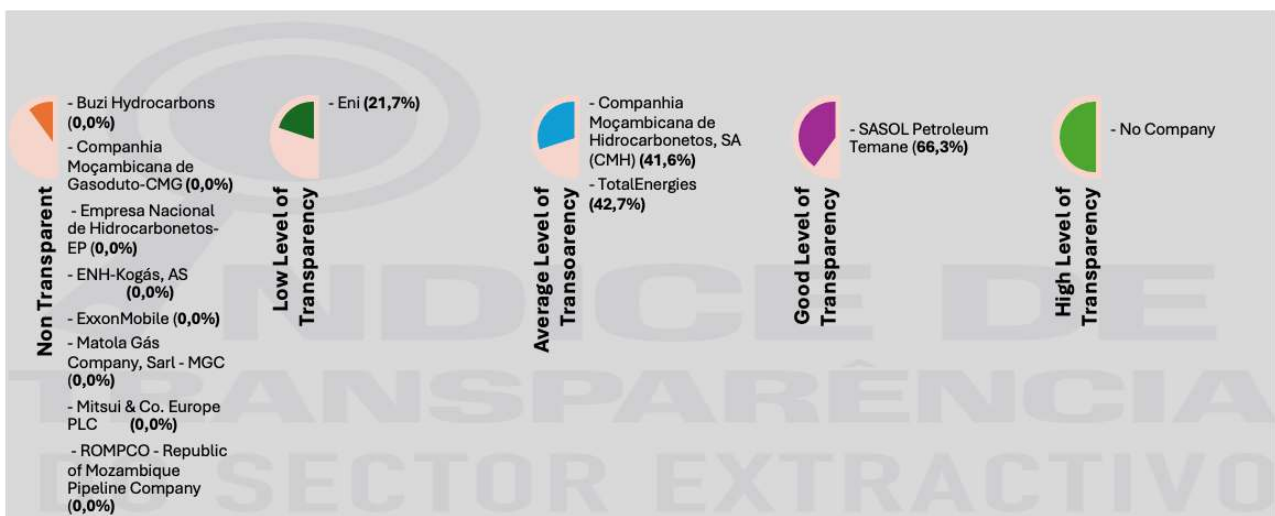
On the other hand, the company classified as being the least transparent and with the worst performance in terms of transparency is **Capitol Resources, Lda**, belonging to the Australian group Baobab Resources. The classification of this company among many others with the same performance derives from the fact that it has a 13% shareholding in the International Finance Corporation (IFC)⁷, an institution of the World Bank Group which, despite the involvement of the IFC, whose objective is to promote the economic development and reducing poverty through the private sector, Capitol Resources, Lda did not provide any relevant information about its activities, especially those related to resource extraction, which should be characterised by a high degree of transparency. Below is the global sector classification for 2023:

⁷ https://international.agi.it/international/mozambique_australian_builds_770_million_steel_mill-1103276/news/2016-09-21/



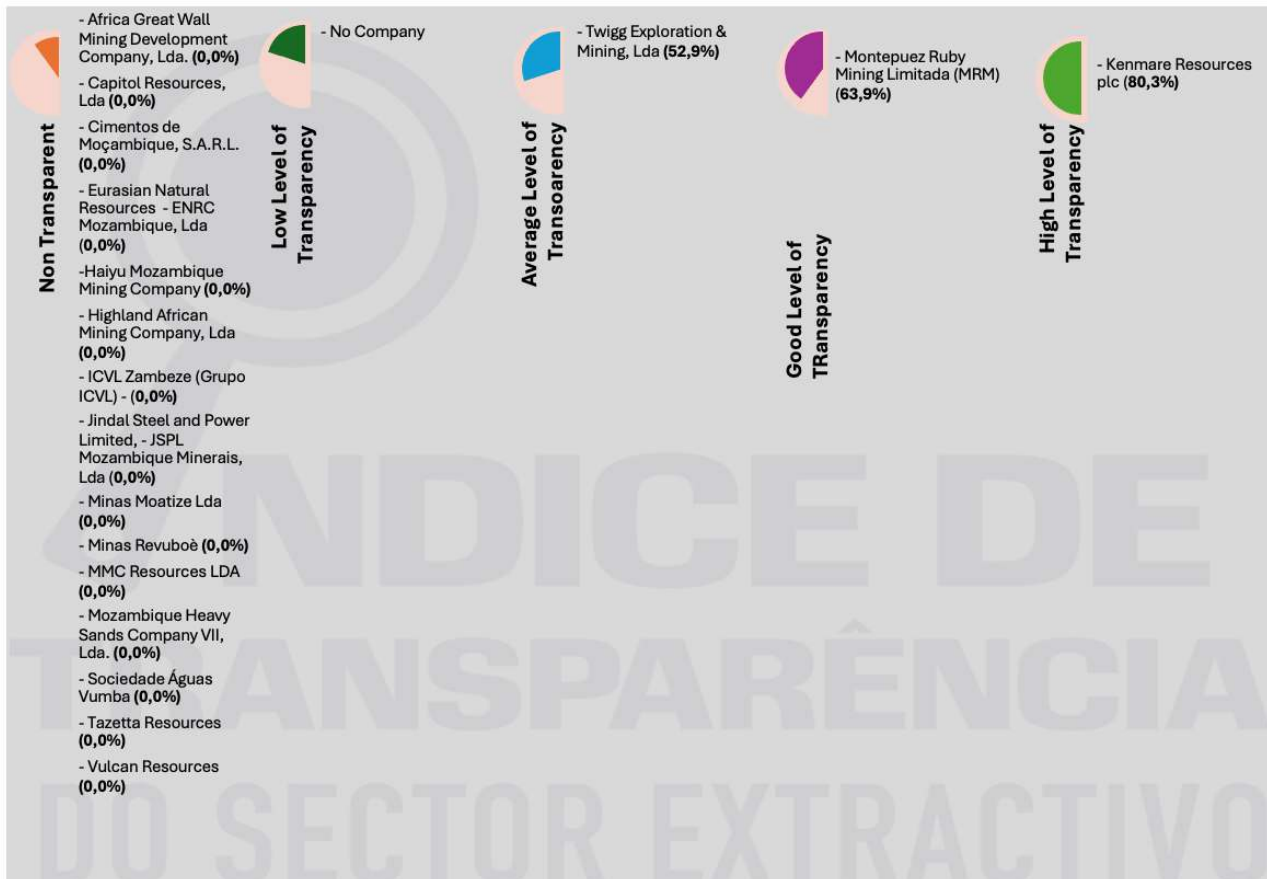
2.5.1 Global Transparency in the Hydrocarbons Sector 2023

The overall transparency level for the hydrocarbons sector is 14.4%, indicating low disclosure of information. The assessment reveals a predominance of opacity, with the majority of companies classified at the lowest level of this indicator. The classification of companies is presented below:



2.5.2 Global Transparency in the Mining Sector 2023

In the mining sector, the scenario is similar to the hydrocarbons sector, with many companies classified as opaque. However, there are some that show good performance. The overall level of transparency for the sector is 10.9%, also reflecting a low disclosure of information. The classification of companies is presented below:



3. CONCLUSIONS AND RECOMMENDATIONS

The study reveals a worrying picture regarding transparency in the extractive sector in Mozambique, showing that the majority of companies still operate in an opaque manner. The overall transparency index is alarmingly low, averaging just 12.31% in 2023, what represents a significant reduction from the previous year. While some multinational companies disclose the necessary information in their domestic markets, or to other countries, the same situation does not apply to Mozambique.

This lack of transparency is especially pronounced among companies in the mining sector, which consistently show lower levels of information disclosure, while the hydrocarbons industry, although also deficient, demonstrates a slight commitment to more transparent practices.

The analysis shows that as the number of companies evaluated increases, the transparency index tends to decrease, highlighting the lack of consistency and commitment in the communication of business activities. The introduction of a new methodology, which incorporated more environmental and social indicators and used the geometric mean, provided a more balanced assessment, highlighting weaknesses in the fiscal and environmental components. These areas emerge as the least transparent, suggesting an urgent need for improvements.

It is worrying that even with the participation of the International Finance Corporation (IFC), companies such as Capitol Resources, Lda continue to operate with extreme opacity. This situation highlights the urgent need for a change of culture within the extractive sector in Mozambique, promoting greater accountability and transparency.

The path to effective and transparent corporate governance in the Mozambican extractive industry is long, but essential to ensure sustainable development that benefits companies, local communities, as well as the entire country. Companies must take proactive steps to improve transparency in their operations, not only to comply with regulations, but also to earn the trust of communities and contribute to inclusive economic development.

Finally, it is essential that companies in the extractive sector in Mozambique perceive transparency not only as an obligation, but as a strategic factor for sustainable development and the continuous improvement of their operations. Progress in this area will benefit the companies, as well as the communities and the country as a whole.

Recommendations for Companies:

1. **Production and dissemination of Annual Sustainability Reports, that is, they must use the same transparency standards for all geographical areas where they operate:** It is essential that companies in the extractive sector adopt the practice of producing and disclosing annual sustainability reports and general reports. This type of disclosure not only increases public trust, but also facilitates compliance with international standards. Companies such as Kenmare Resources plc and SASOL Petroleum Temane, which have achieved high levels of transparency, serve as examples to follow.

2. **Improvement in Fiscal and Environmental Components:** Companies need to intensify their efforts to improve transparency, especially in fiscal and environmental areas. Clear and detailed disclosure of this information is crucial to ensure that communities and other stakeholders understand the impacts and contributions of business operations. Positive examples include Montepuez Ruby Mining Limitada, which publishes information about its effective beneficiaries, and SASOL Petroleum Temane, which publishes an annual magazine in Portuguese about its social achievements and their respective impacts on the community. Such practices must be replicated by other companies in the sector.

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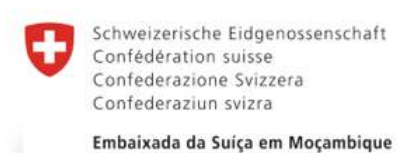
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5. ANNEXES

Detailed methodology that can be consulted at the link: <https://www.cipmoz.org/pt/2024/08/20/methodology-of-the-4th-extractive-sector-transparency-index-itse/>

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