2019

2020

REPORT
FLEXIBLE

OF THE EXTRACTIVE INDUSTRY 2018-2019-2020

DE LA INDUSTRIA EXTRACTIVA 2018-2019-2020

2018

2019

2020

202

Credits

Fifth National Report

FLEXIBLE REPORT - Guatemala 2018-2019 and 2020

Multi-stakeholder Group - National Labor Commission

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Lic.	Minister of Public Finances Vice
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Private Secretary of the Vice-Presidency
Vice-Presidency of the Republic
Montana Exploradora de Guatemala S.A. GRENAT
Pan American Silver Guatemala, S.A.
Compañía Guatemalteca de Níquel
Elevar Resources, S.A.
La María Mine
La María Maya
Mine Tradition
Silica from Central America - SICASA Peña Rubia, S.A.
Ministry of Public Finance
Ministry of Public Finance

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Cesar Guillermo Castillo Reyes

VICE PRESIDENT OF THE REPUBLIC OF GUATEMALA

How do you value or rate the EITI initiative in and for the country?

The EITI is a highly relevant initiative, since its purpose is to promote the transparent and responsible management of oil, gas and mining resources in the implementing countries, while prioritizing citizen participation, oversight, dialogue and consensus. In my capacity as Vice-President of the Republic, in compliance with the Constitutional and regulatory provisions in force, I have supported the EITI from the beginning of my term in office. Even with the Covid 19 pandemic, the National Labor Commission held face-to-face and virtual meetings to comply with the purpose and attributions of the commission.

The participation of the public entities involved has been encouraged at the highest level, and we have also sought to strengthen the participation of the private sector and civil society as actors in the development of extractive activities in the country. For this reason, for the first time the preparation of the Flexible Report has been entrusted to civil society, hoping that through the exchange of information among the sectors that make up the national multi-stakeholder group, public debate will be provoked, reach consensus, will emerge. proposals and recommendations to transparency in the industry.

Do you consider that the initiative has greater potential than it has achieved in the country, both for industry, government and civil society?

The EITI is a necessary initiative for the country, due to its nature and objectives, its implementation allows the actors to know the strengths, opportunities, weaknesses and risks of the industry, to dialogue and reach consensus, and to generate public policy based on it. It is also important because it makes available to the population information that is generally not accessible.

To this end, we value the willingness of the private sector to participate in the initiative and to meet the information requirements for the preparation of the flexible report.

The good relationship among the members of the Multi-stakeholder Group shows that the conditions are in place to qualify as a country implementing the standard.

This would demonstrate the willingness to promote transparency, consequently increasing tax collection and preventing acts of corruption.

What do you think should be the future actions for EITI in the framework of transparency at national, regional and global levels?

-Conclude the report and forward it to the International Secretariat for appropriate action.

- Regardless of the rating given to the country, it is necessary to make the results of the flexible report known to the population.

- To give continuity to the EITI-GUA National Working Committee.

- Greater dissemination of the EITI initiative in the country, mainly in territories where extractive activities are carried out.

- Make information on extractive industries available to the public in order to promote open and transparent dialogue.

- Maintain good relations among the members of the multi-stakeholder group.

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Alberto Pimentel Mata

MINISTER OF ENERGY AND MINES

What are the greatest challenges for the MEM in the current administration with respect to the extractive industries?

One of the greatest challenges is to provide Guatemala with a ministry that exercises an efficient, effective and highly qualified sectoral steering role to set development guidelines in alliance with the extractive sector, seeking to promote the value chain in the energy and hydrocarbon sectors and the exploitation of mining resources in Guatemala, ensuring that these activities generate the maximum possible contribution to sustainable development and economic reactivation.

Does the presence of Covid-19 impact the implementation of policies or plans in this area?

The presence of COVID 19 of course had an impact on very diverse aspects of national and institutional life, I believe that there are no fields that were exempt from this. However, the Ministry of Energy and Mines is an essential link in the chain of services that keep the economic and social machinery of Guatemala active, therefore, this ministry never rested and has not allowed the implementation of its sectoral leadership to be affected, minimizing to the maximum the pernicious effects of the pandemic on the implementation of its policies, plans and projects.

What can be done to improve the conditions of extractive industries in the country?

In order to improve the conditions of this productive sector, it is first necessary to understand it in its right measure: how does the sector work, what are its needs, what is its local and national contribution? Etc. It is an extremely complex and broad sector that encompasses the development, production, distribution and commercialization of energy, hydrocarbons, and the exploitation of mining resources in Guatemala. In addition to knowing and understanding the sector we must demystify it and for that transparency is essential.

Initiatives such as the EITI and its reports can contribute to the public debate so that citizens can learn about the nuances of the sector and form their own well-informed opinions.

How does MEM envision the future of the sector, with the established conditions?

The conditions of the sector are not the most promising, due to several concatenated and related aspects not only at the sectoral level but also at the national level. The comprehensive work we carry out with the different government agencies and other entities allows us to generate regulatory and public policy changes to help the extractive sector to reach again a state of prosperity and this in turn will allow the economic and social benefits of the sector to permeate to Guatemala.

What are your expectations as head of MEM regarding the implementation of EITI in the country?

The implementation of an initiative such as EITI contributes greatly to Guatemala, not only in terms of transparency, but also in demystifying the industry and the extractive sector in general, including the state and its related agencies. The fact that a flexible EITI report can be made, with the characteristic of being more contextual than numerical, will greatly help citizens to learn about the Guatemalan case and to form more objective and informed opinions.

As minister, what is your opinion of the current legal framework regarding extractive industries?

The current legal framework can be improved and we are in fact working on these aspects by reviewing the regulations and proposing the necessary changes and modifications in order to achieve a positive impact on ministerial functions and on the extractive sector in general.

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INDEX OF GRAPHS

ACRONYMS AND ACRONYMS

API	American Petroleum Institute
CABI	Central American Business Intelligence
CGN	Guatemalan Nickel Company
CNT	National Labor Commission
CODEDE	Departmental Development Council
CONAP	National Council of Protected Areas
EIA	Energy & Infrastructure Analysis Center (EIA is also an environmental impact assessment)
EITI	Extractive Industries Transparency Initiative (EITI).
FONPETROL	Law of the Fund for the Economic Development of the
Nation GRENAT	Natural Resources, Mines and Quarries Trade Union
GTQ	Quetzales
Ha	Hectare
INE	National Institute of Statistics
ISO	Solidarity Tax
INCOME TAX	Income Tax
ITE	Stamp Tax
IUSI	Single Real Estate Tax
VAT	Value Added Tax
Kg	Kilogram
m2	Square Meter
m3	Cubic Meter
MARN	Ministry of Environment and Natural Resources
MEM	Ministry of Energy and Mines
MINDEF	Ministry of National Defense
MINFIN	Ministry of Public Finance
GDP	Gross Domestic Product
PRONICO	Compañía Procesadora de Níquel de Izabal, S.A.
SAT	Superintendency of Tax Administration
SETH	Stationary Hydrocarbon Transportation System
Tm	Metric tons
U.S. DOLLARS	United States dollars

GLOSSARY

Independent Administrator (IA): Person or Institution designated by the GMP to carry out the EITI report and, depending on the type of report, to perform the reconciliation of the information on payments made by the extractive companies to the State.

Beneficial owner (BR): A company or individual who ultimately, directly or indirectly, owns or controls the corporate entity and receives an economic benefit from it.

EITI Board: This is the governing body of the EITI at the international level.

Extractive Industries Transparency Initiative -EITI-: stands Extractive Industries Transparency Initiative: Extractive Industries Transparency Initiative.

Fiscal year: calendar year in which EITI reports are made to payments, taxes, royalties, donations, fees and levies of extractive companies.

EITI Standard: Set of requirements that make up the EITI standard.

Multi-Stakeholder Group (MSG): A group of three sectors: companies, government and civil society; who are decision makers for the implementation of the EITI standard.

Extractive Industries (EI): All companies engaged in the exploration, production and exploitation of hydrocarbons or mineral resources through mining contracts, concessions or assignments.

EITI Report: Document prepared by the independent administrator which is publicly disclosed to the general public on the resources contributed by the extractive industries to the central and municipal governments.

Validation Report: A document generated by the independent validator that assesses a country's progress towards meeting the EITI Requirements.

Candidate country: The country that has met requirement 1 of the EITI Standard.

Compliant country: Status granted by the EITI International Secretariat to a country compliance with the EITI standard.

Accountability: Public disclosure of information for public scrutiny.

EITI Requirements: Set of rules, norms and principles of the standard that must be met in order to be considered a compliant country.

Technical Secretariat: Support body for the Multi-Stakeholder Group in each implementing country.

EITI International Secretariat: The EITI International Secretariat is the governing body that supports, advises and directs the countries implementing the EITI standard.

Civil society: Group made up of civil society organizations, such as associations, academia, communities, foundations, organized citizens.

Terms of Reference (TOR): Document that describes the background, objectives, scope and limitations of EITI compliance reporting.

[1] https://eiti.org/files/documents/spanishglossary.pdf

ACKNOWLEDGMENTS

We would like to express our special thanks and recognition to the LUDIN Foundation for their support in the preparation of this report, the Ministry of Energy and Mines of Guatemala, the Ministry of Public Finance for their reviews and support with data and figures, the Vice-Presidency of the Republic of Guatemala, the Technical Secretary of EITI Guatemala and the companies in the extractive industries that entrusted us with their information, and the EITI International Secretariat for their permanent accompaniment.

To all of you, thank you very much for your contributions and strong support in promoting transparency and accountability.

I. INTRODUCTION

The Extractive Industries Transparency Initiative (EITI) is a global standard to promote open and accountable management of oil, gas and mining resources.

The objective of the EITI is to strengthen government and company systems, inform public debate and promote understanding.

In each of the implementing countries, the EITI is supported by a coalition of government, companies and civil society.

The EITI is not a formula for extractive sector governance, but rather a tool to inform the way the sector is governed.

The EITI Standard requires countries and companies to disclose information on key steps in the governance of oil, gas and mining revenues[(1).]

In Guatemala, the Extractive Industries Transparency Initiative -EITI- started in 2011 as a Candidate Country and has carried out 4 EITI reconciliation reports: the first one covered the 2010-2011 fiscal period, the second report was from 2012-2013, the third report from 2004-2015, the fourth report from 2016-2017 and the present report corresponds to the 2018-2019 and 2020 fiscal period, which is presented in the form of a Flexible Report.

Recognizing the challenges associated with the COVID-19 pandemic, the EITI Board agreed to the extension of measures to provide flexibility in EITI implementation and reporting.

These measures seek to ensure that EITI implementation contributes securely global and national efforts to respond to the pandemic, while maintaining the EITI's commitment to transparency, accountability and multi-stakeholder dialogue[(2).]

The Flexible Report encourages Multi-Stakeholder Groups to use this flexibility to communicate timely data that is relevant to their respective country situations. The EITI Board recognizes that EITI communication and outreach activities need to take into account the

[1] EITI International Secretariat, the global standard for good governance of oil, gas, and mineral resources , June 2019: https://eiti.org/es/quienes-somos
[2] M.Hble. Helen Clarck. Chair of the EITI Board, Explainer Flexible Reporting requirements, Oslo, Norway 2020.

restrictions imposed by the COVID-19 crisis. The Council encourages multi-stakeholder groups to prioritize online events and capacity building , where possible, and in-person events that can be conducted safely[3].

In the case of Guatemala, this Flexible Report has provided the opportunity for all sectors of the Multi-stakeholder Group, made up of companies, government institutions, civil society; to get involved in the preparation of the report corresponding to fiscal years 2018-2019 and 2020; coordinated by civil society, and with the support of the National Technical Secretary, in accordance with the terms of reference for the preparation of the fifth report, for which the applicable and non-applicable scopes of the Flexible Report were delimited, according to the 2019 Standard, in coherence with:

i) The Guatemalan national reality and the national health situation resulting from the pandemic.
ii) The terms of reference of the Flexible Report, issued by the International Secretariat.

Eleven significant companies from the extractive industry participate in this report. From

the hydrocarbon industry sector we have two companies:

1. City Petén, S. de R.L.
2. PERENCO Guatemala Limited

For the mining industry sector there are 9 companies, which :

1. Compañía Guatemalteca de Níquel, S.A. (CGN)
2. Compañía Procesadora de Níquel de Izabal, S.A. (PRONICO)
3. Elevar Resources, S.A.
4. Maya Tradition
5. Maria Jade Mine
6. Montana Exploradora S.A.
7. Pan American Silver Guatemala, S.A.
8. Peña Rubia S.A.
9. Silica de Centro America S.A.

[3] Explainer Flexible Reporting requirements, Oslo Norway 2020

It is important to note the participation of two companies from the Jade industry, which is one of the innovative aspects of this report, as it is the first time that this type of company has participated in an EITI report.

The public institutions that participated, from which information was requested, are:

1. National Council of Protected Areas -CONAP-.
2. Ministry of Environment and Natural Resources (MARN)
3. Ministry of National Defense -MINDEF-.
4. Ministry of Energy and Mines -MEM-.
5. Ministry of Public Finance -MINFIN
6. Super Intendencia de Administración Tributaria -SAT- (Super Intendency of Tax Administration)

Twenty-seven municipal governments that receive payments from the extractive industry, located in the Departments of Chimaltenango, San Marcos, Santa Rosa, Petén, El Progreso, Zacapa, Jutiapa, and Puerto Barrios, were also consulted.

The report on this occasion was drafted taking into account each of the requirements of the EITI 2019 standard, and with disaggregated information on payments from the companies, who have voluntarily contributed the information reflected in this document.

This Flexible Report is divided into two parts; the first part contains information for the fiscal years 2018-2019 and the second part contains data for the fiscal year 2020.

The report begins with the scope and disclosure, delimiting the applicable and non-applicable requirements according to the Flexible Report modality. It continues with a brief overview of the representative companies and public institutions participating in this report.

These fiscal years consist of two sections: hydrocarbons and mining, respectively. Each section details the information corresponding to the requirements of the EITI Standard, in the following order:

Legal and Institutional Framework
Exploration, Production and Export 3.-
Tax and Revenue Disclosure 4.- Revenue
Collection
5.- Distribution of Income
6.- Social and Economic
Spending

Finally, the conclusions and recommendations for the three fiscal years analyzed are presented.

II. SCOPE OF DISCLOSURE

The applicable and non-applicable scopes of the Flexible Report were delimited, according to the 2019 standard, consistent with:

The Guatemalan national reality and the national health situation resulting from the pandemic;

The terms of reference of the Flexible Report, issued by the EITI International Secretariat.

The objectives of the report are:

- Research and publish information from direct and official sources companies and government institutions relevant to the Standard on the operations of the hydrocarbon and mining sector in Guatemala, and on government revenues from the sector.

- Evaluate the activities and results of CNT's activities, as the multisectoral body that promotes transparency and the dissemination of strategic sector information to the Guatemalan population.

- Identify lessons learned and challenges in the hydrocarbon and mining sector in Guatemala, especially in the context of the Covid-19 pandemic and present recommendations to the CNT for strengthening the Initiative in Guatemala.

- Update the information in the context of the country and compliance with the Standard.

- Collect, systematize and disseminate technically supported information on the country's extractive sector to contribute to serious and informed public debates.

- Include information on the contributions of the extractive sector in the socio-environmental, gender, labor, community consultations, real beneficiaries, legal framework and other areas.

III. REQUIREMENTS NO APPLICABLE

(According to flexible modality and Guatemalan case)

- Requirement 2.6 (No state-owned mining and hydrocarbon companies)
- Requirement 4.5 (No state-owned mining and hydrocarbon companies)
- Requirement 4.7 (Flexible Report does not include reconciliation)
- Requirement 4.8 (Flexible Report does not include reconciliation)
- Requirement 4.9 (Flexible Report does not include reconciliation)

IV. COMPANIES REPRESENTATIVE

A. BY THE MINING INDUSTRY.

PERÍODO FISCAL
- 2018, 2019 Y 2020

EMPRESAS
- Pan American Silver, S.A.
- Peña Rubia, S.A.
- Compañia Guatemalteca de Niquel, S.A. - CGN
- Montana Exploradora de Guatemala, S.A.
- Compañia Procesadora de Niquel De Izabal, S.A. - PRONICO
- Maya Tradición, S.A.
- Mina La María
- Procesamiento de materias primas, silice y derivados de Centroamérica, S.A. - SICASA
- Elevar Resources, S.A.

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B. BY THE HYDROCARBON INDUSTRY.

PERÍODO FISCAL
- 2018, 2019 Y 2020

EMPRESAS
- PERENCO GUATEMALA LIMITED
- CITY PETÉN, S. DE R.L.

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V. REVIEW OF SIGNIFICANT COMPANIES IN EXTRACTIVE INDUSTRY SECTOR IN GUATEMALA PARTICIPATING IN THIS REPORT

5.1 City Petén, S. de R.L:

It is an independent company dedicated to the acquisition and development of properties for oil and gas exploitation in Central America. It was created through the purchase of the assets of the company Quetzal Energy LTD. in Guatemala. The company is committed to the highest corporate standards protecting the health and safety of employees, protecting the environment, and creating long-term positive impact in the communities where it operates. It operates under Contract 1-2005 the Ocultún Field, located in the southwestern part of the department of Petén.

5.2 PERENCO Guatemala Limited:

It is an independent oil and gas company with operations in 15 countries. In Guatemala it has been operating since 2001, under Contract 2-85 with which it operates the Xan Field located in the northwest of the Department of Petén. PERENCO Guatemala Limited operates in the departments of Petén, Alta Verapaz and Izabal, in the Xan Field, La Libertad Refinery, Piedras Negras Terminal and a 475-kilometer pipeline from Xan to Piedras Negras Terminal.

The mission of PERENCO Guatemala Limited is to responsibly produce oil resources in Guatemala in benefit and harmony with employees, communities, the State and the environment. To achieve this, we have implemented Business Ethics and Integrity, Environmental Policy, Health and Safety Policy, Physical Integrity Policy and Social Responsibility Policy.

As part of the Social Responsibility Policy, PERENCO Guatemala Limited, contributes to the economic development of the populations located within the areas of influence of the oil activity through the promotion of public and private entities and the benefited communities. Institutional and community strengthening is promoted based on a triangle of solidarity in which the community, the company and the governmental authority participate.

Today, an infrastructure has been developed that allows the growth of national and international companies to invest in the country. For the purposes of this report we will emphasize two representative companies of the hydrocarbon industry in Petén.

5.3 Compañía Guatemalteca de Níquel, S.A.:

CGN is a subsidiary of Solway Investment Industries LTD (SVG), which acquired the company in September 2011. CGN holds two Mining Licenses in the department of Izabal, granted for the Fénix Mining Extraction and Niquegua Montúfar II Mining Project. Both the Fénix and Montúfar mining rights have mining licenses and environmental studies approved by MARN. CGN's primary objective is the efficient and responsible use of nickel, contributing to the progress and development of the municipality of El Estor and its communities and ensuring the protection of the natural environment of the Izabal basin .

5.4 PRONICO:

Compañía Procesadora de Níquel de Izabal, S.A. (PRONICO) is a subsidiary of Berivon Holdings Limited (BVI). PRONICO was established in September 2013 and acquired the Nickel Processing Plant, located in Estor Izabal.

The nickel processing plant was designed for the production of "ferronickel", a product composed of two parts iron and one part nickel, which is sold as a final product in international markets.

The industrial complex was inaugurated in May 2014, after being rehabilitated and rebuilt to the highest industrial and environmental standards. The facility was originally built in the late 1970s, operated by Canadian company International Nickel Company (INCO) and abandoned in 1981.

PRONICO acquires its raw material, Nickel Ore, from several Nickel mines in the Department of Izabal and Alta Verapaz. PRONICO expects to produce 50,000 tons of ferronickel at its peak production.

5.5 Pan American Silver Guatemala, S.A.

It is one of the most attractive silver mines in the world with over US$500 million invested in development and infrastructure, resulting in a high-quality, well-built operation.

Pan American Silver Guatemala, S.A., agreed to acquire the shares of Canadian Tahoe Resources, thus becoming the owner of the El Escobal project in the department of Santa Rosa.

Pan American Silver Guatemala, S.A. (formerly Minera San Rafael S.A.), is a trading subsidiary of Pan American Silver Corp, a Canadian company headquartered in Vancouver, Canada. Its main economic activity is the exploitation of other mines and quarries. Currently, the exploitation license LEXT 015-11 "ESCOBAL", granted on April 3, 2013 has been suspended since July 5, 2017, following a resolution of the Supreme Court of Justice, pending the consultation process with the Xinka People in accordance with ILO Convention 169.

However, the project continues with care and maintenance activities to comply with the Environmental Management Plan (EMP), which is prepared by scientists and environmental experts independent of the company and approved by the Ministry of the Environment and Natural Resources.

Pan American Silver Guatemala, S.A. is committed to continue applying international best practices for the management of its environmental, economic, social and cultural impacts at the El Escobal Project.

5.6 Montana Exploradora de Guatemala, S.A.

Mina Marlin has a Mining Exploration License, Exploitation License and socio-environmental studies approved by MARN. Montana Exploradora de Guatemala, S.A. is a subsidiary of Goldcorp. The Marlin mine operated from 2005 to 2017. Marlin was discovered in 1998, by two Guatemalan geologists.

For the proper management of the environment, Mina Marlin complies with the requirements contained in the Environmental Management Plan Update for closure, which was approved by the Ministry of Environment and Natural Resources at the end 2019. Additionally, it works with the communities to promote integral development projects, which guarantees a social transition after the closure of the operation, leaving a legacy of sustainable development of that region.

Its strategy was characterized by being an efficient mining company, with environmental social responsibility.

Marlin offered the best opportunities in the quality of life of its employees and neighbors, through health programs, education, infrastructure, environmental protection and technical assistance for productive projects in nearby communities. During the 2018-2020 period of this report the closed site has been completing the closure of the facilities by removing most of them, placing cover on types such as slag pits, tailings dams and some parts of what was and process plants. New canals have been constructed to capture and collect runoff and divert it away from the permanent downstream facilities.

5.7 Peña Rubia, S.A.

Peña Rubia has an exploitation license and environmental impact assessment (EIA) for the sale of unprocessed mining products such as raw limestone and whole tuff in the area known as "La Pedrera" in zone 6 of Guatemala City. The company also has a license to operate the San Miguel quarry for the extraction and processing of raw limestone, schist, tuff, dolomite, and volcanic sand.

It is a Guatemalan company, founded in 1,899. Its experience has earned it recognition for its high quality standards in the production and marketing of cement, concrete, lime and other construction materials and services.

5.8 Sílice de Centro América, S.A. (SICASA)

SICASA has a mining license and environmental studies approved by MARN (Pochuta Quarry). It is a Central American company that belongs to Grupo Vical, operating since 1972 to supply the requirements of glass plants in Central America.

5.9 Elevar Resources, S.A.

Elevar Resources is a new entity that seeks to better reflect the company's corporate values and commitment to Guatemala and its people.

Elevar Resources comes to bring knowledge, technology and best practices to promote the progress and development of neighboring communities. It is a company allied with the people to achieve the growth of Asunción Mita, Jutiapa and Guatemala.

A company with responsible and committed professionals, who value inclusion and diversity, while being very conscious of the need to care for and protect the environment. The company's values have recently been updated and are summarized in the following statement: "we behave in a responsible and sustainable manner, working together and showing respect for our people and the community".

5.10 Maya Tradition.

It was incorporated in September 1974 and in that year began training its first workers. It specializes in the elaboration of jewelry through raw jade, which is then transformed into museum quality replicas of pre-Columbian style and unique handmade fashion pieces, its head office is in Antigua Guatemala, Sacatepéquez.

5.11 La María Mine

Mina La Maria is a company that carries out mining operations for the exploitation and commercialization of fine jadeite jade, valued worldwide.

The fountain discovered and used by La Maria is the same one used by the ancient Mayans of Mesoamerica more than 3,000 years ago. All finished products go directly to the showroom, avoiding intermediaries.

La Maria made the decision to re-establish a jade carving industry in Guatemala and opened its doors in the 1970s.

VI. PUBLIC INSTITUTIONS THAT COLLECT REVENUES AND BENEFIT FROM EXTRACTIVE INDUSTRIES IN GUATEMALA

6.1 Ministry of Public Finances (MINFIN)

This is the government agency responsible for complying with and enforcing all matters related to the State's legal regime of taxation, including the collection and administration of tax revenues, the management of internal and external financing, budget execution, and the registration and control of the assets that constitute the State's patrimony.

6.2 Ministry of Energy and Mines (MEM).

The MEM is the governing institution of the energy, mining and oil sectors, which promotes the adequate use of the country's natural resources. It is currently in charge of the Executive Coordination of the Initiative, being responsible for the technical and administrative aspects of the operation of the National Work Commission (CNT) and the execution of the country's work plan for the implementation of the Initiative.

6.3 Ministry of Environment and Natural Resources (MARN).

MARN is the public sector entity specialized in environmental matters and natural goods and services, and is responsible for protecting the natural systems that develop and sustain life in all its manifestations and expressions, promoting a culture of respect and harmony with nature and protecting, preserving and rationally using natural resources, in to achieve a transformational and generational development, articulating the institutional, economic, social and environmental work, with the purpose of forging a competitive, supportive, equitable, inclusive and participatory Guatemala.

It is the institution that coordinates, complies with and enforces policies and legal regulations concerning pollution prevention, conservation, protection and improvement of the environment.

6.4 Superintendencia de Administración Tributaria (SAT).

In early , the Government of Guatemala, through the Ministry of Public Finance, initiated a series of actions aimed at transforming and strengthening the country's tax system.

These actions included� the creation of the Superintendency of Tax Administration -SAT-, in order to modernize the tax administration and comply with the fiscal commitments contained in the Peace Agreements and the Public Sector Modernization Program.

The Superintendence of Tax Administration is a decentralized state entity, with competence and jurisdiction throughout the national territory, to exercise exclusively the functions of tax administration.

6.5 National Council of Protected Areas (CONAP).

It is responsible for ensuring the conservation and sustainable use of Guatemala's biological diversity and protected areas, as well as the natural goods and services they provide, designing, coordinating and ensuring the implementation of policies, regulations, incentives and strategies, in collaboration with other stakeholders.

CONAP has no direct participation in the EITI; however, it has a budget allocation from the Fondo para el Desarrollo Económico de la Nación -FONPETROL-, and a budget allocation for the reforestation of Laguna del Tigre National Park, provided by PERENCO Guatemala Limited.

6.6 Ministry of National Defense (MINDEF).

It is the governing body that formulates policies and guidelines to ensure compliance with the legal regime related to the defense of national sovereignty and territorial integrity. It is also the communication body between the Army of Guatemala and other State agencies, with operational, administrative and political-strategic attributions. It receives a budget allocation for the protection of the Mayan Biosphere Reserve provided by PERENCO Guatemala Limited.

6.7 Departmental Development Councils (CODEDEs).

The Departmental Development Councils (CODEDEs) belong to the National System of Urban and Rural Development Councils of Guatemala. Created at the constitutional level, the CODEDEs bring together various representatives of the different social sectors, government, private sector and academia for the coordination and implementation of public policies at the territorial level in the 22 departments into which the country is administratively divided.

6.8 Governments municipalities.

They are government entities in charge of the local administration of a municipality (town or city). According to the Political Constitution of the Republic of Guatemala, municipalities are autonomous institutions and their government is elected by universal suffrage and are governed by their own ordinances and regulations.

Municipal governments receive various quarterly contributions from the central government and also receive percentages of royalties from the extractive industry established by law.

The municipal governments participating in the Flexible Report are:

TABLE NO. 1 MUNICIPAL GOVERNMENTS

Department of Chimaltenango:	Department of Santa Rosa
San Miguel Pochuta	San Rafael Las Flores
	Cuilapa
Department of San Marcos	Barberena
Sipacapa	Department of Petén Flores
San Miguel Ixtahuacán	Petén
Department of El Progreso	Dolores
Sanarate	Las Cruces
	La Libertad
Department of Zacapa	Poptún
Usumatlán	The Shawl
	Melchor de Mencos
Department of Jutiapa	San Andres
Asunción Mita	San Benito
	San Francisco
Department of Izabal	San José
Puerto Barrios	San Luis
Los Amates	Santa Ana
El Estor	Sayaxché
Livingston	Department of Alta Verapaz Panzós

Source: Own elaboration.

PERÍODO FISCAL

HYDROCARBONS

2018- 2019

2018

2019

2020

202

VII. HYDROCARBONS

7.1 REQUIREMENT 2. LEGAL FRAMEWORK AND INSTITUTIONAL

EITI requires the disclosure of information related to the extractive sector, enabling stakeholders to understand the laws and processes for granting exploration and production rights.

In the 1960's, Guatemala began a new moment in foreign investment for the country, including that related to the exploration and exploitation of natural resources, motivated by the announcement of political stability and the arrival of civilian governments with business ties. "As a result of all these changes in the country, enclaves were created, which are nothing more than the introduction of one State into another, granting concessions of territory, of some natural resource or control of some service, with the intention of improving the economy and the quality of life"[4].

Article 125 of the Political Constitution of the Republic of Guatemala, Exploitation of non-renewable natural resources, states[5]: *"The technical and rational exploitation of hydrocarbons, minerals and other non-renewable natural resources is declared of public utility and necessity. The State shall establish and promote the conditions for their exploration, exploitation and commercialization".*

Thus, over time, a legal system has been created to regulate the hydrocarbon industry in Guatemala, which is described below.

[4] Mejía Dávila, Marco Antonio. Ecología política y enclaves en Guatemala. Pág. 39
[5] Political Constitution of the Republic of Guatemala, Article 125.

TABLE NO. 2 LEGAL AND INSTITUTIONAL FRAMEWORK

Type of standard	Name	Number of the standard	Description
Political Constitution of the Republic of Guatemala			
Decree	Law of the Fund for the Economic Development of the Nation.	Number 71-2008	The share of hydrocarbons corresponding to the State, and other income from oil operations, will be integrated into a fund for the economic development of the nation.
Decree	Organic Law of the Superintendency of Tax Administration	Number 1-98	The creation of a professionalized corps of officials, to promote better attention to taxpayers and to achieve an increase in tax collection for the benefit of the entire population.
Agreement of Directory	Internal Regulations of the Superintendency of Tax Administration	Number 007-2007	The Superintendent of Tax Administration considers proposing the approval of the Internal Regulations that will have an impact on the better performance of the Institution's functions and, consequently, on the achievement of its objectives.
Decree	Executive Agency Law	Number 114-97	The Guatemalan State must be governed according to the principle of subsidiarity, according to which the State does not arrogate to itself functions that can be performed by individual citizens or freely associated citizens.
Decree	Organic Budget Law	Number 101-97	The processes of formulation, execution and liquidation of the general budget of revenues and expenditures of the State, as well as those related to public debt, the ways of verifying expenditures and the collection of public revenues.
Decree	Hydrocarbon Commercialization Law	Number 109-97	That it is an obligation of the State to guide the commercialization of petroleum products that are imported or produced internally for national consumption and the adequate development of the National Economy.

Governmental Agreement	Regulation of the Hydrocarbon Commercialization Law	Number 522-99	The Ministry of Energy and Mines, through the General Directorate of Hydrocarbons, is the body in charge of supervising and ensuring the efficiency and guarantee of the supply of petroleum and petroleum products in the country, as well as the correct application of the Law of Commercialization of Hydrocarbons.
Ministerial Agreement	Payroll of petroleum products	AG Number 247-2021	It establishes that the General Directorate of Hydrocarbons will publish annually during the month of November a list of oil products with their respective denominations, characteristics and quality specifications, adding that such list must be published in the Official Gazette and another of greater circulation.
Technical Circular of the Ministry of Energy and Mines	Operation of category A-1 storage tanks	Number 001-2008	The Law of Creation, Organization and Functions of the Ministry of the Environment assigned the Ministry to implement international environmental agreements and preside over the respective national commissions.
Circular of the Ministry of Energy and Mines	Transportation of liquefied petroleum gas in bulk	19-Jan-05	In the land and river modality, the requirements and obligations of the agents of the chain in this matter, in order to combat the illegal mobilization of this fuel in accordance with the provisions of Article 209 of Law 1753 of 2015.
Circular of the Ministry of Energy and Mines	Liquid Hydrocarbon Transportation	19-Jan-05	The agents of the distribution chain that require the transportation of LPG in bulk must contract the service through a public service company of land motor freight transportation duly authorized by the Ministry of Transportation.
Circular of the Ministry of Energy and Mines	Transportation of Liquefied Gas in cylinders	19-Jan-05	All vehicles transporting LPG in bulk must have a tank-type body and must maintain in force a non-contractual civil liability policy under the terms established in Section 8 "Land Transportation of Dangerous Goods by Road".

Circular of the Ministry of Energy and Mines	New tanks	2-May-05	Certificate of tanks and piping in the service facilities and an extension thereof, except for LPG gas, guaranteeing the petroleum regulations.
Circular of the Ministry of Energy and Mines	Tank in operation	7-Apr-05	Tanks and pipes that have passed the favorably, according to the stipulated procedures, must have a decal installed by the certification company in a visible place in the service station office.
Circular of the Ministry of Energy and Mines	New process for the issuance of transport authorizations	Dec-13	The General Directorate of Hydrocarbons issued since November 4, 2013 transportation licenses through new format process.
Circular of the Ministry of Energy and Mines	Import and export license	Jan-14	The issuance of licenses will be done through a special window of the operations department.
Circular of the Ministry of Energy and Mines	New process DGH export authorization	Feb-14	Processing of the application to the General Directorate by means of a digital form and sending it to a special post office.
Circular of the Ministry of Energy and Mines	Updating of information and standardization of documents	May-14	Plan for the modernization and standardization of processes, systematically integrating each part of the commercialization chain, updating data, standardizing and integrating the authorizations issued in a single document.
Circular of the Ministry of Energy and Mines	Emerging Import or Export Authorization	Apr-11	Authorizes the entry or exit of petroleum products to individuals or legal entities that due to their line of business are not directly engaged in importing or exporting, will perform the activity on a one-time basis or with a frequency greater than one calendar year.

Circular of the Ministry of Energy and Mines	Requirements and procedures for authorizing companies test and issue certificates of functionality of transportation units.	Jun-14	Certificate of transportation units and petroleum products and issuance of certificates of functionality to transportation units.
Decree and Government al Agreement	Hydrocarbons Law and its General Regulations	Decree Law 109-83 and Government al Agreement 1034-83	The technical and rational exploitation of hydrocarbons is of public utility and necessity, for which the State must establish and promote the conditions for their exploration, exploitation and commercialization.
Government al Agreement	Accounting Annex to contracts for petroleum operations management and incremental production contracts for exploration and exploitation of hydrocarbons.	Number 189-2005	There must be an accounting instrument that regulates oil operations, establishing the rules, principles and procedures to be observed during the term of the contract for the presentation and content of the budget.
Governmenta l Agreements	Regulations for the execution of oilfield services contracts with the government Regulations of the Law of the Fund for the Economic Development of the Nation - FONPETROL- ".	Number 167- 84 Number 195-2009	The Hydrocarbons Law provides for the power of the State to carry out oil operations through oil service contracts.
Government al Agreement	Model exploration and exploitation contract	Number 190-2005	Petroleum operations to be contracted between the State and contractors will be in accordance with model contracts approved by the President of the Republic in Council of Ministers, in accordance with said law and its regulations.

Governmental Agreement	Management and incremental production contract model	Number 194-2005	The model contract and its annexes comply with the provisions of the Hydrocarbons Law and its General Regulations and is an appropriate instrument to stimulate oil operations within a framework of security for the contracting parties, therefore it is appropriate to approve it.
Governmental Agreement	Regulations for the execution of oilfield services contracts	Number 167- 84	It is necessary to issue the corresponding legal provision that regulates the procedure for the execution of oil services contracts with the government.
Governmental Agreement	Regulations for operating as a contractor or subcontractor	Number 299-84	It provides for the petroleum operations contractor to carry out directly or through petroleum service contractors, and these in turn through previously qualified petroleum service subcontractors, the work derived from the contract in question.
Central American Technical Regulations	Cylinder manufacturing	RTCA 23.01.29:05	To establish the design and manufacturing specifications, as well as the test and test methods to which portable cylindrical containers to contain liquefied petroleum gas LPG must be submitted.
Technical Regulations Central American Customs Union	Inviolability seal	R-UAC 23.01.xx:04 CR-June-04	Minimum specifications to be met by any tamper-proof seal (mark) to be installed on the valves of portable LPG cylinders circulating in the member countries of the Customs Union.

Central American Technical Regulations	Transportation of liquefied gas in bulk	RTCA 13.01.26:05	Minimum design and construction requirements to be met by liquefied gas land transportation units circulating in the member countries of the Central American Customs Union.
Technical Regulations Central American Customs Union	Transport of liquids	R-UAC 13.01.25:04	To establish the minimum design and construction requirements to be met by the units for land transportation of liquid hydrocarbons.
Central American Technical Regulations	Manually operated valves	RTCA 23.01.28:05	Minimum specifications and test methods and test methods quick coupling valve used for loading and unloading of liquefied petroleum gas in portable containers.
Technical Regulations Central American Customs Union	Delivery vehicles	R-UAC 23.01.XX:04	Minimum safety specifications to be met by any vehicle transporting portable cylinders containing liquefied gas applied only in portable containers.

Source: Own elaboration with data from the Ministry of Energy and Mines.
https://mem.gob.gt/que-hacemos/hidrocarburos/marco-legal-hidrocarburos/area-de-hidrocarburos/

7.1.2 Licensing and Contracts

Petroleum activity began in Guatemala approximately at the end of the 1930s, when a photogeological program was carried out in the regions of La Libertad, Chinajá and Río La Pasión; but it was not until 1944 that geological studies began, which involved surface mapping, aerial magnetometry and gravimetric surveys; however, due to changes in petroleum legislation, they were suspended in 1949, to begin again about six years later.

At the same time, the Petroleum Code was issued, which authorized concessions for 400,000 hectares, in a single block or divided into no more 10 parts. During the following two years, activity was restarted in the Petén, Izabal and Amatique areas. During this time, 44 concessions were made.

The first exploratory well was drilled in 1958 and was named: Castillo Armas-1, this was the beginning of 13 more exploratory wells over a period of five years; some of these wells ended in dry holes.

In 1964, a "San Jose-1 stratigraphic test" was drilled, which is nothing more than a study of the arrangement and character of sedimentary rocks in the Pacific basin; this well reached 1730 feet and reported good indications of gas; work continued for 4 more years; however, it was not very successful.

In 1967, by means of a Decree issued by the government, the national parks were authorized to be explored; thus, the first works were carried out in the Rubelsanto area; in Las Tortugas, exploration for sulfur was carried out and oil was found; this was the beginning of the contemporary stage of oil exploration.

a.- City Petén, S. de R.L.

It is an independent company dedicated to the acquisition and development of oil and gas properties in Central America. It was created through the purchase of the assets of Quetzal Energy LTD. in Guatemala. The company is committed to the highest corporate standards protecting the health and safety of employees, protecting the environment, and creating long-term positive impact in the communities where it operates. It operates under Contract 1-2005 the Ocutún Field, located in the southwestern part of the department of Petén.

b.- PERENCO Guatemala Limited.

On July twenty-seventh, two thousand ten, was published in the Diario de Centro América the Governmental Agreement Number 214-2010 of the President of the Republic of Guatemala, issued in Council of Ministers, dated July 22nd, 2010, by which is approved the Modification, Extension and Extension of the Petroleum Exploitation Operations Contract number 2-85, dated February fourth2010 and its modifications on dates fourteen and twenty July of the same year, signed between the Ministry of Energy and Mines and the entity PERENCO Guatemala Limited, by the term, so the contract expires in 2025.

TABLE NO. 2.1 HYDROCARBON EXPLORATION CONTRACTS

CONTRACTS IN THE EXPLORATION PHASE			
Contract No.	Operated by	Validity	
7-98	Compañía Petrolera Del Atlántico, S.A.	Start date: Jul 20, 2001	Ends: 19-Jul-2026
1-2011	City Petén, S. de R.L.S. de R.L.	Start date: Aug 27, 2013	Ends: 26-Aug-2038
1-15	Island Oil Exploration Services, S.A.	Start date: 12-Jun-2015	Ends: 11-Jun-2040
2-2014	Greenfields Petroleum (Guatemala) Limited	Start date: 02-Jan-2015	Completion: 25-Feb-2021
2-19	Alyonca Corporation, Sociedad Anónima (emergency contract)	Start 22-Aug-2019	Expiration: 06-Jan-2021

Source: General Directorate of Hydrocarbons, MEM.

There are currently five exploration , two of which expire at the end of 2021. Another was granted in 2019, the others end in 2026, 2038 and 2040.

TABLE NO. 2.2 OPERATING CONTRACTS

MINIREFINERY Transformation Contract to process crude oil from the Xan exploitation area.		
CONTRACTOR-OPERATED	CURRENT	
PERENCO Guatemala Limited	Start date: Jul 27, 2010	Ends: 12-August-2025

IN OPERATION				
NO. CONTRACT	CONTRACTOR-OPERATED	VALIDITY VIGENCIA		FIELD
1-2005	Latin American Resources, Ltd	Home: Mar 28, 2006	Ends: 27-Mar-2031	TURTLES AND ATZAM
1-2006	City Petén, S. de R.L.	Home: Sep 20, 2006	Ends: 19-Sep-2031	OCULTUN
2-2009	Empresa Petrolera del Istmo, Sociedad Anónima	Start date: Jul 28, 2009	Ends: Jul 27, 2034	CARIBB EAN, WHITE LAND RUBELSALTO
2-85	PERENCO Guatemala Limited	Home: Aug 13, 1985	Ends: 12-Aug-2025	XAN
1-91	Petro Energy, Sociedad Anónima	Home: Dec 13, 2013	Ends: 12-Dec-2028	CHOCOP AND YALPEMECH

Source: General Directorate of Hydrocarbons MEM.

In the exploitation phase there are five contracts dating from 1985, 2006, 2009, 2010 and 2013. Contract 2-85 is about to expire, with only 4 years remaining.

PERENCO Guatemala Limited has the mini-refinery contract that also ends on August 122025. There are contracts that will end between 2025 and 2034.

REQUISITO 03
Exploración y producción

7.2 REQUIREMENT 3. DOMESTIC EXPLORATION, PRODUCTION AND EXPORT

EITI requires the disclosure of information on exploration and production, which allows stakeholders to understand the potential of the sector. In this requirement we will set out information on exploration, production and export activities.

7.2.1 Oil production national:

TABLE NO. 3 DOMESTIC CRUDE OIL PRICES

Producción petrolera nacional

Producción petrolera anual

La producción petrolera nacional consiste en la sumatoria de la producción de los diversos campos petroleros operados por contratistas de operaciones petroleras que actualmente

Unidad: Barril americano

Contrato	2-2009	2-85	1-91	1-2005	1-2006	6-93		
Contratista	EMPRESA PETROLERA DEL ITSMO, S. A.	PERENCO GUATEMALA LIMITED	PETRO ENERGY, S.A.	LATIN AMERICAN RESOURCES LTD.	CITY PETEN S. DE R.L.	PETRO LATINA CORPORATION		
Campo petrolero	Caribe, Tierra Blanca y Rubelsanto	Xan	Chocop y Yalpemech	Tortugas y Atzam	Ocultún	Las casas	Producción nacional	Promedio de producción diaria
2010	242,651.57	4,053,032.00	64,176.16	3,777.93	0.00	0.00	4,363,637.66	11,955.17
2011	221,725.69	3,693,349.13	75,573.61	5,104.16	0.00	167.18	3,995,752.59	10,947.73
2012	229,007.26	3,563,753.90	80,187.27	3,287.80	6,226.30	0.00	3,882,462.53	10,607.82
2013	199,655.07	3,355,372.63	69,086.87	21,066.40	90,882.27	0.00	3,736,063.24	10,235.79
2014	168,830.14	3,375,883.35	76,255.53	47,925.62	120,762.06	0.00	3,789,656.70	10,382.62
2015	182,882.27	3,239,596.07	42,749.54	77,677.48	121,373.80	0.00	3,664,279.16	10,039.12
2016	126,983.00	2,922,981.99	7,014.86	103,738.86	124,723.30	0.00	3,285,442.01	8,976.62
2017	150,662.34	2,938,968.22	30,228.46	103,390.39	295,717.27	0.00	3,518,966.68	9,641.00
2018	154,766.17	2,808,669.90	17,811.86	80,874.08	301,311.05	0.00	3,363,433.06	9,214.89
2019	213,704.83	2,801,274.97	17,985.65	163,704.04	306,287.73	0.00	3,502,957.22	9,597.14

Source: Exploitation Department, General Directorate of Hydrocarbons, MEM.
Ministry of Energy and Mines Hydrocarbons Magazine.
https://mem.gob.gt/wp-content/uploads/2020/10/2019-Revista-Hidrocarburos-04T-V2.pdf

Note: According to PERENCO Guatemala Limited there is a difference of 6 cents between the data provided by the Ministry of Energy and Mines represented in this table in comparison (to its financial statements).

TABLE NO. 3.1 DOMESTIC CRUDE OIL PRICES

Unidades US$ / barril	Contrato 2-85		Contrato 1-91		Contrato 1-91		Contrato 1-2005		Contrato 2-2009	
	Xan		Chocop		Yalpemech		Atzam		Rubelsanto, Tierra Blanca, Caribe y Chinajá Oeste	
Año	Santo Tomas de Castilla Precio de exportación	Punto de medición	Santo Tomas de Castilla precio de exportación	Punto de medición	Santo Tomas de Castilla Precio de exportación	Punto de medición	Santo Tomas de Castilla Precio de exportación	Punto de medición	Santo Tomas de Castilla Precio de exportación	Punto de medición
Promedio 2010	63.71833	59.89728	58.81743	52.3847	77.48881	71.64088	78.1165	72.32341	63.49481	60.83723
Promedio 2011	96.04338	92.12671	89.55096	83.11823	104.13169	98.28376	104.39771	98.60462	96.04338	93.40508
Promedio 2012	95.61723	92.191136	90.87484	84.44211	104.68277	98.83484	105.07017	99.27708	94.80351	92.99012
Promedio 2013	92.56856	88.27158	89.65713	83.20215	101.59074	95.74281	101.05652	94.24703	90.13608	86.42107
Promedio 2014	83.15142	78.60225	79.05145	72.61872	90.18552	84.33756	83.2475	65.85	78.42047	66.15425
Promedio 2015	37.54967	33.07775	38.8026	32.36987	49.66736	43.81943	38.3025	25.61583	33.44917	25.88583
Promedio 2016	29.57275	24.10825	30.80082	24.36809	42.73046	36.88253	29.07833	19.23	27.06833	20.04417
Promedio 2017	41.3895	34.969	40.22174	33.78901	52.282	46.43407	39.35717	30.2305	18.95567	30.65842
Promedio 2018	55.14450	48.136	52.28253	45.8498	68.67584	62.82791	55.61733	44.74758	56.19883	45.7445
Promedio 2019	51.72992	44.47967	47.0138	40.58107	62.54511	56.69718	50.00100	33.73325	50.92625	40.72942
Promedio 2018 - 2019	53.43721	46.307835	49.648165	55.272375	65.610475	59.762545	52.809165	39.240415	53.56254	43.23696

Source: Own elaboration. Data from the General Directorate of Hydrocarbons, MEM.

7.2.3 Exports

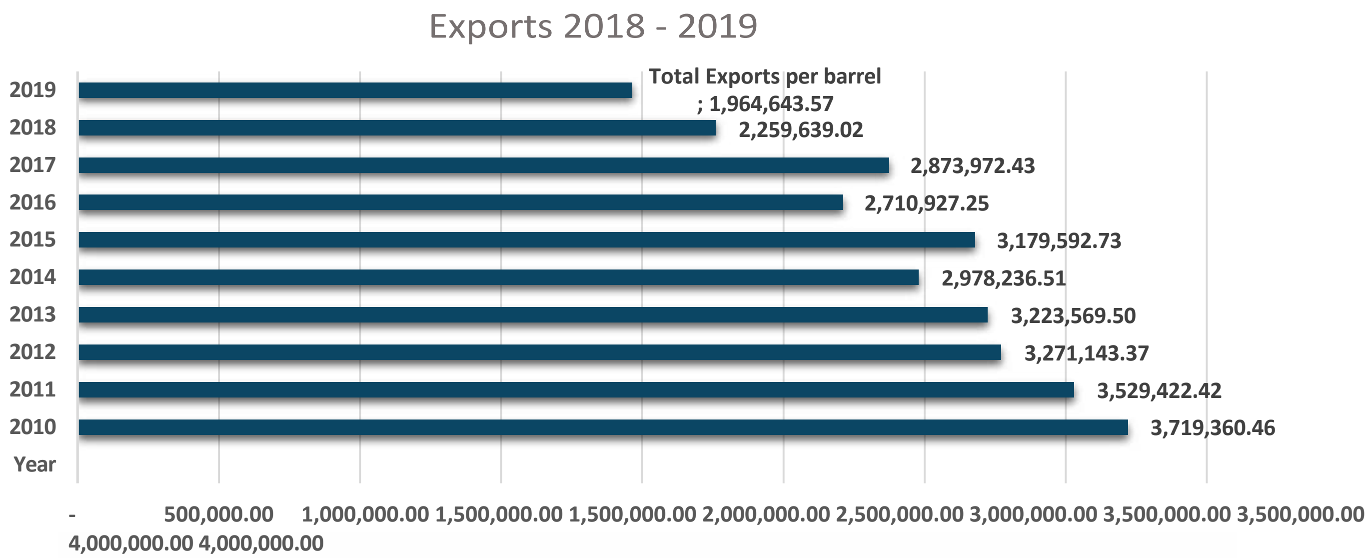
Below is a table with exports making a comparison between the years 2010 to 2019.

TABLE NO. 3.2 EXPORTS IN BARRELS OF OIL

Year	Total exports in barrels	Average grades API	Average sulfur %
2010	3,719,360.46	14.43	5.8
2011	3,529,422.42	15.39	6.37
2012	3,271,143.37	15.25	6.38
2013	3,223,569.50	15.35	6.28
2014	2,978,236.51	15.09	6.36
2015	3,179,592.73	15.01	6.33
2016	2,710,927.25	15.57	6.08
2017	2,873,972.43	16.45	5.86
2018	2,259,639.02	13.18	3.95
2019	1,964,643.57	13.34	3.19

Source: Own elaboration with data from the General Directorate of Hydrocarbons, MEM.

GRAPH NO. 1 EXPORTS IN OIL BARRELS



Source: Own elaboration with data from the General Directorate of Hydrocarbons, MEM.

Oil exports comparing 2018, 2019 have had a decline reflecting the low production due to the natural decline of the producing areas.

7.3. REQUIREMENT 4. TAX DISCLOSURE AND INCOME.

The objective is to help understand that company payments and government revenues can make the public debate on the management of extractive industries more informed.

The EITI requires comprehensive disclosures of company payments and government revenues from extractive industries.

The following is the information that the companies participating in the hydrocarbon sector have reported for this study.

7.3.1 Full tax disclosure and revenues

A.1 Royalties per contract and date:

In 2018 the amount of royalties reached Q55,803,828.64. The report corresponds to Contract 2-85 operated by PERENCO. In 2019 the amount is Q42,752,830.07.

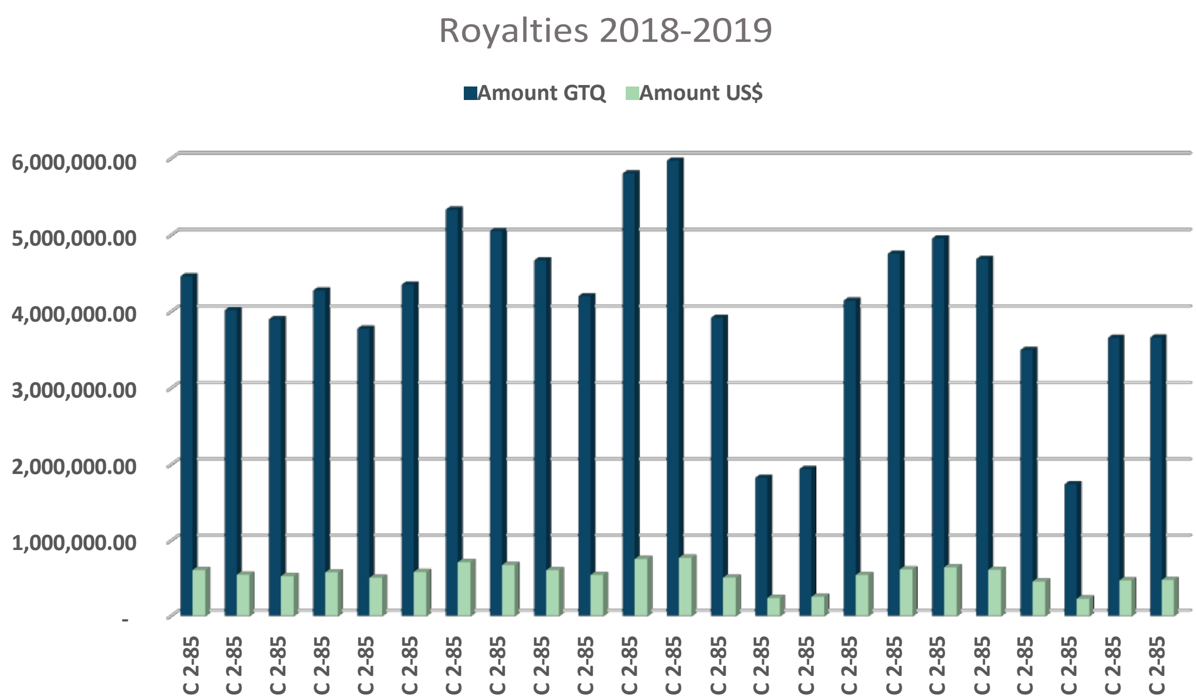
The following is a breakdown of royalties for 2018 and 2019, by contract assigned to the Company, in quetzales and U.S. dollars, as well as the payment dates.

TABLE NO. 4 ROYALTIES PERENCO GUATEMALA LIMITED. CONTRACT 2-85

Payment Date	Amount GTQ	Amount US$
19/01/2018	4,460,478.48	607,602.73
14/02/2018	4,018,382.34	546,003.31
21/03/2018	3,898,582.07	526,855.35
25/04/2018	4,275,553.81	577,404.57
23/05/2018	3,776,207.07	506,048.81
19/06/2018	4,350,224.11	581,350.71
25/07/2018	5,331,896.41	712,681.27
21/08/2018	5,049,868.24	673,901.61
27/09/2018	4,668,718.12	606,032.67
19/10/2018	4,199,437.08	542,434.68
29/11/2018	5,804,196.69	754,114.97
19/12/2018	5,970,284.22	770,854.59
Total 2018	55,803,828.64	7,405,285.27
22/01/2019	3,917,997.15	507,272.09
27/02/2019	1,827,103.62	236,964.59
27/03/2019	1,941,478.41	252,898.75
7/05/2019	4,142,701.46	541,074.11
6/06/2019	4,754,746.55	616,738.64
13/06/2019	4,955,338.75	644,017.19
16/07/2019	4,686,239.94	611,217.33
28/08/2019	3,496,915.10	455,671.02
17/11/2019	1,744,297.28	226,436.54
18/10/2019	3,656,072.71	470,492.22
20/11/2019	3,660,134.82	475,174.33
--/12/2019	3,969,804.28	516,685.64
Total 2019	42,752,830.07	5,554,642.45
Total 2018 - 2019	98,556,658.71	12,959,927.72

Source: Own elaboration with data from PERENCO Guatemala Limited.

GRAPH NO. 2 ROYALTIES PERENCO GUATEMALA LIMITED



Source: Own elaboration with data from PERENCO Guatemala Limited.

A.1 Royalties year 2019

In 2019, royalties amounted to Q42,752,830.07.

A.2 Income Tax :

Income Tax is levied on income or profits obtained by individuals, legal entities, entities or national or foreign assets, whether or not residing in Guatemala.

In 2018 the company paid Income Tax (ISR) in the amount of US$ 9,240,960.53, and 2019; US$ 9,655,072.27, making a total sum for 2018 and 2019 of US$ 18,896,032.80.

TABLE NO. 4.1 INCOME TAX, PERENCO GUATEMALA LIMITED

Income 2018 - 2019	
Amount US$	
Total 2018	9,240,961.00
Total 2019	9,655,072.00
Total 2018 - 2019	18,896,033.00

Source: Own elaboration based on PERENCO Guatemala Limited company report.

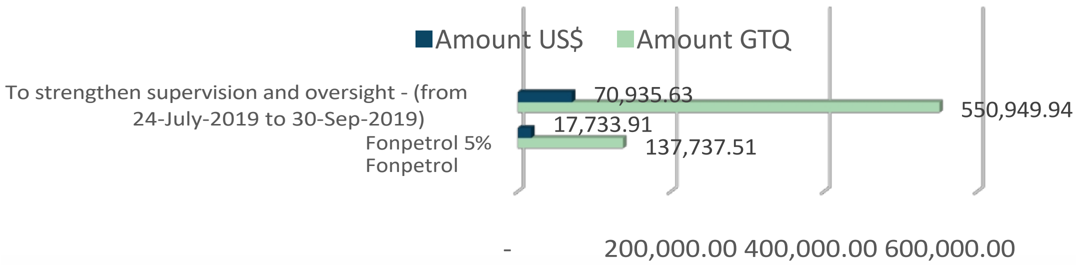
A.3 Fees and payments mandatory:

TABLE NO. 4.2 MANDATORY FEES AND PAYMENTS PERENCO GUATEMALA LIMITED 2018- 2019, FOR THE SETH 1-19 CONTRACT.

Fees and payments		Payment Date	Amount GTQ	Amount US$
2018		N/A	N/A	N/A
Total 2018			-	-
FONPETROL 5% FONPETROL	1-19	22/10/2019	137,737.51	17,733.91
To strengthen supervision and oversight - (from Jul 24, 2019 to Sep 30, 2019)	1-19	22/10/2019	550,949.94	70,935.63
Total 2019			688,687.45	88,669.54
Total 2018 - 2019			688,687.45	88,669.54

Source: Own elaboration with data provided by PERENCO Guatemala Limited.

GRAPH NO. 2.2 FEES AND MANDATORY PAYMENTS PERENCO GUATEMALA LIMITED 2018-2019 FOR THE SETH 1-19 CONTRACT



Source: Own preparation Data provided by PERENCO Guatemala Limited.

It is important to clarify that the 1-19 contract existed until July 24, 2019.

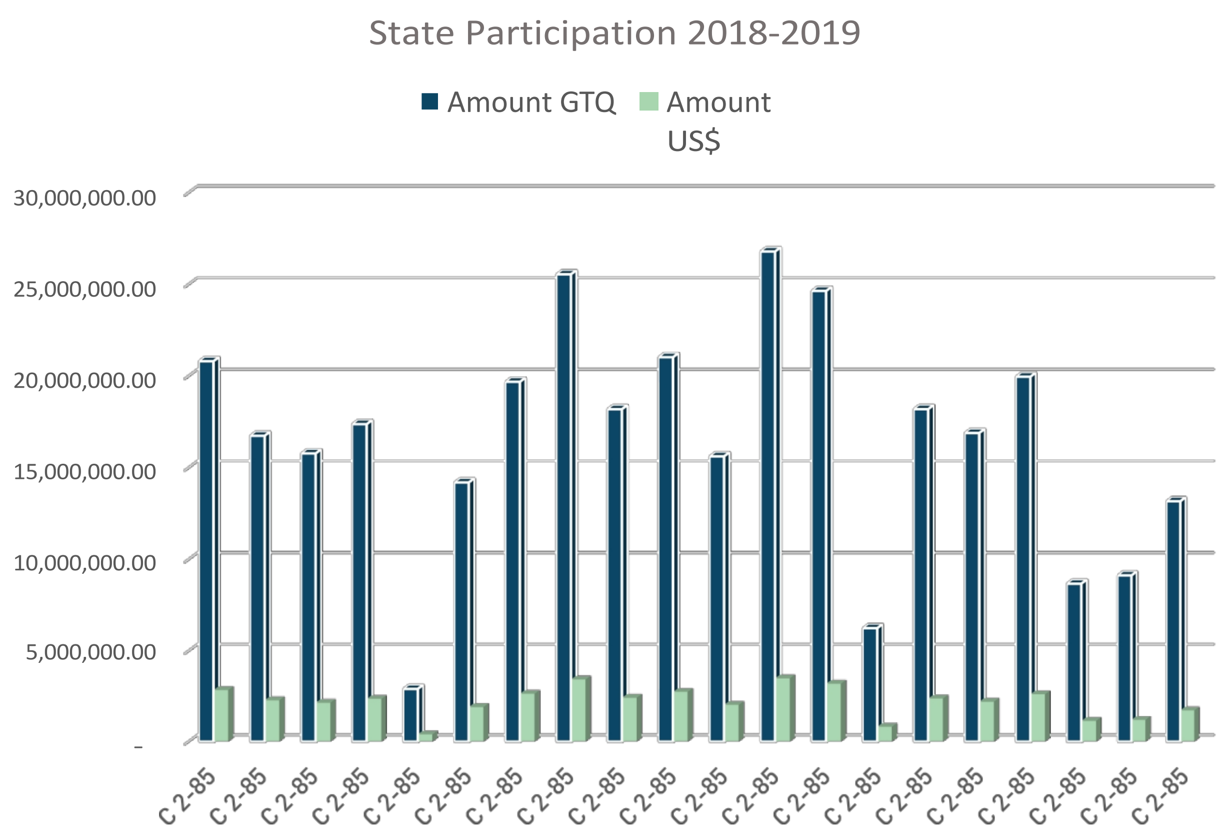
A.4 State Participation of the Company PERENCO Guatemala Limited

TABLE NO. 4.3 STATE PARTICIPATION, PERENCO GUATEMALA LIMITED

State Participation 2018-2019			
Contract	Payment Date	Amount GTQ	Amount US$
2-85	30/01/2018	20,807,383.04	2,830,963.43
2-85	27/02/2018	16,737,127.21	2,268,650.41
2-85	26/03/2018	15,771,774.24	2,131,695.33
2-85	27/04/2018	17,371,939.99	2,344,802.73
2-85	5/06/2018	2,900,173.81	387,593.71
2-85	19/06/2018	14,190,564.79	1,896,383.89
2-85	28/06/2018	19,678,534.60	2,626,164.66
2-85	25/07/2018	25,541,207.30	3,413,933.55
2-85	31/08/2018	18,188,234.49	2,405,043.08
2-85	27/09/2018	21,020,875.68	2,729,253.69
2-85	31/10/2018	15,614,422.95	2,019,089.01
2-85	29/11/2018	26,790,651.42	3,480,797.15
2-85	21/12/2018	24,635,681.08	3,183,348.72
Tosuch 2018		239,248,570.60	31,717,719.36
2-85	29/01/2019	6,240,499.81	806,539.14
2-85	28/05/2019	18,192,150.26	2,362,448.17
2-85	27/06/2019	16,889,969.39	2,189,365.47
2-85	30/07/2019	19,954,956.91	2,597,635.36
2-85	28/08/2019	8,671,884.77	1,130,003.58
2-85	7/11/2019	9,118,535.14	1,185,036.40
2-85	29/11/2019	13,161,903.24	1,708,774.41
Totto 2019		92,229,899.52	11,979,802.53
Total 2018 - 2019		331,478,470.12	43,697,521.89

Source: Own elaboration with data from PERENCO Guatemala Limited.

GRAPH NO. 2.3 STATE PARTICIPATION, PERENCO GUATEMALA LIMITED



Source: Own elaboration with data reported by PERENCO Guatemala Limited.

PERENCO Guatemala Limited reported a participation to the State of US$43,697,521.89 between 2018 and 2019. As can be seen in the graph in 2018 the company reports to the State US$31,717,719.36 and in 2019 an amount of US$ 11,979,802.53.

These data are from Contract 2-85.

City Petén, S. de R.L.

The following is a breakdown of the information on payments made by City Petén, S. de R.L. for this report for the years 2018 and 2019.

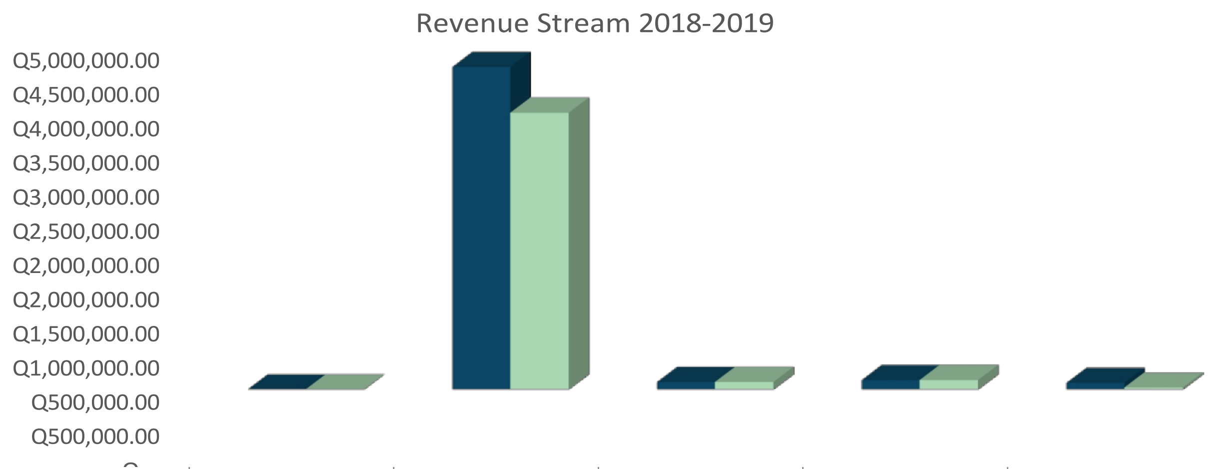
TABLE NO. 4.4 DISCLOSURE OF TAXES AND CONTRIBUTIONS CITY PETÉN, S. DE R.L.

Revenue Flow	2018	2019
	Amount and Currency	
State participation in production min. 30% Annual	Q -	Q -
Annual Royalties	Q 4,705,596.30	Q 4,038,152.23
Annual ISR	Q -	Q -
Stamp tax	Q -	Q -
Privative Revenues (Fees per Hectare and FONDOCAP) Annual and Per Hectare Charges	Q 108,904.59	Q 109,179.97
Training Guatemalan personnel	Q 137,707.52	Q 138,055.73
Stationary Transportation System	Q -	Q -
Total	Q 4,952,208.41	Q 4,285,387.93
Contributions to the Jungle Battalion Reforestation contributions to CONAP Contributions to municipal governments Voluntary contributions for development: School Infrastructure Projects	Q 95,697.59	Q 27,603.65

Source: Own elaboration, data provided by City Petén, S. de R.L.

City Petén reported royalty payments of Q4,705,596.30 for 2018 and in 2019 there was a decrease to Q4,038,152.23. Regarding contributions to municipal governments, the company contributed Q95,697.59 in 2018 and Q27,603.65 in 2019.

GRAPH NO. 2.4 DISCLOSURE OF TAXES AND CONTRIBUTIONS CITY PETÉN, S. DE R.L.



	State participation in production min. 30% Annual	Annual Royalties	Privative Revenues (Rates per hectare and fundcap) Annual and Per Hectare Charges	Training Guatemalan personnel	Voluntary contributions for development: School infrastructure projects.
2018	Q-	Q4,705,596.30	Q108,904.59	Q137,707.52	Q95,697.59
2019	Q-	Q4,038,152.23	Q109,179.97	Q138,055.73	Q27,603.65

Source: Own elaboration, data provided by City Petén, S. de R.L.

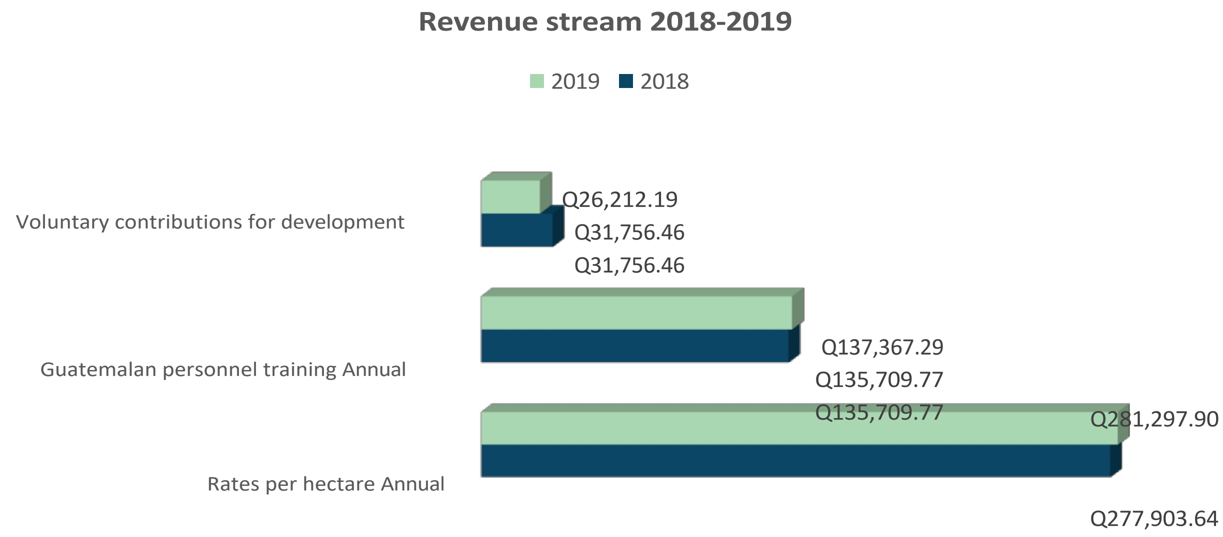
The company also reports other types of contributions on fees for hectares and training of Guatemalan personnel, as shown in the following table.

TABLE NO. 4.4.1 DISCLOSURE OF TAXES AND CONTRIBUTIONS CITY PETÉN, S. DE R.L.

Revenue stream	2018		2019	
	Amount and Currency			
Rates per Annual Hectare	Q	277,903.64	Q	281,297.90
Training Guatemalan personnel Annual	Q	135,709.77	Q	137,367.29
Voluntary contributions for development	Q	31,756.46	Q	26,212.19
Total	**Q**	**445,369.87**	**Q**	**444,877.38**

Source: Own elaboration, data provided by City Petén, S. de R.L.

GRAPH NO. 2.5 DISCLOSURE OF TAXES AND CONTRIBUTIONS CITY PETÉN, S. DE R.L.



Source: Own elaboration, data provided by City Petén, S. de R.L.

7.3.2 Revenues from the Stationary Hydrocarbon Transportation System (SETH)

On June 14, 2019, was signed between the Ministry of Energy and Mines and PERENCO Guatemala Limited, the Contract to Operate and Manage the Stationary Hydrocarbon Transportation System -SETH- 1-19. Effective as of July 24, 2019.

The pipeline transports crude directly from the Xan and Rubelsanto oil field wells to the Piedras Negras Terminal (TPN). This pipeline has a length of approximately 500 kilometers with 12 and 10 inch pipes and is administratively divided into two zones; It is administratively divided into two zones: the northern OLN pipeline, which includes the Xan-Libertad pipeline, which belongs to Contract 2-85, and the Libertad-Raxruhá section, making a total of 238 kilometers; the other zone is the southern OLS pipeline, which includes the Rubelsanto - Piedras Negras Terminal pipeline, with 235 kilometers; the change in diameter of the pipeline occurs at Kilometer Point PK-94 of the OLS. The storage capacities are: in the Xan oil field, Petén, with a storage capacity of 100,000 barrels of oil from Contract 2-85 and in the Piedras Negras Terminal with a storage capacity of 430,000 barrels of oil.

GRAPH NO. 2.6 PIPELINE MAP

Source: Ministry of Energy and Mines.

TABLE NO. 4.5 SETH INCOME

	Monto Total	CODEDEs del país	CODEDEs con operaciones petroleras	CONAP
	GTQ	5% GTQ	20% GTQ	3% GTQ
Año 2015	**183,905,340.41**	**9,195,267.02**	**36,781,068.08**	**5,517,160.21**
Año 2016	**106,008,613.52**	**5,300,430.68**	**21,201,722.70**	**3,180,258.42**
Año 2017	**201,460,003.73**	**10,073,000.19**	**40,292,000.74**	**6,043,800.11**
Año 2018	**274,032,053.48**	**13,701,602.68**	**54,806,410.70**	**8,220,961.61**
Año 2019	**203,142,527.76**	**10,157,126.38**	**40,628,505.55**	**6,094,275.83**

CODEDE stands for Departmental Development Council.

Source: Price Section, Department of Economic Analysis, DGH, MEM. Ministry of Energy and Mines.

https://mem.gob.gt/wp-content/uploads/2020/10/2020-02-Revista-Hidrocarburos.pdf

The Ministry of Energy and Mines through the General Directorate of Hydrocarbons reported economic income from the operation and administration of the Stationary Hydrocarbon Transportation System for 2018 and 2019, for Q274,032,053.48 and Q 203,142,527.76 respectively.

05 **REQUISITO**
- Distribución de Ingresos

7.4 REQUIREMENT 5 DISTRIBUTION OF INCOME

The EITI requires disclosure of information related to revenue distribution, which allows stakeholders to understand how revenues are recorded in national and, where appropriate, sub-national budgets, as well as to understand where corporate social expenditures end up.

7.4.1 Fees and Obligatory Payments PERENCO Guatemala Limited

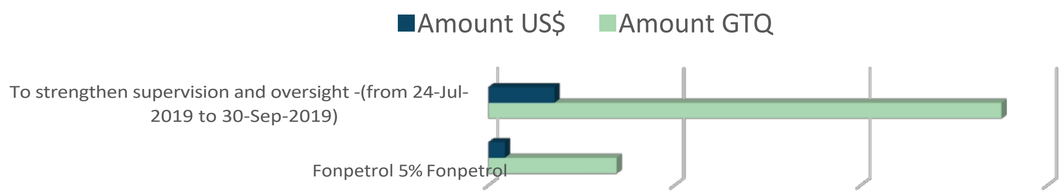
PERENCO Guatemala Limited reports that in contract 1-19 it contributed in October 2019 the amount of US $70,935.63, (which was used to strengthen oversight and supervision), plus 5% with the amount of US $17,733.91 for FONPETROL.

TABLE NO. 5 MANDATORY FEES AND PAYMENTS

MANDATORY FEES AND PAYMENTS 2018-2019				
Fees and payments		Date of Payment	Amount GTQ	Amount US$
2018		N/A	N/A	N/A
Total 2018			-	-
FONPETROL 5% FONPETROL	1-19	22/10/2019	137,737.51	17,733.91
To strengthen supervision and oversight - (from 24-Jul-2019 as of 30-Sep-2019)	1-19	22/10/2019	550,949.94	70,935.63
Total 2019			688,687.45	88,669.54
Total 2018 - 2019			688,687.45	88,669.54

Source: Own elaboration, with data reported by PERENCO Guatemala Limited.

CHART NO. 3 FEES AND MANDATORY PAYMENTS



	Fonpetrol 5% Fonpetrol	To strengthen supervision and oversight -(from 24- to 24-) Jul-2019 to Sep 30, 2019)
Amount US$	17,733.91	70,935.63
Amount GTQ	137,737.51	550,949.94

Source: Own elaboration, data from PERENCO Guatemala Limited.

7.4.2 Payments Training

PERENCO Guatemala Limited reports contributions for training of Guatemalan personnel for 2018 in contracts 2-85 and 1-89 and for 2019 in contract 2-85, 189 and 1-19, a total amount of US $ 574,820.78.

TABLE NO. 5.1 TRAINING PERENCO GUATEMALA LIMITED, YEARS 2018 AND 2019

Training % Training % Training	Contract	Date of Payment	Amount GTQ	Amount US$
70% Training	2-85	11/01/2018	1,936,590.23	263,768.40
70% Training	1-89	11/01/2018	53,794.17	7,326.90
Training 30% not used in 2011, 2012, 2013 y 2015.	1-89	28/02/2018	15,806.81	2,142.55
Training 30% Training 30% Training not used year 2008	2-85	16/03/2018	158,533.90	21,421.59
Total 2018			2,164,725.11	294,659.44
70% Training	2-85	14/01/2019	2,038,915.68	263,818.80
70% Training	1-89	14/01/2019	56,636.55	7,328.30
70% Training (From 24-Jul-2019 as of 31-Dec-2019)	1-19	30/07/2019	48,472.92	6,309.96
30% Training (From 24-Jul-2019 as of 31-Dec-2019)	1-19	18/12/2019	20,777.55	2,704.28
Total 2019			2,164,802.70	280,161.34
Total 2018 - 2019			4,329,527.81	574,820.78

Source: Own elaboration, with data reported by PERENCO Guatemala Limited.

7.4.3. Sub-national payments reported by governments municipalities

Below are the contributions that municipal governments reported on what they received from hydrocarbon companies in 2018 and 2019 corresponding royalties by law and other donations.

TABLE NO. 5.2 SUBNATIONAL PAYMENTS

Ministry of Public Finance Municipal

Revenues

Recorded under item 10224 Royalties

According to the Manual of Budgetary Classifications for the Public Sector

REVENUE ITEM: 10224 ROYALTIES	2018	2019	Sum:
GUATEMALA	Q1,595,308.73	Q1,001,868.93	Q2,597,177.66
SAN JOSE DEL GOLFO	Q24,281.80	Q29,110.91	Q53,392.71
PALENCIA		Q4,013.56	Q4,013.56
CHINAUTLA	Q8,144.93	Q4,380.62	Q12,525.55
SAN JUAN SACATEPEQUEZ	Q20.00		Q20.00
FRAIJANES	Q13,071.86		Q13,071.86
AMATITLAN	Q19,452.16	Q76,968.31	Q96,420.47
VILLA CANALES	Q4,800.15	Q4,793.79	Q9,593.94
PETAPA	Q106.25	Q375.00	Q481.25
GUASTATOYA	Q22,064.46	Q7,622.36	Q29,686.82
MORAZAN	Q3,689.38	Q7,347.68	Q11,037.06
SAN AGUSTIN ACASAGUASTLAN	Q1,367.36	Q1,345.13	Q2,712.49
EL JICARO	Q55,548.21	Q1,186.04	Q56,734.25
SANARATE	Q94,812.41	Q323,057.91	Q417,870.32
SAN ANTONIO LA PAZ	Q32,820.00		Q32,820.00
CHIMALTENANGO		Q25.00	Q25.00
COMALAPA			Q0.00
SANTA APOLONIA	Q180.00		Q180.00
TECPAN GUATEMALA		Q10.00	Q10.00
POCHUTA	Q192,226.20	Q197,610.62	Q389,836.82

PARRAMOS	Q10.00		Q10.00
PALIN	Q150,970.04	Q106,834.17	Q257,804.21
NEW CONCEPTION	Q20.00	Q244.00	Q264.00
CUILAPA	Q892,643.44	Q250,000.00	Q1,142,643.44
BARBERENA	Q892,643.44	Q250,000.00	Q1,142,643.44
SAN RAFAEL LAS FLORES	Q4,025,691.05	Q3,000,435.01	Q7,026,126.06
SANTA CRUZ NARANJO	Q892,643.44	Q250,000.00	Q1,142,643.44
SAN CRISTOBAL TOTONICAPAN		Q200.00	Q200.00
SAN MATEO	Q75.00		Q75.00
COATEPEQUE	Q13,538.02	Q22,754.89	Q36,292.91
MAZATENANGO	Q120.00		Q120.00
SAN MIGUEL IXTAHUACAN	Q1,879,000.00		Q1,879,000.00
AYUTLA	Q1,355.52	Q470.62	Q1,826.14
SIPACAPA	Q2,350,000.00	Q1,300,000.00	Q3,650,000.00
CHIANTLA	Q853.77		Q853.77
SALAMA	Q673.55	Q945.21	Q1,618.76
GRANADOS			Q0.00
PANZÓS	Q223,146.99	Q128,946.98	Q352,093.97
SENAHU	Q223,146.99	Q128,946.98	Q352,093.97
CHISEC			Q0.00
LIVINGSTON	Q1,628.98	Q309.43	Q1,938.41
THE STOR	Q1,164,458.19	Q1,912,266.69	Q3,076,724.88
THE AMATES	Q369,896.23	Q658,301.91	Q1,028,198.14
RIO HONDO		Q1,826.95	Q1,826.95
GUALAN	Q695,203.82	Q139,999.88	Q835,203.70
SAN JORGE	Q555.43	Q367.49	Q922.92
SAN JOSE LA ARADA	Q4,295.14	Q5,561.68	Q9,856.82
CAMOTAN		Q493.18	Q493.18
Sum:	Q15,850,462.94	Q9,818,620.93	Q25,669,083.87

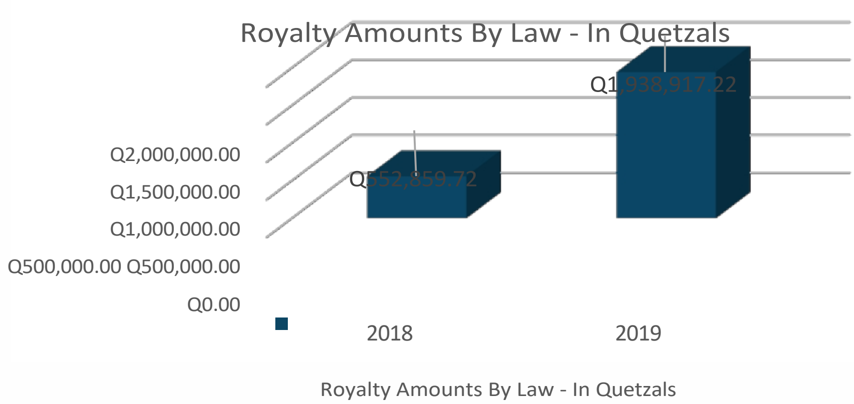
Source: Ministry of Public Finance.

TABLE NO. 5.3 HYDROCARBONS - ROYALTIES CONTEMPLATED IN THE LAW, DONATIONS AND OTHER CONTRIBUTIONS GRANTED TO MUNICIPAL GOVERNMENTS, FISCAL YEARS 2018 AND 2019

Municipality	Amount of royalties established in law		Other Donations and Contributions	
	2018	2019	2018	2019
San Francisco			Q1,065,535.95	Q2,097,452.61
La Libertad	Q 387,703.1	Q 304,422.9		
Chisec (Hydrocarbon)	Q 55,013.26	Q 557,218.25		
Raxruha (Hydrocarbon)	Q 55,130.18	Q 516,044.26		
Friar Bartholomew de las Casas	Q 55,013.18	Q 557,218.25		
Palencia		Q 4,013.56		
Total 2018 - 2019	Q 552,859.72	Q1,938,917.22	Q1,065,535.95	Q2,097,452.61

Source: Own elaboration, with data reported by the Ministry of Finance.

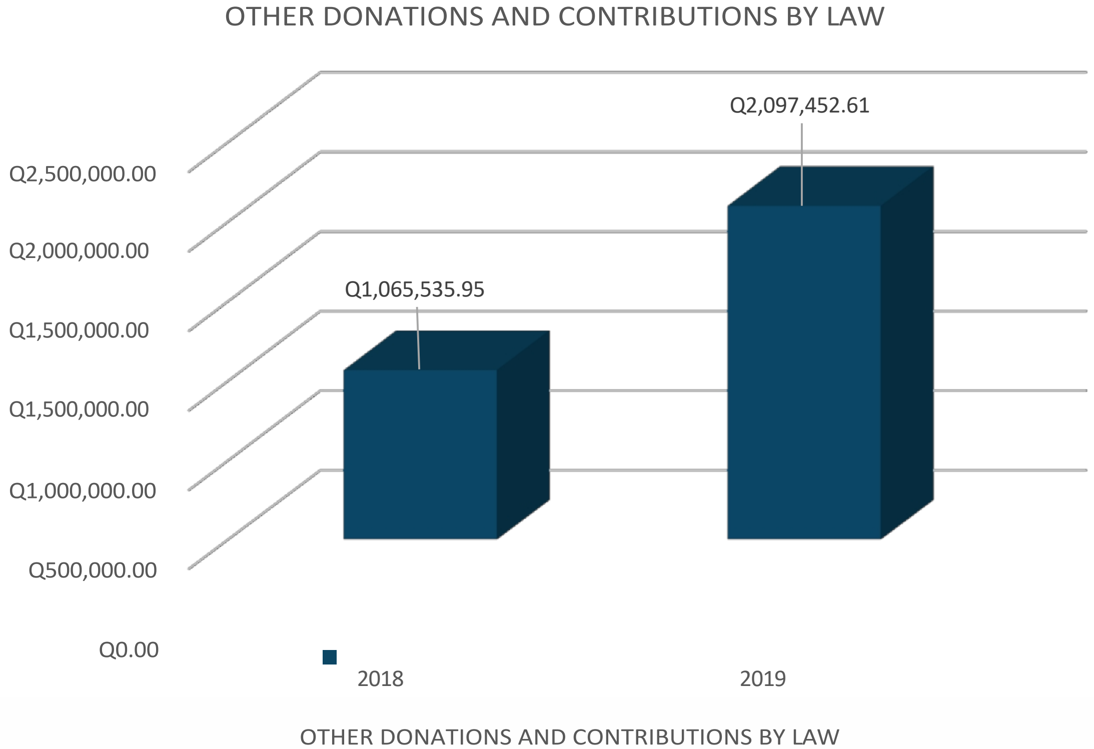
CHART NO. 3.1 HYDROCARBONS 2018 - 2019



Source: Own elaboration, with data reported by the Ministry of Finance.

7.4.4 Quarterly Contribution of Private Funds Ministry of Energy and Mines

CHART NO. 3.2 OTHER DONATIONS AND CONTRIBUTIONS BY LAW



Source: Own elaboration with data reported by municipal governments.

The Municipal Governments as a whole reported an amount of Q552,859.72 in royalties corresponding to 2018, and Q1,983,917.22 in 2019. It is observed that the municipal governments that received more contributions were La libertad and Chisec.

7.4.5 Quarterly Contribution of Private Funds Ministry of Energy and Mines

PERENCO Guatemala Limited reported for 2018 and 2019 quarterly contributions to the private funds of the Ministry of Energy and Mines.

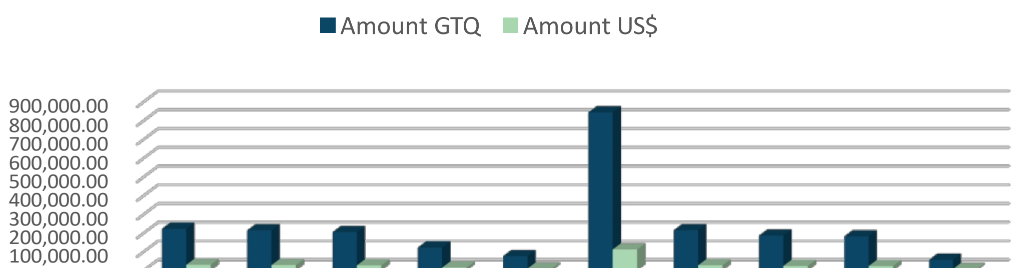
6.4.6 Emergency Petroleum Services Contracts, 1-17 and 1- 18

TABLE NO. 5.4 QUARTERLY CONTRIBUTION OF PRIVATE FUNDS

Quarterly Contribution - MEM Private Funds 2018-2019			
Contract	Payment Date	Amount GTQ	Amount US$
CSPE 1-17	19/01/2018	223,422.50	30,434.43
CSPE 1-17	3/05/2018	215,502.95	29,069.93
CSPE 1-17	14/08/2018	205,684.63	27,496.07
CSPE 1-17	31/10/2018	123,284.08	15,941.77
CSPE 1-18	31/10/2018	77,330.98	9,999.61
Total 2018		845,225.14	112,941.81
CSPE 1-18	22/01/2019	215,846.95	27,946.20
CSPE 1-18	7/05/2019	187,396.58	24,475.68
CSPE 1-18	23/07/2019	183,486.80	23,990.44
CSPE 1-19	28/08/2019	57,565.17	7,501.12
Total 2019		644,295.50	83,913.44
Total 2018 - 2019		1,489,520.64	196,855.25

Source: Own elaboration. Data from PERENCO Guatemala Limited.

CHART NO. 3.3 QUARTERLY CONTRIBUTION OF PRIVATIVE FUNDS MINISTRY OF ENERGY AND MINES, YEARS 2018 AND 2019.



	CSPE 1-17	CSPE 1-17	CSPE 1-17	CSPE 1-17	CSPE 1-18	Total 2018	CSPE 1-18	CSPE 1-18	CSPE 1-18	CSPE 1-19
Amount GTQ	223,422	215,502	205,684	123,284	77,330.	845,225	215,846	187,396	183,486	57,565.
Amount US$	30,434.	29,069.	27,496.	15,941.	9,999.6	112,941	27,946.	24,475.	23,990.	7,501.1

Source: Own elaboration with data reported by PERENCO Guatemala Limited: Own elaboration with data reported by PERENCO Guatemala Limited.

7.5 REQUIREMENT 6 SOCIAL AND ECONOMIC COSTS OF HYDROCARBON COMPANIES

EITI encourages the disclosure of information related to revenue and expenditure management, which helps stakeholders to assess whether the extractive sector, in this case hydrocarbons, is generating economic, social and environmental impacts and results.

7.5.1 Contribution to social development PERENCO Guatemala Limited

PERENCO Guatemala Limited reports that in its contracts CSPE 1-17, 18 and 19 has contributed with quarterly contributions to social development. Below, the information corresponding to the years 2018 and 2019 is presented in a disaggregated manner.

TABLE NO. 6 QUARTERLY CONTRIBUTION, CONTRIBUTIONS FOR SOCIAL DEVELOPMENT

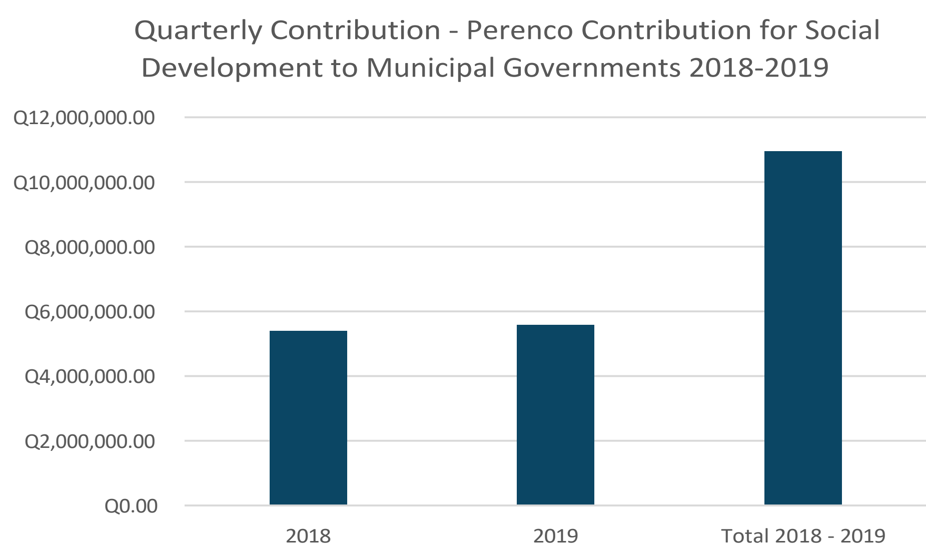
Quarterly Contribution - Contribution for Social Development PERENCO Guatemala Limited for municipal governments 2018 - 2019				
Municipal governments	Contract	Payment Date	Amount GTQ	Amount US$
Las Cruces	CSPE 1-18	9/11/2018	55,013.26	7,153.73
La Libertad	CSPE 1-18	9/11/2018	55,013.18	7,153.72
San Francisco	CSPE 1-18	9/11/2018	55,013.18	7,153.72
Sayaxche	CSPE 1-18	9/11/2018	55,013.18	7,153.72
Chisec	CSPE 1-18	9/11/2018	55,013.26	7,153.73
Raxruha	CSPE 1-18	9/11/2018	55,013.18	7,153.72
Fray Bartolomé de Las Casas	CSPE 1-18	9/11/2018	55,013.18	7,153.72
Chahal	CSPE 1-18	9/11/2018	55,013.18	7,153.72
Livingston	CSPE 1-18	9/11/2018	55,013.18	7,153.72
Puerto Barrios	CSPE 1-18	9/11/2018	55,013.18	7,153.72
Petén	CSPE 1-17	24/01/2018	626,115.57	85,216.40
Petén	CSPE 1-17	3/05/2018	603,408.30	81,515.22
Petén	CSPE 1-17	8/08/2018	576,252.51	76,988.98
Petén	CSPE 1-17	30/10/2018	345,374.09	44,636.97
Izabal	CSPE 1-17	24/01/2018	313,057.78	42,608.20

Izabal	CSPE 1-17	3/05/2018	301,704.11	40,757.61
Izabal	CSPE 1-17	8/08/2018	288,126.25	38,494.49
Izabal	CSPE 1-17	30/10/2018	172,687.01	22,318.48
Alta Verapaz	CSPE 1-17	24/01/2018	626,115.57	85,216.40
Alta Verapaz	CSPE 1-17	30/05/2018	603,408.23	81,515.22
Alta Verapaz	CSPE 1-17	08/08/2018	576,252,58	76,988.99
Alta Verapaz	CSPE 1-17	30/10/2018	345,374.09	44,636.97
Total 2018			5,384,948.05	792,431.15
Las Cruces	CSPE 1-18	25/01/2019	154,496.74	19,992.72
Bartolomé de Las Casas	CSPE 1-18	2501/2019	154,496.67	19,992.71
Chisec	CSPE 1-18	25/01/2019	154,496.67	19,992.72
Raxruha	CSPE 1-18	25/01/2019	154,496.74	19,992.71
Chahal	CSPE 1-18	25/01/2019	154,496.67	19,992.71
Livingston	CSPE 1-18	25/01/2019	154,496.74	19,992.72
Puerto Barrios	CSPE 1-18	25/01/2019	154,496.67	19,992.71
Sayaxche	CSPE 1-18	25/01/2019	154,496.67	19,992.71
San Francisco	CSPE 1-18	25/01/2019	154,496.67	19,992.71
La Libertad	CSPE 1-18	25/01/2019	154,496.67	19,992.71
Las Cruces	CSPE 1-18	9/05/2019	134,001.74	17,506.43
Fray Bartolomé de Las Casas	CSPE 1-18	9/05/2019	134,002.13	17,506.48
Chisec	CSPE 1-18	9/05/2019	134,002.13	17,506.48
Raxruha	CSPE 1-18	9/05/2019	134,002.13	17,506.48
Chahal	CSPE 1-18	9/05/2019	134,002.13	17,506.48
Livingston	CSPE 1-18	9/05/2019	134,002.13	17,506.48
Puerto Barrios	CSPE 1-18	9/05/2019	134,002.13	17,506.48
Sayaxche	CSPE 1-18	9/05/2019	134,002.13	17,506.48
San Francisco	CSPE 1-18	9/05/2019	134,002.13	17,506.48
La Libertad	CSPE 1-18	9/05/2019	134,002.13	17,506.48
Las Cruces	CSPE 1-18	25/07/2019	131,811.97	17,159.42
Fray Bartolomé de Las Casas	CSPE 1-18	25/07/2019	131,811.82	17,159.40
Chisec	CSPE 1-18	25/07/2019	131,811.82	17,159.40
Raxruha	CSPE 1-18	25/07/2019	131,811.82	17,159.40

Chahal	CSPE 1-18	25/07/2019	131,811.82	17,159.40
Livingston	CSPE 1-18	25/07/2019	131,811.82	17,159.40
Puerto Barrios	CSPE 1-18	25/07/2019	131,811.82	17,159.40
Sayaxche	CSPE 1-18	25/07/2019	131,811.82	17,159.40
San Francisco	CSPE 1-18	25/07/2019	131,811.82	17,159.40
La Libertad	CSPE 1-18	25/07/2019	131,811.82	17,159.40
Las Cruces	CSPE 1-19	27/08/2019	41,174.13	5,365.26
Fray Bartolomé de Las Casas	CSPE 1-19	27/08/2019	41,174.06	5,365.25
Chisec	CSPE 1-19	27/08/2019	41,174.06	5,365.25
Raxruha	CSPE 1-19	27/08/2019	41,174.06	5,365.25
Chahal	CSPE 1-19	27/08/2019	41,174.06	5,365.25
Livingston	CSPE 1-19	27/08/2019	41,174.06	5,365.25
Puerto Barrios	CSPE 1-19	27/08/2019	41,174.06	5,365.25
Sayaxche	CSPE 1-19	27/08/2019	41,174.06	5,365.25
San Francisco	CSPE 1-19	27/08/2019	41,174.06	5,365.25
La Libertad	CSPE 1-19	27/08/2019	41,174.06	5,365.25
Las Cruces	1-19	15/11/2019	95,733.65	12,413.74
Fray Bartolomé de Las Casas	1-19	14/11/2019	95,733.57	12,413.74
Chisec	1-19	14/11/2019	95,733.57	12,413.73
Raxruha	1-19	15/11/2019	95,733.57	12,413.73
Chahal	1-19	14/11/2019	95,733.57	12,413.73
Livingston	1-19	15/11/2019	95,733.65	12,413.74
Puerto Barrios	1-19	19/11/2019	95,733.65	12,413.74
Sayaxche	1-19	15/11/2019	95,733.65	12,413.74
San Francisco	1-19	15/11/2019	95,733.65	12,413.74
La Libertad	1-19	15/11/2019	95,733.65	12,413.74
Total 2019			5,572,183.02	724,375.78
Total 2018 - 2019			9,349,040.60	1,228,449.35

Source: Own elaboration with data reported by PERENCO Guatemala Limited: Own elaboration with data reported by PERENCO Guatemala Limited.

CHART NO. 4 QUARTERLY CONTRIBUTION, CONTRIBUTIONS FOR SOCIAL DEVELOPMENT



Source: Own elaboration. Data PERENCO Guatemala Limited.

The contributions to the Social Development Contribution of PERENCO Guatemala Limited amount to Q10,957,13.07 to different municipal governments of the country.

7.5.2 PERENCO Guatemala Limited, contributions from the Infantry Battalion of the Selva

The Jungle Infantry Battalion carries out operations in the core zone of the natural reserve of the Mayan Biosphere, the "Laguna del Tigre National Park" in order to provide, together with other state institutions, the governance that allows the development and security of the area.

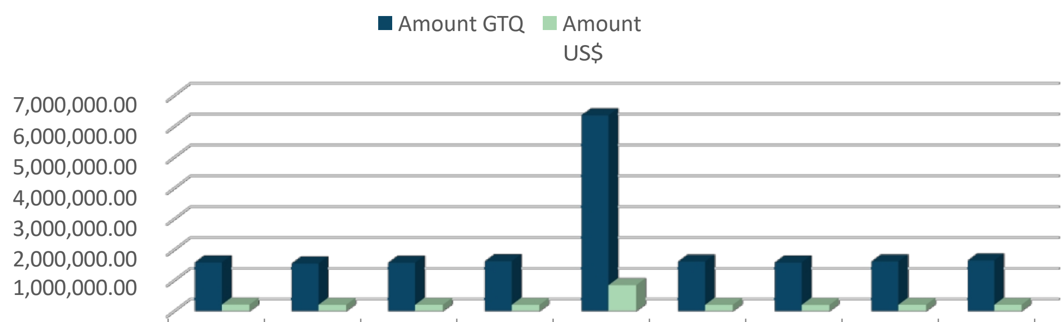
The company PERENCO Guatemala Limited in Contract 2-85 contributed for 2018 and 2019 an amount of US $ 1,692,995.75 for the protection of the Mayan Biosphere.

TABLE NO. 6.1 QUARTERLY CONTRIBUTION. JUNGLE INFANTRY BATTALION

Quarterly contribution - Jungle Infantry Battalion 2018-2019.			
Contract	Payment Date	Amount GTQ	Amount US$
2-85	19/01/2018	1,593,019.92	216,999.87
2-85	25/04/2018	1,556,811.68	210,244.15
2-85	19/07/2018	1,583,712.89	211,761.71
2-85	25/10/2018	1,631,892.26	210,577.34
Total 2018		6,365,436.75	849,583.07
2-85	22/01/2019	1,622,105.85	210,017.77
2-85	6/05/2019	1,590,785.31	207,781.74
2-85	23/07/2019	1,623,862.60	212,315.97
2-85	18/10/2019	1,657,477.08	213,297.20
Total 2019		6,494,230.84	843,412.68
Total 2018 - 2019		12,859,667.59	1,692,995.75

Source: Own elaboration. Data PERENCO Guatemala Limited.

CHART NO. 4.1 QUARTERLY CONTRIBUTION, JUNGLE INFANTRY BATTALION, YEARS 2018 AND 2019.



	C 2-85	C 2-85	C 2-85	C 2-85	Total 2018	C 2-85	C 2-85	C 2-85	C 2-85
Amount GTQ	1,593,0	1,556,8	1,583,7	1,631,8	6,365,4	1,622,1	1,590,7	1,623,8	1,657,4
Amount US$	216,999	210,244	211,761	210,577	849,583	210,017	207,781	212,315	213,297

Source: Own elaboration. Data PERENCO Guatemala Limited.

7.5.3. PERENCO Guatemala Limited, contributions to the Laguna del Tigre National Park

Laguna del Tigre is located in the Petén jungle, which offers the country one of the most important oil production reserves.

TABLE NO. 6.2 QUARTERLY CONTRIBUTION, LAGUNA DEL TIGRE NATIONAL PARK CONAP

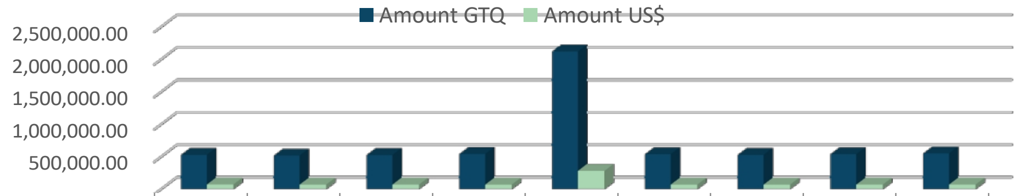
Quarterly Contribution -Parque Laguna del Tigre/CONAP 2018-2019			
Contract	Payment Date	Amount GTQ	Amount US$
C 2-85	19/01/2018	531,006.64	72,333.29
C 2-85	25/04/2018	518,937.20	70,081.38
C 2-85	19/07/2018	527,904.32	70,587.24
C 2-85	25/10/2018	543,964.11	70,192.45
Total 2018		2,121,812.27	283,194.36
C 2-85	22/01/2019	540,701.92	70,005.92
C 2-85	6/05/2019	530,261.77	69,260.58
C 2-85	23/07/2019	541,287.53	70,771.99
C 2-85	18/10/2019	552,492.39	71,099.07
Total 2019		2,164,743.61	281,137.56
Total 2018 - 2019		4,286,555.88	564,331.92

Source: Own elaboration. Data PERENCO Guatemala Limited.

The Xan field, located in the Laguna del Tigre reserve, is the most productive field in the nation and the most profitable in terms of revenues for the State of Guatemala.

PERENCO Guatemala Limited's operations are carried out in 80 hectares of Laguna del Tigre National Park, which constitutes the "physical footprint of the operation". Currently, there are real threats from illegal activities that have taken over the area, such as drug trafficking, poaching, and deforestation associated with agriculture without a permit, which is why the company contributed $US564,331.92 to CONAP for the protection of the area as a contribution to the environment.

CHART NO. 4.2 QUARTERLY CONTRIBUTION, LAGUNA DEL TIGRE NATIONAL PARK / CONAP YEARS 2018 AND 2019



	C 2-85	C 2-85	C 2-85	C 2-85	Total 2018	C 2-85	C 2-85	C 2-85	C 2-85
Amount GTQ	531,006	518,937	527,904	543,964	2,121,8	540,701	530,261	541,287	552,492
Amount US$	72,333.	70,081.	70,587.	70,192.	283,194	70,005.	69,260.	70,771.	71,099.

Source: Own elaboration. Data PERENCO Guatemala Limited.

General Summary of payments made by the Hydrocarbon Sector, years 2018 - 2019

TABLE NO. 7 CONTRIBUTION TO SOCIAL DEVELOPMENT

ITEMS	PERENCO GUATEMALA LIMITED	CITY PETÉN S. DE R.L.	Total 2018	PERENCO GUATEMALA LIMITED	CITY PETEN S. DE R.L	Total 2019
	2018	2018		2019	2019	
Royalties	Q55,803,828.64	Q4,705,596.30	Q60,509,424.94	Q42,752,830.07	Q4,038,152.23	Q46,790,982.30
Donations and Contributions	Q0.00	Q95,697.59	Q95,697.59	Q0.00	Q27,603.65	Q27,603.65
Income Tax	Q9,240,960.53	Q0.00	Q9,240,960.53	Q9,655,072.27	Q27,603.65	Q9,655,072.27
Fonpetrol	Q5,830,419.07	Q0.00	Q5,830,419.07	Q10,008,349.50	Q0.00	Q10,008,349.50
State Participation	Q239,248,570.60	Q0.00	Q239,248,570.60	Q92,229,899.52	Q0.00	Q92,229,899.52
Contributions for the Development	Q239,248,570.60	Q0.00	Q239,248,570.60	Q92,229,899.52	Q0.00	Q5,625,998.86
Training	Q5,384,948.05	Q127,454.05	Q5,512,402.10	Q5,572,183.02	Q0.00	Q2,302,858.43
Privative Revenues Charges per Hectare	Q2,164,725.11	Q137,707.52	Q2,302,432.63	Q2,164,802.70	Q53,815.84	Q109,179.97
Rates Per Hectare	Q2,164,725.11	Q108,904.54	Q108,904.54	Q109,179.97	Q138,055.73	Q467,761.43
Quarterly Contribution MEM	Q0.00	Q277,903.64	Q2,302,432.63	Q2,164,802.70	Q138,055.73	Q644,295.50
Quarterly Contribution Battalion	Q367,068.42	Q0.00	Q108,904.54	Q109,179.97	Q0.00	Q6,494,230.84
Jungle Infantry	Q845,225.14	Q0.00	Q644,972.06	Q386,463.53	Q81,297.90	
Quarterly Contribution Laguna del Tigre/CONAP	Q845,225.14	Q0.00	Q845,225.14	Q644,295.50	Q0.00	Q2,164,743.61
	Q6,365,436.75	Q0.00	Q845,225.14	Q644,295.50	Q0.00	
	Q2,121,812.27		Q6,365,436.75	Q6,494,230.84	Q0.00	

			Q2,121,812.27	Q2,164,743.61	Q0.00	

Source: Own elaboration, with data from PERENCO Guatemala Limited and City Petén, S. de R.L.


RESUMEN GENERAL
DE PAGOS DEL SECTOR
DE HIDROCARBUROS
2018-2019
01
PARTICIPACIÓN ESTATAL
2018 Q239,248,570.60
2019 Q92,229,899.52
02
CAPACITACIÓN
2018 Q2,302,432.63
2019 Q2,302,858.43
03
APORTE TRIMESTRAL FONDOS MEM
2018 Q845,225.14
2019 Q644,295.50
04
APORTE TRIMESTRAL BATALLÓN DE INFANTERÍA DE LA SELVA
2018 Q6,365,436.75
2019 Q6,494,230.84
05
APORTE TRIMESTRAL PARQUE LAGUNA DEL TIGRE/ CONAP
2018 Q2,121,812.27
2019 Q2,164,743.61
06
REGALÍAS
2018 Q60,509,424.94
2019 Q46,790,982.30
07
CONTRIBUCIONES PARA EL DESARROLLO
2018 Q5,512,402.10
2019 Q5,625,998.86
08
DONACIONES Y APORTES
2018 Q95,697.59
2019 Q27,603.65
09
IMPUESTO SOBRE LA RENTA
2018 Q9,240,960.53
2019 Q9,655,072.27
10
APORTE FIJO FONPETROL
2018 Q5,830,419.07
2019 Q10,008,349.50
11
TASA POR HECTÁREA
2018 Q644,972.06
2019 Q467,761.43

PERÍODO FISCAL

MINING

2018- 2019

2018

2019

2020

202

REQUISITO 02
- Marco Legal e institucional, incluyendo el otorgamiento de contratos y licencias

8. REQUIREMENT 2 FRAMEWORK LEGAL

8.1 Legal Framework and Tax Regime

EITI requires the disclosure of information related to the extractive sector, which allows stakeholders to understand the laws and processes for the granting of exploration and production rights. In this case, the legal framework corresponding to the Mining Industry is presented.

TABLE NO. 7 LEGAL FRAMEWORK

Type of Standards	No. Standard	Description
Decree	48-97 Mining Law and its Regulations	The technical and rational exploitation of hydrocarbons, minerals and other non-renewable natural resources is of public utility and necessity. conditions necessary for exploration and exploitation
Reform	18-93 Legislative Agreement of November 1993	The State of Guatemala is organized to protect the individual and the family with the supreme goal of the common good. Likewise generating justice and peace to integral development.
Decree	68-86 Law for the Protection and Improvement of the Environment	It must be integrated into world programs for the protection and improvement of the environment and the quality of life in its territorial area.
Decree	4-89 Protected Areas Act	Conservation, protection and enhancement of national heritage the creation and protection of national parks, reserves, the natural refuges and the fauna and flora that exist in them.
Decree	64-96 Law creating the Authority for the Sustainable Management of the Amatitlán Basin and Lake Amatitlán	Protection of the country's lakes and rivers, as well as their rescue, conservation, development and rational use, as part of the natural resources that make up the nation's natural heritage, issuing legal provisions without affecting the ecological balance.
Governmental Agreement	179-2001 Amatitlán Basin, Villa Lobos and Michatoya	Civil servants and public administration authorities are obliged participate in all those actions that anticipate the occurrence of disasters.

Governmental Agreement	265-2004 Xaya Pixcaya National Aqueduct Xaya Pixcaya	Protection of the people and their property, guaranteeing them life, integrity, peace and security; adopt the necessary measures to avoid, as far as possible, the damages that may be caused by any threat or calamity that may strike the country. region or country.

Governmental Agreement	09-2001 Operations Supervision and Inspection Mining	Systematically promote administrative economic decentralization in order to achieve an adequate regional development of the country.
OM Agreement	OM-318-97 Value of each unit, through December 31 of 1997	The State must encourage the exploitation of the country's mineral resources by establishing and promoting the appropriate conditions for their exploitation, especially in the following areas those areas with abundant mineral resources.
International Labour Organization Labor (ILO)	ILO 169 Indigenous and Tribal Peoples in Independent Countries	Universal Declaration of Human Rights, International Covenant on Economic, Social and Cultural Rights, International Covenant on Civil and Political Rights, and the numerous international instruments on the prevention and protection of human rights and fundamental freedoms. of discrimination.
Decree	114-97 Executive Branch Law	Obligation of the President of the Republic, in the exercise of his legislative initiative, to submit to the Congress of the Republic the draft law of the Executive Branch, in order to modernize and streamline public administration
Decree	17-73 (art. 346) Penal Code illegal exploitation of resources natural	There are countless mining and exploitation activities that are carried out without the corresponding license or in which the license holder exceeds the rights derived from the license and exploits the natural resources, both in quality and quantity. adopt the necessary measures.
Decree	101-96 Forestry Law	The fundamental basis through sustained management can produce goods that help meet energy, housing and food needs; services that contribute to raising the quality of life, the standard of living and the quality of life of the population; and services that contribute to improving the quality of life. economic, educational and recreational activities of the populations.
Acta	15-2001 Declaration of High Risk Sectors CONRED	Extraordinary National Council Meeting 2001 CONRED

Source: Own elaboration with data from the Ministry of Energy
https://mem.gob.gt/que-hacemos/area-mineria/marco-legal-mineria/

8.1.1 Granting of Contracts and Licenses:

Subsoil resources are an important part of the wealth of most of regions of the world, as they are for Guatemala. The way in which this wealth is administered by the State and its contribution to development is highly complex. The Political Constitution of the Republic of Guatemala, establishes in its Article 121, referring to the assets of the State: a) Those of public domain; b) The waters of the maritime zone that girdles the coasts of its territory, the lakes, navigable rivers and their banks, the rivers, slopes and streams that serve as international limit of the Republic, the falls and springs of water of hydroelectric exploitation, the subway waters and others that are susceptible of regulation by law and the waters not exploited by individuals in the extension and term established by law; c) Those that constitute the patrimony of the State, including those of the municipality and of the decentralized or autonomous entities; d) The maritime-terrestrial zone, the continental platform and the air space, in the extension and form determined by law or by international treaties ratified by Guatemala; e) The subsoil, hydrocarbon and mineral deposits, as well as any other organic or inorganic substances of the subsoil; for which reason the State must establish the necessary mechanisms for their recognition,
exploration and exploitation for both metallic and non-metallic resource deposits.[6]

Ninety-six percent (96%) of Guatemalan mining production is basically made up of the exploitation of NON-METALLIC minerals, among which are the following: different types of sands; basalt; limestone; marble; gypsum, boulders, serpentines, feldspar, quartz, mica, jade, amphibolites, schists, phyllites and saprolites, and others. A percentage (4%) of exploitation of METALLIC minerals, includes products such as gold, silver, copper, lead, zinc, nickel, antimony and iron oxide, however, in monetary value, the exploitation of metals constitutes 90% of the total; of the national mining production.

Mining can be classified in different ways, depending on the use, but the most usual is to divide it into the following types:

- Metallic minerals: Metallic minerals are non-renewable resources that are present in the earth's crust in large quantities and occur naturally in rare concentrations, as can be assumed, they contain one or more metallic elements, so many have physical characteristics and properties such as metallic luster, weight and crystallization.

- Non-metallic minerals: A mineral, rock or other naturally occurring substance with economic value, excluding metallic ores, energy minerals (coal; sulfur) and gems (jade). Industrial minerals include clays in their different forms and construction materials (sands, gravels, granites, slates, among others).

- Rocks and construction materials: It is a rock, mineral or natural product susceptible of acquiring through treatment, an added value in the market, using as raw material or additives in a wide range of manufacturing or other industries. Construction materials are non-metallic, but are classified separately, because they are the most exploited in Guatemala. They are the minerals that are used directly in the construction of houses, buildings and roads. They are also usually

6 C. H., Historia resumida de la minería en Guatemala, (Dirección General de Minería, 1998).

The term "aggregates" generally includes river sand, white sand, pumice sand, gravel (pebble), gypsum for coatings, boulders (ball stone), selected material (ballast) and broken stone of different sizes; being non-metallic mining the one that has been granted the most exploitation licenses by the General Directorate of Mining ([7]).

TABLE NO. 7.1 AWARDING OF CONTRACTS AND LICENSES

Año	Reconocimiento	Exploración	Explotación	TOTAL
2003	1	28	16	44
2004	0	23	18	41
2005	1	23	15	38
2006	1	26	15	41
2007	0	33	17	50
2008	0	27	15	42
2009	0	3	4	7
2010	0	0	3	3
2011	0	0	2	2
2012	0	5	16	21
2013	0	0	9	9
2014	0	3	6	9
2015	0	3	5	8
2016	0	0	2	2
2017	0	0	1	1
2018	0	0	0	0
2019	0	0	1	1

Source: General Directorate of Mining MEM.

In the table we can see that in 2018 no reconnaissance, exploration and exploitation license was granted, but in 2019 one Exploitation license was granted.

03 **REQUISITO**
- Exploración y producción

8.2 REQUIREMENT 3 EXPLORATION AND PRODUCTION

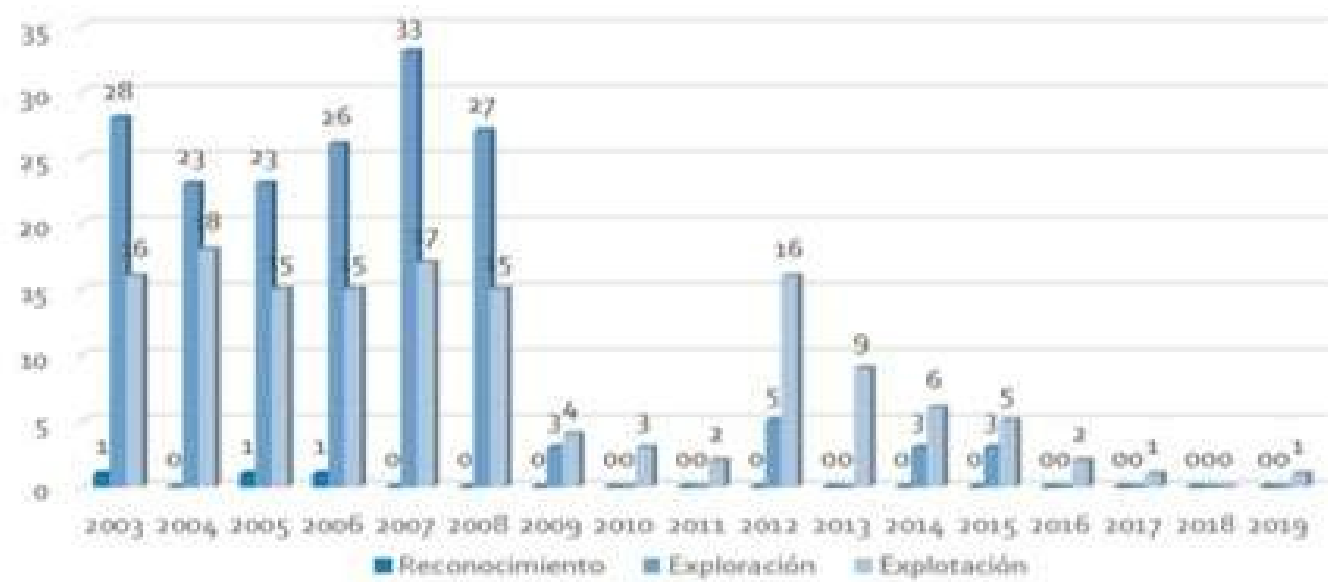
The EITI requires the disclosure of information on exploration and production, which allows interested parties to understand the potential of the sector. This requirement presents information on exploration, production and export activities.

7 Institutional Mining Policy of the Ministry of Energy and Mines, 2020

The total production for 2019 is Q 242 million, compared to that of 2018, which was Q 710 million, representing a decrease of Q 468 million, equivalent to 66%, but if compared to that of 2014, which was the highest in the recent history of mining at Q 5,956 million, the decrease is Q 5,714 million, equivalent to 96%.

This is motivated by the total closure of the Marlin I mine, owned by Montana Exploradora de Guatemala, S. A., located in the municipalities of San Miguel Ixtahuacán and Sipacapa in the department of San Marcos, which as of 2017 no longer produced, due to depletion of its deposit and its technical closure.

CHART NO. 5 MINING LICENSES GRANTED BY TYPE AND BY YEAR



Source: Dirección General de Minería- MEM.

The graph shows a decrease in the number of licenses granted per year.

8.2.1 Mining Production National

National mining production for 2018 and 2019 is Q710.2 million and Q241.0 million for each year respectively.

TABLE NO. 8 NATIONAL MINING PRODUCTION

AÑO	Minerales no Metálicos	Minerales metálicos	Producción total anual
2005	36.6	102.3	138.9
2006	166.8	899.4	1,066.20
2007	192.5	1,592.50	1,785.00
2008	297.6	1,931.20	2,228.80
2009	249.7	2,710.50	2,960.20
2010	165	4,019.40	4,184.40
2011	184.9	7,110.30	7,295.30
2012	244.1	4,412.00	4,656.10
2013	200.1	3,926.40	4,126.50
2014	204.7	5,751.70	5,956.40
2015	273.8	5,667.30	5,941.10
2016	231	5,614.70	5,845.70
2017	228.3	1,961.90	2,190.20
2018	244	466.2	710.2
2019	241	75.9	241.9

Source: Dirección General de Minería- MEM.

CHART NO. 5.1 MINING PRODUCTION BY MINERAL CATEGORY

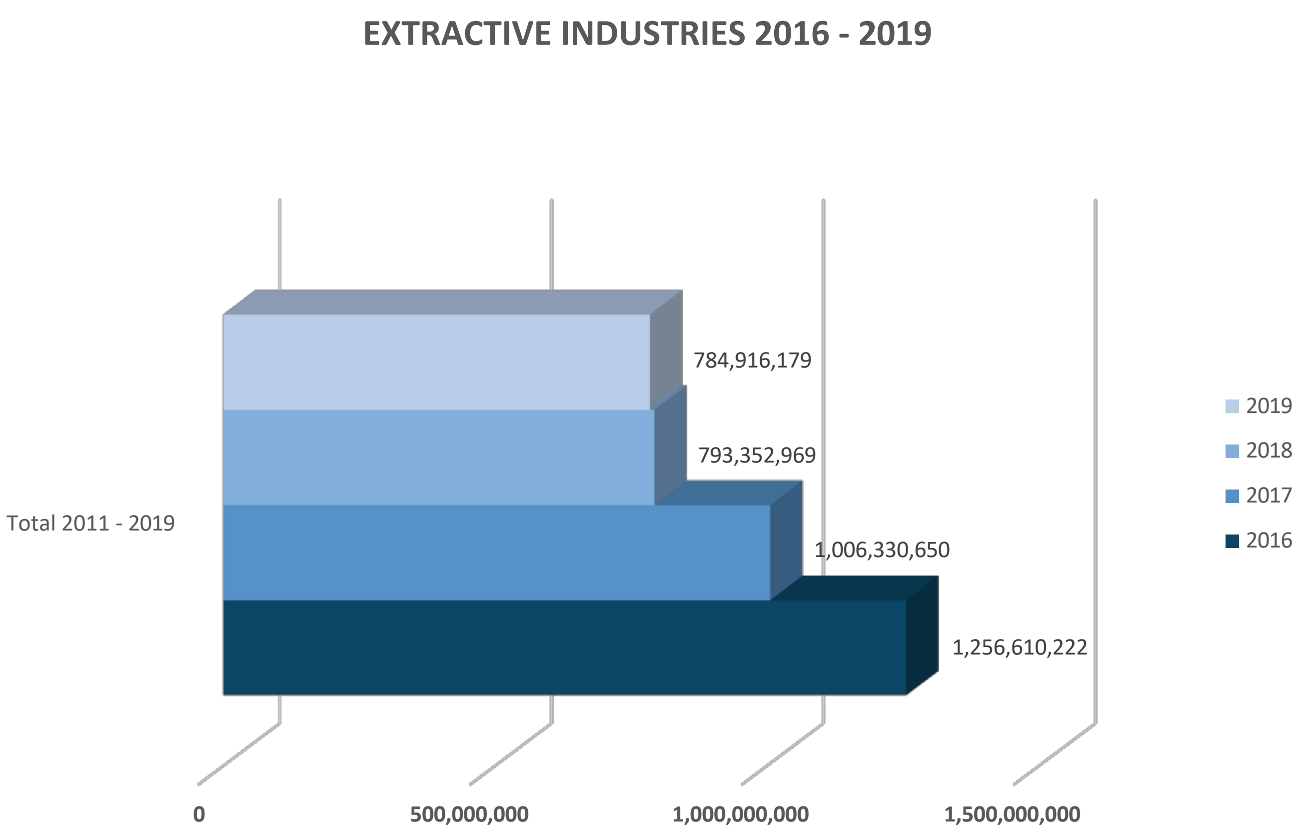
Source: General Directorate of Mining MEM

In the graph we can observe again, the decline in total annual mining production by minerals, metallic and non-metallic. Since its highest peak in 2011, the industry has been dropping its production especially in 2018 and 2019.

8.2.2 Exports:

Exports from the Extractive Industry have been in the years 2018 and 2019 of US $793,352,969 and US$784,916,179 respectively. Below is a table representing exports by product from 2016 to 2019, amounts are in US dollars.

CHART NO. 5.2 EXTRACTIVE INDUSTRY EXPORTS



Source: Own elaboration with data from Banco de Guatemala.

TABLE NO. 8.1 EXPORTS OF THE EXTRACTIVE INDUSTRY BY MINERAL

EXTRACTIVE INDUSTRIES	2016	2017	2018	2019
ALUMINIUM	77,118,616	110,007,700	113,608,498	101,675,554
ANTIMONY	549,300	0	0	425,700
ASPHALT	15,633	30,725	16,721	41,013
CEMENT	5,187,149	11,170,013	7,255,873	5,210,817
COPPER AND COPPER PRODUCTS	1,438,941	5,966,641	7,790,390	7,037,130
DIESEL	25,031,807	9,472,792	4,230,671	6,523,564
TANONIUM	32,755	46,361	5,943	2,583
INDUSTRIAL GASES	2,094,977	4,631,768	8,044,746	6,012,613
GASOLINE	57,508,150	30,662,462	23,713,617	28,913,039
PROPANE GAS	70,775,736	88,165,823	94,063,446	62,872,314
IRON & STEEL	191,346,887	237,180,990	302,202,421	359,025,585
KEROSENE	39,781,606	21,118,025	5,276,899	2,824,128
MAGNESIUM	1,676,022	893,166	2,116,477	908,400
MARBLE	285,649	306,806	168,543	442,242
NICKEL	53,731,555	66,258,038	39,768,545	23,019,780
OTHER PETROLEUM DERIVATIVES	12,127,006	12,925,702	24,409,471	40,901,375
OTHER BASE METALS	0	0	5,093	86
OIL	84,483,176	118,566,892	124,928,687	101,169,090
PRECIOUS STONES AND METALS AND SEMI PRECIOUS	252,329,542	96,559,058	12,315,717	13,250,934
LEAD	328,048,796	153,376,562	4,966,804	4,636,417
MISCELLANEOUS MINERAL PRODUCTS	14,849,069	16,711,863	15,829,622	18,376,521
ZINC	38,197,850	22,279,263	2,634,785	1,647,294
Total 2011 - 2019	1,256,610,222	1,006,330,650	793,352,969	784,916,179
Total 4 years 2016 - 2019				3,841,210,020

Source: Own elaboration with data from Banco de Guatemala.

8.3 REQUIREMENT 4 COLLECTION OF INCOME:

Understand that disclosure of company payments and government revenues can make the public debate on extractive industry governance more informed. EITI requires comprehensive disclosures of company payments and government revenues from the extractive industry.

For the purposes of this report, we have taken into account the information of the companies that have joined the study, data provided by the public collection institutions and local governments.

8.3.1 Payment of Taxes of the Mining Industry National

The following table shows the taxes that the domestic mining industry paid in 2018 and 2019 by activity towards foreign trade and domestic taxes, such as income tax, solidarity tax, stamp duty, vehicle circulation tax and domestic value added tax, among others.

TABLE NO. 9 PAYMENT OF TAXES OF THE NATIONAL EXTRACTIVE INDUSTRY

DESCRIPTION	MINING SECTOR 2018	MINING SECTOR 2019
To Foreign Trade	Q3,070,689.01	Q2,237,180.53
To Value Added Imports 3/	2,607,877.06	2,005,281.18
Tariff Duties	462,811.95	231,899.35
Internal Revenue	Q3,397,157.48	Q1,901,454.78
Income Tax 4/)	294,734.87	322,273.18
Solidarity	16,795.13	170.00
To Domestic Value Added 3/	2,766,143.49	1,175,609.05
About Tax Stamps and Protocol Paper	318,416.45	398,181.12
About Vehicle Circulation	1,060.04	5,221.43
Others	7.50	-
TOTAL	Q6,467,846.49	Q4,138,635.31

Source: Own elaboration, with SAT data.

TABLE NO. 9.1 PAYMENT OF TAXES FOR THE NATIONAL EXTRACTIVE INDUSTRY

DESCRIPTION	COLLECTION 2018	REVENUE 2019
GIFTS	Q7,612,513.13	Q4,283,139.72
Quarrying and mining operations	-	-
About mining	4,688.25	14,012.24
On oil exploitation	7,607,824.88	4,269,127.48
TOTAL	Q7,612,513.13	Q4,283,139.72

Source: Own elaboration, with SAT data

As can be seen, both production and tax collections in 2018 and 2019 were quite low, this is due to the closure of some companies and suspensions of operation.

The following is information that companies in the mining industry have reported on a voluntary basis, as they have expressed their support for this report.

For a better understanding of the report, the information will be analyzed individually for each company.

A.- PAN AMERICAN SILVER GUATEMALA, S.A.

A.1 Payments of Tax

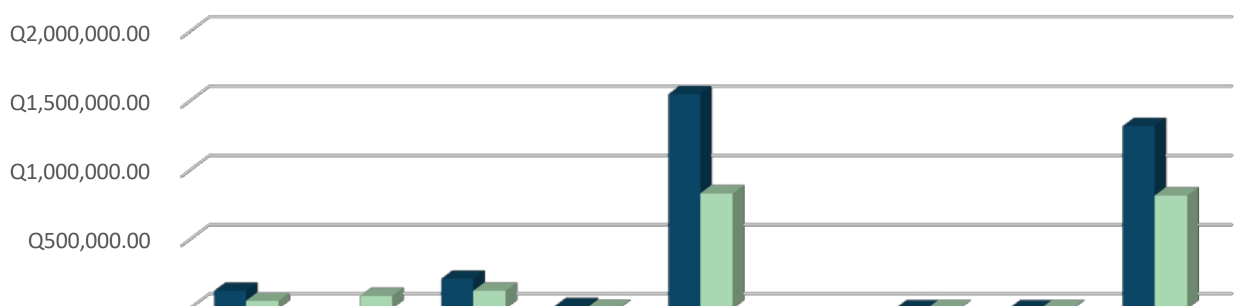
The company Pan American Silver Guatemala, S.A., has reported for this report payments of capital income tax, non-resident income tax, special invoices and real estate tax. The tax payments for 2018 and 2019 make a total of Q5,146,494.58.

TABLE NO. 9.2 TAXES PAN AMERICAN SILVER GUATEMALA, S.A. 2018 - 2019

Revenue Flow	2018		2019	
	Amount and Currency (figures in quetzales)			
Annual Income Tax (ISR)	Q	127,330.01	Q	53,959.79
Monthly ISR Capital			Q	89,394.63
Monthly ISR No residents	Q	214,806.96	Q	126,547.74
Monthly ISR Special invoices	Q	16,354.89	Q	2,136.45
Monthly ISR Labor	Q	1,548,289.57	Q	832,740.66
VAT				
VAT on imports	Q	-	Q	-
VAT special invoices	Q	-	Q	-
IUSI	Q	1,317,861.50	Q	817,072.38
Total	Q	3,224,642.93	Q	1,921,851.65
Total Taxes 2018 - 2019			Q	5,146,494.58

Source: Own elaboration, data Pan American Silver Guatemala, S.A.

CHART NO. 6 TAXES PAN AMERICAN SILVER GUATEMALA, S.A. 2018 - 2019



	Income Taxes (ISR) Annual	Monthly ISR Capital	Monthly ISR No resident is	Monthly ISR Special invoices	Monthly ISR Laboral	VAT	VAT imports	VAT special invoices	IUSI
2018	Q127,330		Q214,806	Q16,354.	Q1,548,2		Q-	Q-	Q1,317,8
2019	Q53,959.	Q89,394.	Q126,547	Q2,136.4	Q832,740		Q-	Q-	Q817,072

Source: Own elaboration, data from Pan American Silver Guatemala, S.A.

A.2 Revenues from transportation

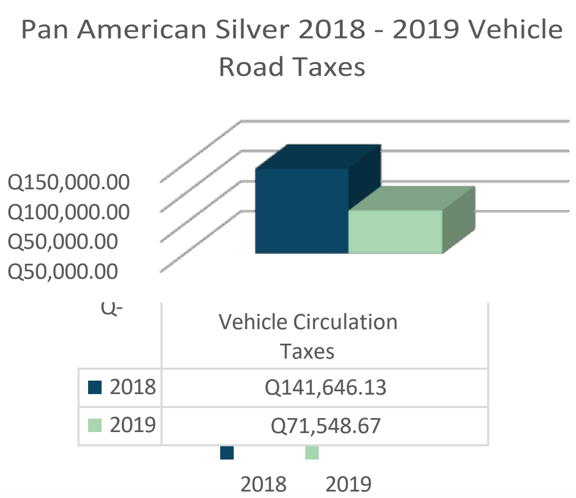
The following table represents the payment of Vehicle Circulation Taxes which has an amount for 2018 and 2019 of Q213,194.80.

TABLE NO. 9.3 VEHICLE CIRCULATION TAXES

Revenue Flow	2018		2019	
	Amount and Currency (figures in quetzales)			
Vehicle Circulation Tax	Q	141,646.13	Q	71,548.67
Total vehicle circulation tax 2018 - 2019			Q	213,194.80

Source: Own elaboration, data Pan American Silver Guatemala, S.A.

CHART NO. 6.1 VEHICLE CIRCULATION TAX, PAN AMERICAN SILVER GUATEMALA, S.A. 2018 - 2019



Source: Own elaboration, data from Pan American Silver Guatemala, S.A.

The graph shows a drop in road tax payments for 2019.

A.3 Payments sub-national

Pan American Silver Guatemala, S.A. reports payment of statutory and voluntary royalties to the municipalities of San Rafael las Flores, Barberena, Cuilapa and Santa Cruz Naranjo.

TABLE NO. 9.4 ROYALTIES PAN AMERICAN SILVER GUATEMALA, S.A.
2018 - 2019

Revenue stream	2018		2019	
	Amount and Currency			
Royalties By Law 1% Royalties By Law				
Municipality of San Rafael de las Flores	Q	3,668.00	Q	–
Voluntary royalties 4%.				
Municipality of San Rafael de las Flores	Q	4,016,895.48	Q	3,000,000.00
Municipality of Barberena	Q	892,643.44	Q	250,000.00
Municipality of Cuilapa	Q	892,643.44	Q	250,000.00
Municipality of Santa Cruz Naranjo	Q	892,643.44	Q	250,000.00
Total	Q	6,698,493.80	Q	3,750,000.00
Total Royalties 2018 - 2019			Q	10,448,493.80

Source: Own elaboration, data Pan American Silver Guatemala, S.A.

The graph shows that the municipality that receives the most royalties is San Rafael las Flores.

B.- Industria Minera Peña Rubia, S.A.

B.1 Payments from Tax

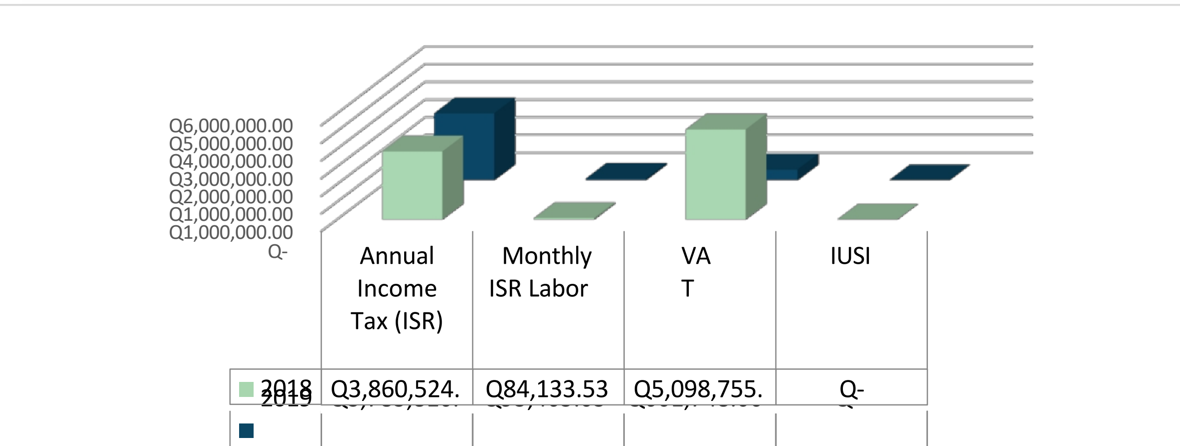
The company Peña Rubia S.A. reports for this report the payment of Annual Income Tax (ISR) and Value Added Tax (IVA) in the amount of Q 9,043,413.63 corresponding to 2018 and Q 4,483,023.84.

TABLE NO. 9.5 TAXES PEÑA RUBIA, S.A. YEARS 2018 - 2019

Revenue Flow	2018		2019	
	Amount and currency			
Annual Income Tax (ISR)	Q	3,860,524.98	Q	3,785,810.79
Monthly ISR Capital	Q	-	Q	-
Monthly ISR No residents	Q	-	Q	-
Monthly ISR Special invoices	Q	-	Q	-
Monthly ISR Labor	Q	84,133.53	Q	95,465.05
VAT	Q	5,098,755.12	Q	601,748.00
VAT on imports	Q	-	Q	-
VAT special invoices	Q	-	Q	-
IUSI	Q	-	Q	-
Total	Q	9,043,413.63	Q	4,483,023.84

Source: Own elaboration, with data from Peña Rubia S.A.

CHART NO. 6.3 PEÑA RUBIA, S.A. TAXES YEARS 2018 - 2019



Source: Own elaboration, Peña Rubia S.A. data.

It can be seen in the graph that in 2019 the drop in production reflects the consequent decrease in the payment of VAT and ISR.

B.2 Payments subnational

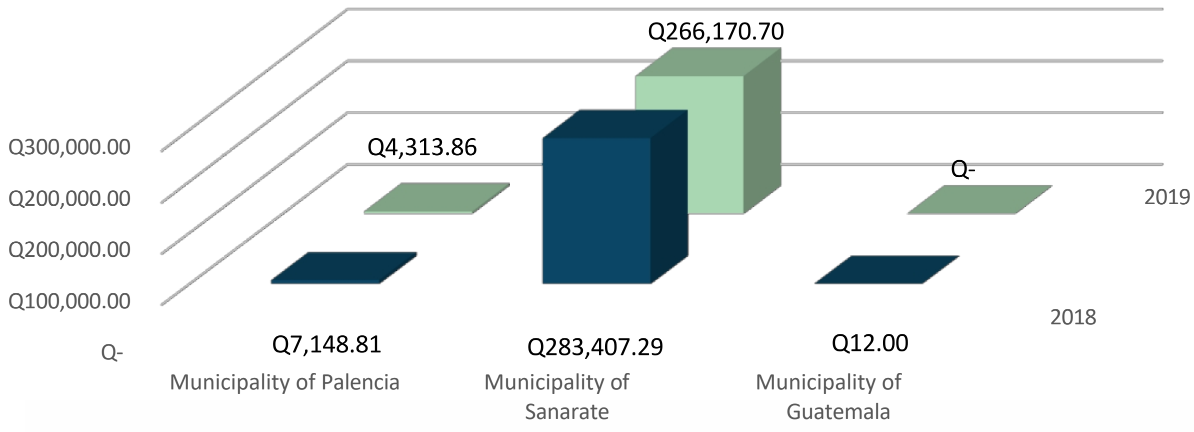
Peña Rubia reports royalty payments to the municipal governments of Palencia, Sanarate and Guatemala.

TABLE NO. 9.6 INDUSTRIA MINERA PEÑA RUBIA, S.A. ROYALTIES PAID TO MUNICIPAL GOVERNMENTS, 2018 - 2019

Revenue stream	2018		2019	
	Amount and currency			
Municipality of Palencia	Q	7,148.81	Q	4,313.86
Municipality of Sanarate	Q	283,407.29	Q	266,170.70
Municipality of Guatemala	Q	12.00	Q	-
Total	Q	290,568.10	Q	270,484.56
Total Royalties 2018 - 2019			Q	561,052.66

Source: Own elaboration, Peña Rubia S.A. data.

CHART NO. 6.4 INDUSTRIA MINERA PEÑA RUBIA, S.A. ROYALTIES PAID TO MUNICIPAL GOVERNMENTS, 2018 - 2019



Source: Own elaboration, data Peña Rubia S.A.

The Municipality that receives the most royalties from Industria Minera Peña Rubia, S.A.; is Sanarate with amounts of Q283,407.29 for 2018 and Q 274,284.56 for 2019, a drop in royalties is reflected in 2019.

C.- GUATEMALAN COMPANY OF NIQUEL

C.1 Payment of Taxes

TABLE NO. 9.7 CGN TAXES 2018 - 2019

Revenue Flow	2018	2019
	Amount and currency	
Income tax (ISR) *Annual* Income tax (ISR) Nonresident income tax (ISR) Monthly ISR Special invoices Monthly ISR Labor income tax (ISR)	No payments were made, as there was no loss	Q 27,381,129.00
VAT VAT VAT imports VAT special invoices		
IUSI	Q 222,837.00	Q 222,837.00
Total	Q 222,837.00	Q 27,603,966.00
Total Taxes 2018 - 2019		Q 27,826,803.00

Source: Own elaboration, CGN data.

C.2 CGN Payments sub national

TABLE NO. 9.8 PAYMENT OF ROYALTIES[8], DONATIONS AND OTHER CONTRIBUTIONS FROM COMPAÑÍA GUATEMALTECA DE NÍQUEL S.A. - CGN - TO MUNICIPAL GOVERNMENTS 2018-2019

No.	CONCEPT	Royalties established by law contributions			Voluntary royalties			Donations and other		
		Amount 2018	Amount 2019	TOTAL 2018-2019	Amount 2018	Amount 2019	TOTAL 2018-2019	Amount 2018	Amount 2019	TOTAL 2018-2019
1	Puerto Barrios	-	-	-	-	-	-	-	-	-
2	Los Amates	658,301.91	873,876.25	1,532,178.16						
3	Morales	-	-	-	-	-	-	-	-	-
4	Livingston	-	-	-	-	-	-	-	-	-
5	El Estor	1,262,266.69	1,070,255.11	2,332,491.80	-	-	-	-	-	-
6	Panzós	-	-	-	-	-	-	-	-	-

Source: Own elaboration, with CGN data

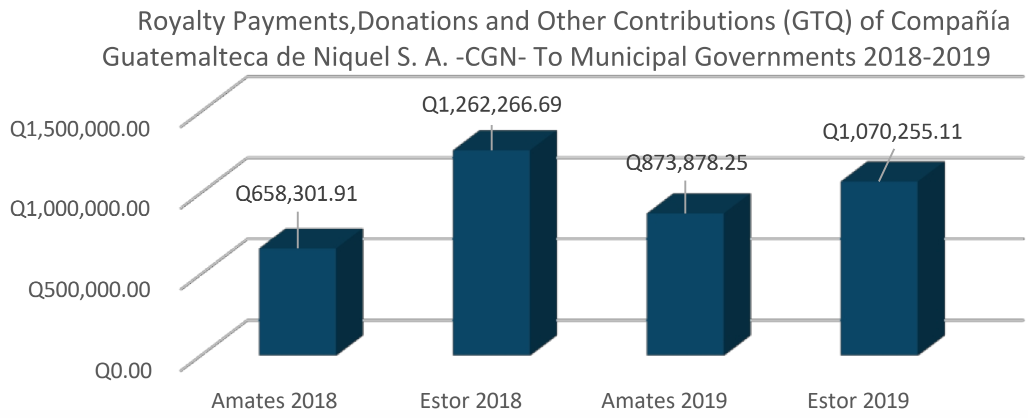
The municipality that receives the most royalties from CGN is El Estor with amounts of Q1,262.66.69 for 2018 and Q 1,070,255.11 for 2019.

NOTE: During this entire period, the market price (lb) of nickel remained below the minimum value, according to the MEM-CGN agreement, for the payment of voluntary royalties.

[8] It is necessary to clarify that the payment of legal royalties (those established by law) is only made to the municipal governments that host the mining projects (i.e., in the territory where the projects operate).

C.2 CGN Payment of taxes and arbitrios

CHART NO. 6.5 CGN MINING INDUSTRY ROYALTIES PAID TO MUNICIPAL GOVERNMENTS 2018 - 2019



Source: Own elaboration, with CGN data.

CGN reports payment of excise taxes to the municipal governments of Los Amates, Livingston, El Estor and Panzós in 2018-2019.

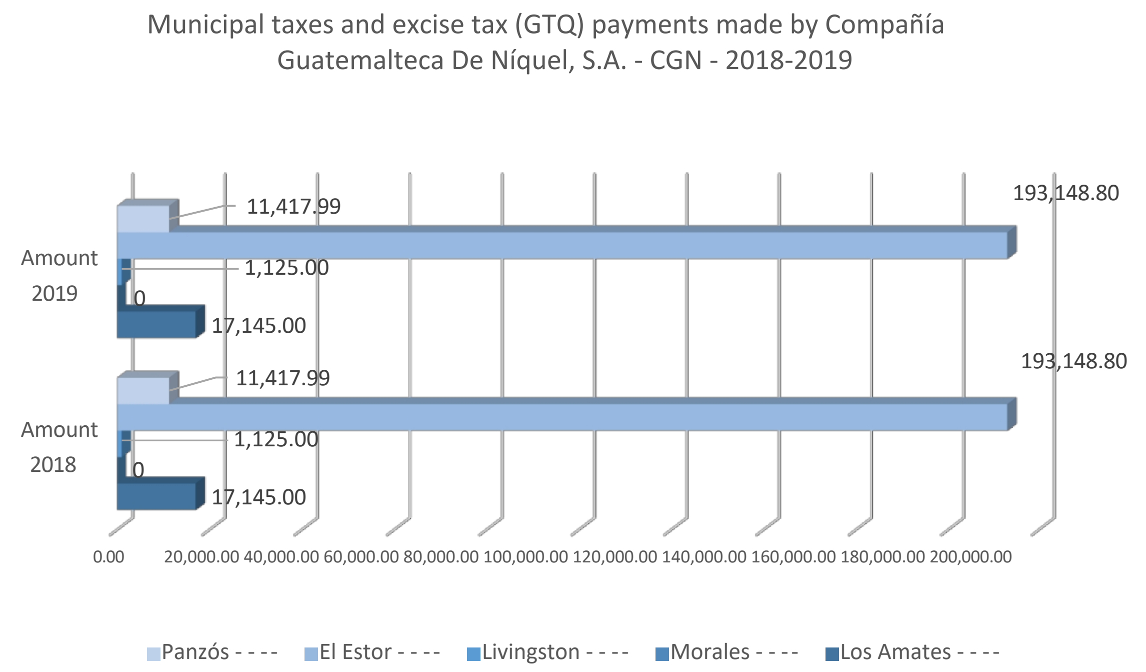
TABLE NO. 9.9 PAYMENT OF TAXES, FEES AND MUNICIPAL DUTIES COMPAÑÍA GUATEMALTECA DE NÍQUEL, S.A. YEARS 2018-2019

No.	Municipality	MUNICIPAL TAXES			ARBITRATORS		
		Amount 2018	Amount 2019	TOTAL 2018-19	Amount 2018	Amount 2019	TOTAL 2018-19
1	Puerto Barrios	-	-	-	-	-	-
2	Los Amates	-	-	-	17,145.00	17,145.00	34,290.00
3	Morales	-	-	-	-	-	-
4	Livingston	-	-	-	1,125.00	1,125.00	2,250.00
5	El Estor	-	-	-	193,148.80	193,148.80	386,297.60
6	Panzós	-	-	-	11,417.99	11,417.99	22,835.98

Source: Own elaboration, with CGN data.

The Municipality of El Estor is the one that reports the most income, with a total amount of Q386,297.60, being the most representative for the company in this payment.

CHART NO. 6.6 PAYMENT OF TAXES, FEES AND MUNICIPAL DUTIES COMPAÑÍA GUATEMALTECA DE NÍQUEL, S.A. - CGN - 2018-2019



Source: Own elaboration, with CGN data.

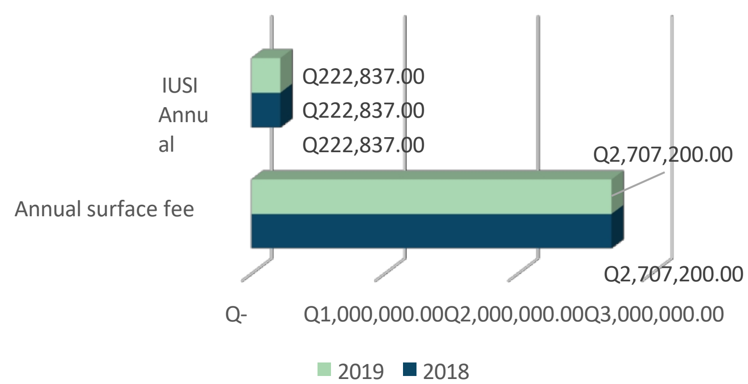
It can be seen that the municipal governments receive the same amount per year, receiving a total of Q386,297.60 for 2018 and 2019.

TABLE NO. 9.10 PAYMENT OF SURFACE FEE AND IUSI CGN COMPANY

Revenue Flow	2018	2019
	Amount and currency	
Annual surface fee	Q 2,707,200.00	Q 2,707,200.00
IUSI *Annual*	Q 222,837.00	Q 222,837.00
Total	Q 2,930,037.00	Q 2,930,037.00

Source: Own elaboration, with CGN data.

CHART NO. 6.7 PAYMENT OF SURFACE FEE AND IUSI CGN COMPANY



Source: Own elaboration, with CGN data.

D. Montana Exploradora De Guatemala S.A.

TABLE NO. 9.11 MONTANA EXPLORER TAXES 2018 - 2019

Revenue stream	2018	2019
	Amount and currency	
Annual Income Tax (ISR)	Q 146,947.53	Q 649,386.49
Monthly ISR Capital	Q 43,451.10	Q 3,207,020.91
Monthly ISR Non-residents	Q 2,045,093.85	Q 881,566.02
Monthly ISR Special invoices	Q 139,776.89	Q 219,647.34
Monthly ISR Labor	Q 1,010,644.30	Q 1,044,054.13
VAT		
VAT on imports	Q 21,638.33	
VAT special invoices	Q 271,648.25	Q 501,578.17
Royalties By Law 1% Royalties By Law	Q -	Q -
National Treasury - MEM		
Municipality of San Miguel Ixtahuacán		
Municipality of Sipacapa		
Voluntary Royalties 4%.	Q -	Q -
National Treasury - MEM Municipality A Municipality B Municipality C		
Municipality A Municipality B Municipality C		
Voluntary Royalty 0.5% Voluntary Royalty 0.5% Voluntary Royalty 0.5% Voluntary Royalty 0.5% Voluntary Royalty	Q -	Q -
Former owners		
Annual ISO according to its regime		

Recognition license , exploration, exploitation	Q 240,000.00	Q 24,000.00

IGSS	Q 3,262,742.23	Q 2,975,505.93
IRTRA and INTECAP	Q 420,998.92	Q 383,936.14
IUSI	Q 822,512.50	Q 771,389.44
Import tariffs		
Environmental Licenses	Q -	Q -
Construction Licenses		
Stamp Taxes		
Fines	Q 3,000.00	Q -
Total 2018 - 2019	Q 8,428,453.90	Q 10,658,084.57
Payments in , prov. infrastructure, others		
Development contributions		

Source: Own elaboration, with data from Montana Exploradora.

The company Montana Exploradora de Guatemala S.A. carried out the process of closing operations in 2017, and is currently in a post-closure process of environmental remediation, for that reason it reports zero royalty payments.

TABLE NO. 9.12 MONTANA EXPLORADORA DE GUATEMALA S. A. ROYALTIES PAID TO MUNICIPAL GOVERNMENTS 2018 - 2019

Revenue stream	2018	2019
	Amount and currency	
Municipality of San Miguel Ixtahuacán	Q -	Q -
Municipality of Sipacapa	Q -	Q -
Total	Q -	Q -
Total Royalties 2018 - 2019		Q -

Source: Own elaboration, with data from Montana Exploradora de Guatemala S.A.

E. PRONICO.

PRONICO reports the payment of annual income tax and IUSI (Impuesto Único sobre Inmuebles) for 2018 and 2019, with a total amount of Q49,622,583.

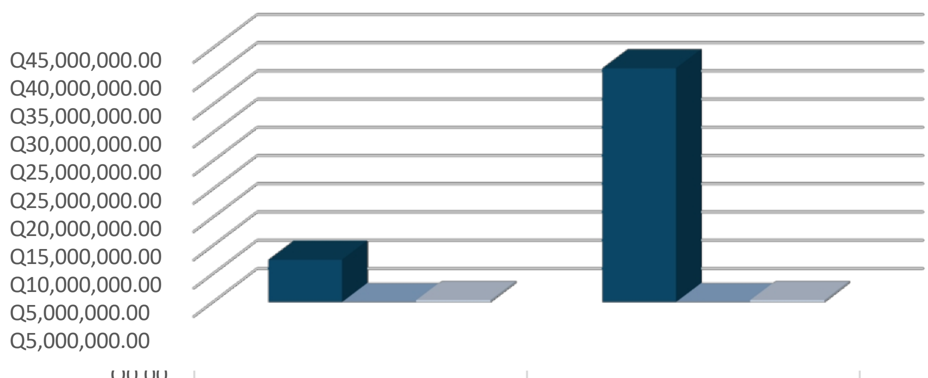
E.1 Payment of Taxes

TABLE NO. 9.13 PRONICO TAXES 2018 - 2019

Revenue stream	2018		2019	
	Amount and currency			
Annual Income Tax (ISR)	Q	7,500,000.00	Q	41,414,059.00
Monthly ISR Capital	Q	-	Q	-
Monthly ISR No residents	Q	-	Q	-
Monthly ISR Special invoices	Q	-	Q	-
Monthly ISR Labor	Q	-	Q	-
VAT	Q	-	Q	-
VAT on imports	Q	-	Q	-
VAT special invoices	Q	-	Q	-
IUSI	Q	354,252.00	Q	354,252.00
Total	Q	7,854,252.00	Q	41,768,311.00
Total Taxes 2018 - 2019			Q	49,622,563.00

Source: Own elaboration, with data from PRONICO.

CHART NO. 6.8 PRONICO TAXES 2018 - 2019



	2018	2019
Annual Income Tax (ISR)	Q7,500,000.00	Q41,414,059.00
VAT	0	0
IUSI	Q354,252.00	Q354,252.00

Annual Income Tax (ISR) VAT IUSI

Source: Own elaboration, with data from PRONICO.

E.2 Payment of Social Security, INTECAP, IGSS, IRTRA

PRONICO reports payments from IGSS, INTECAP and IRTRA.

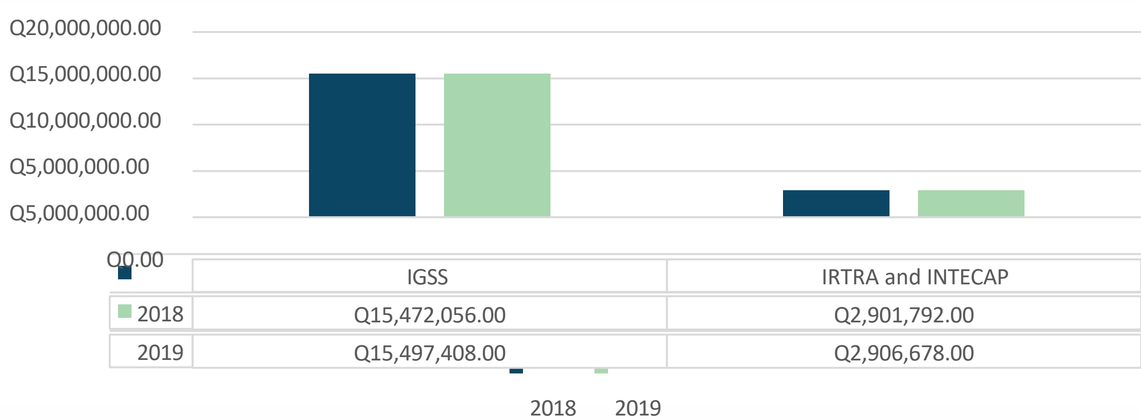
TABLE NO. 9.14 IGSS, IRTRA, INTECAP PRONICO 2018 - 2019

Revenue stream	2018	2019
	Amount and currency	
IGSS	Q 15,472,056.00	Q 15,497,408.00
IRTRA and INTECAP	Q 2,901,792.00	Q 2,906,678.00
Total	Q 18,373,848.00	Q 18,404,086.00
Total IGSS, IRTRA, INTECAP 2018 - 2019		Q 36,777,934.00

Source: Own elaboration, with data from PRONICO.

In 2018 and 2019, PRONICO has contributed Q30,969,464.00 to Social Security and Q5,808.470 to IRTRA and INTECAP. These contributions benefit workers in the sector and their families.

CHART NO. 6.9 IGSS, IRTRA, INTECAP PRONICO 2018 - 2019



Source: Own elaboration, with data from PRONICO.

The graph shows how PRONICO divides payments to the different agencies that benefit workers.

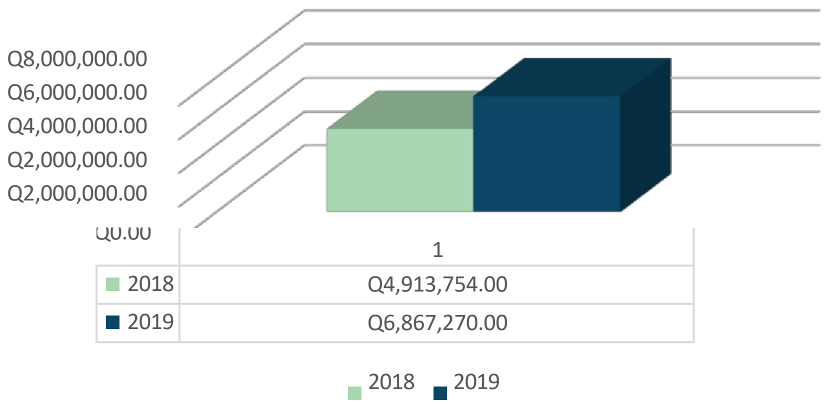
E.3 Contributions to development

TABLE NO. 9.15 CONTRIBUTIONS FOR DEVELOPMENT TO THE PRONICO COMMUNITY 2018 - 2019

Revenue stream	2018	2019
	Amount and currency	
Contributions to community development	Q 4,913,754.00	Q 6,867,270.00
Total contributions 2018 - 2019		Q 11,781,024.00

Source: Own elaboration, with data from PRONICO.

CHART NO. 6.10 PRONICO COMMUNITY DEVELOPMENT CONTRIBUTIONS 2018 - 2019



Source: Own elaboration, with data from PRONICO.

PRONICO's contributions to community development total Q11,781,024.00 for 2018 and 2019. The graph shows the distribution by year of the contributions that PRONICO makes to community development.

E.4 PRONICO Grants and contributions to Subnational Governments

PRONICO reports contributions to 6 municipal governments, which are: Puerto Barrios, los Amates, Morales, Livingston, El Estor, Panzós.

TABLE NO. 9.16 PRONICO DONATIONS AND CONTRIBUTIONS, TO MUNICIPAL GOVERNMENTS

PRONICO grants and contributions to municipal governments 2018 - 2019				
No.	CONCEPT	Amount 2018	Amount 2019	TOTAL 2018-2019
1	Puerto Barrios	Q -	Q -	Q -
2	Los Amates	Q 171,600.00	Q -	Q 171,600.00
3	Morales	Q -	Q -	Q -
4	Livingston	Q -	Q 35,201.00	Q 35,201.00
5	El Estor	Q 104,136.00	Q 554,508.00	Q 658,644.00
6	Panzós	Q -	Q 51,115.00	Q 51,115.00
Total donations and contributions PRONICO a Municipal governments 2018 - 2019				Q 916,560.00

Source: Own elaboration, with data from PRONICO.

These are contributions are voluntary donations that PRONICO company contributed in 2018 and 2019.

The municipal governments that have benefited the most from these donations are Los Amates and El Estor. The total amount of donations for the 6 municipal governments is Q916,560.00.

F.- Maya Tradition

The Maya Tradition Company reports payment of Income Tax, Value Added Tax VAT for 2018 and 2019. The amount paid is Q79,210.18.

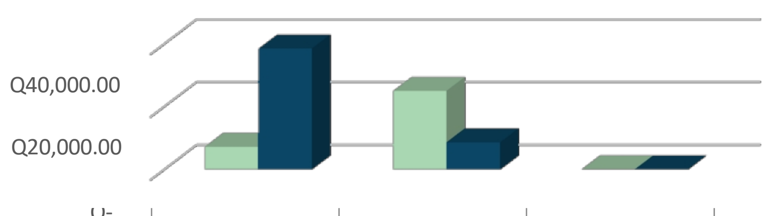
F.1 Payment of Taxes

TABLE NO. 9.17 MAYA TRADITION TAXES 2018 - 2019

Revenue Flow	2018	2019
	Amount and Currency	
Annual Income Tax (ISR)		
Monthly ISR Capital	Q 7,186.08	Q 38,479.10
Monthly ISR No residents	Q –	Q –
Monthly ISR Special invoices	Q –	Q –
Monthly ISR Labor	Q –	Q –
VAT	Q 24,959.00	Q 8,586.00
VAT on imports	Q –	Q –
VAT special invoices	Q –	Q –
IUSI	Q -	Q –
Total	Q 32,145.08	Q 47,065.10
	Q	
Total Taxes 2018 - 2019		**Q 79,210.18**

Source: Own elaboration, with data from Maya Tradición.

CHART NO. 6.12 MAYA TRADITION TAXES 2018 - 2019



	Monthly ISR Capital	VAT	IUSI
2018	Q7,186.08	Q24,959.00	Q-
2019	Q38,479.10	Q8,586.00	Q-

Source: Own elaboration, with data from Maya Tradición.

F.2 Maya Tradition Payment of Royalties, Donations and other contributions

Maya Tradition Company reports payments to municipal governments in donations and contributions,
making a total amount of Q6,382.09 for 2018 and 2019.

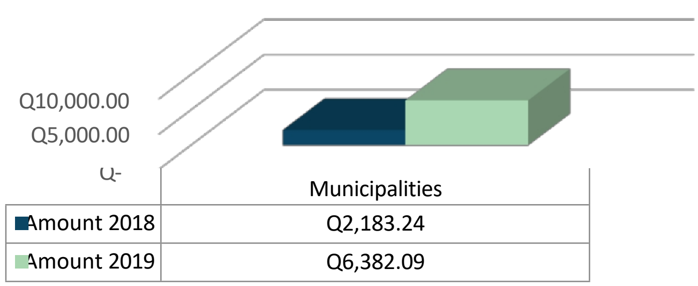
TABLE NO. 9.18 PAYMENT OF ROYALTIES, DONATIONS AND OTHER MAYA TRADICIÓN CONTRIBUTIONS TO MUNICIPAL GOVERNMENTS 2018-2019.

Concept	Amount 2018	Amount 2019
Royalties by law 1%.	Q 1,091.62	Q 3,191.05
Municipal governments	Q 2,183.24	Q 6,382.09
Total royalties from municipal governments	Q 3,274.86	Q 9,573.14
Total Donations and contributions Maya Tradition a Municipal governments 2018 - 2019		Q 12,848.00

Source: Own elaboration, with data from Maya Tradición.

Note: The total contribution includes municipal governments of: San Pedro Pinula, Usumatlán, Zacapa.

CHART NO. 6.13 PAYMENT OF ROYALTIES, DONATIONS AND OTHER CONTRIBUTIONS (GTQ) -
MAYA TRADITION TO MUNICIPAL GOVERNMENTS 2018-2019



Source: Own elaboration, with data from Maya Tradición.

The graph shows that 2019 the company increased its donations and contributions.

F.3 Environmental Payments:

Maya Tradición reports environmental payments to the Ministry of Environment and Natural Resources of Q634,771.46.

TABLE NO. 9.19 AMOUNTS IN LOCAL CURRENCY, OF PRODUCTION AND ENVIRONMENTAL PAYMENTS MADE TO THE MARN, BY MAYA TRADITION 2018-2019.

No.	CONCEPTO	Amount of the production (GTQ)			Environmental payments to the ministry of environment and NRR (GTQ)		
		Amount 2018	Amount 2019	TOTAL 2018-2019	Amount 2018	Amount 2019	TOTAL 2018 -2019
1	At the national level	284,500.00	350,271.46	634,771.46	-	-	-

Source: Own elaboration, with data from Maya Tradición.

G.- Mine "LA MARÍA".

G.1 Payment of Taxes

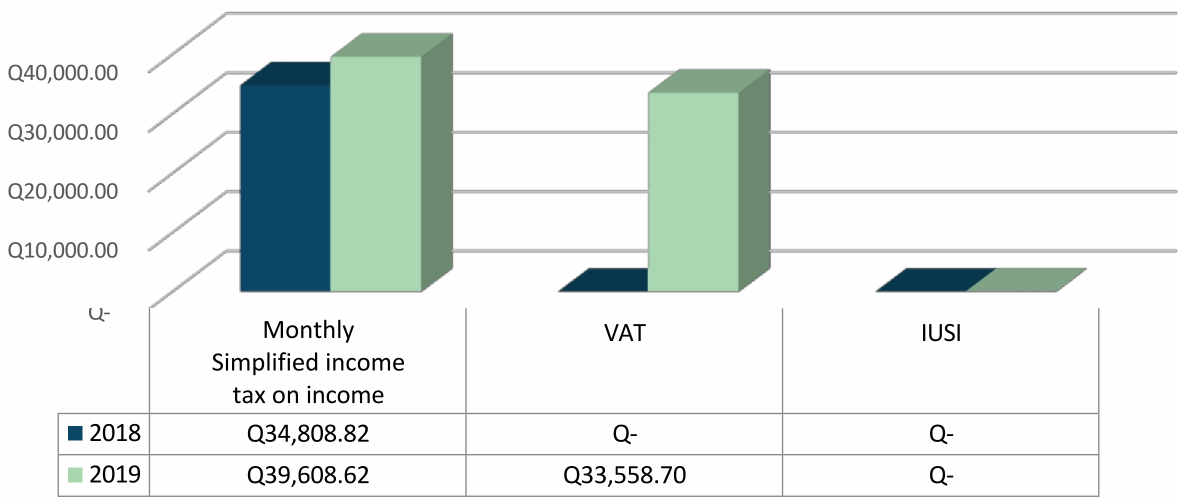
Mina La María reports that it paid income tax and value added tax (VAT) in the amount of Q107,976.14.

TABLE NO. 9.20 LA MARIA MINE TAXES 2018 - 2019

Revenue stream	2018		2019	
	Amount and Currency			
Annual Income Tax (ISR)				
Monthly Simplified income tax on income	Q	34,808.82	Q	39,608.62
Monthly ISR No residents				
Monthly ISR Special invoices				
Monthly ISR Labor				
VAT	Tax Credit		Q	33,558.70
VAT on imports				
VAT special invoices				
IUSI	Q	-	Q	-
Total	Q	34,808.82	Q	73,167.32
Total Taxes 2018 - 2019			Q	107,976.14

Source: Own elaboration, with data from Mina La María.

CHART NO. 6.15 LA MARIA MINE TAXES 2018 - 2019



Source: Own elaboration, with data from La María.

It can be seen from the graph that tax payments have increased in 2019.

G.2 Royalty payments

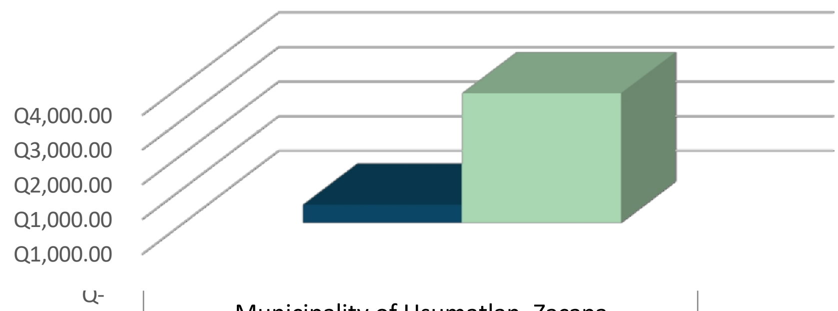
The company Mina La María, reports paying royalties to the Municipality of Usumatlán Zacapa, starting in 2018 with a payment of Q521.89 and in 2019 increased to Q3,737.79.

TABLE NO. 9.21 ROYALTIES FROM LA MARIA MINE TO MUNICIPAL GOVERNMENTS 2018 - 2019

Revenue stream	2018		2019	
	Amount and currency			
Municipality of Usumatlán, Zacapa	Q	521.89	Q	3,737.79
Total royalties 2018 - 2019			Q	4,259.68

Source: Own elaboration, with data from Mina La María.

CHART NO. 6.16 ROYALTIES FROM LA MARIA MINE TO MUNICIPAL GOVERNMENTS 2018-2019



	Municipality of Usumatlan, Zacapa
2018	Q521.89
2019	Q3,737.79

Source: Own elaboration, with data from Mina la María.

The graph shows the increase in royalties to the Municipality of Usumatlán in 2019.

H- SICASA:

"This company's information is aggregated in the final summary of this report due to the confidentiality agreement."

I. Elevar Resources, S.A.

Elevar Resources, S.A. reports the payment of income taxes, the data will be reflected in the overall totals at the end of this report.

7.4 REQUIREMENT 5. INCOME DISTRIBUTION

The EITI requires disclosure of information related to revenue distribution, enabling stakeholders to understand how revenues are recorded in national and, where appropriate, sub-national budgets, as well as to understand where corporate social expenditures end up.

7.4.1 Subnational Payments

A.1 Pan American Silver Guatemala, S.A.

The company reports royalty payments to four municipal governments.

TABLE NO. 10 PAN AMERICAN SILVER GUATEMALA, S.A. ROYALTIES TO MUNICIPAL GOVERNMENTS 2018-2019

Revenue stream	2018	2019
	Amount and Currency	
Royalties By Law 1% Royalties By Law		
Municipality of San Rafael de las Flores	Q 3,668.00	Q -
Voluntary Royalties 4%.		
Municipality of San Rafael de las Flores	Q 4,016,895.48	Q 3,000,000.00
Municipality of Barberena	Q 892,643.44	Q 250,000.00
Municipality of Cuilapa	Q 892,643.44	Q 250,000.00
Municipality of Santa Cruz Naranjo	Q 892,643.44	Q 250,000.00
Total	Q 6,698,493.80	Q 3,750,000.00
	Q	
	Q	
Total Royalties 2018 - 2019		Q 10,448,493.80

Source: Own elaboration, with data from Pan American Silver Guatemala, S.A.

The Municipality of San Rafael Las Flores receives statutory and voluntary royalties, however, in 2019 it did not receive statutory royalties due to the suspension of activities of the mine. Pan American Silver Guatemala, S.A., reports that it contributed voluntary royalties to the municipality of San Rafael Las Flores, Barberena, Cuilapa, Santa Cruz Naranjo for a total amount of Q10,448,493.80.

B. PEÑA RUBIA, S.A.

B.1 Royalty payments to municipal governments

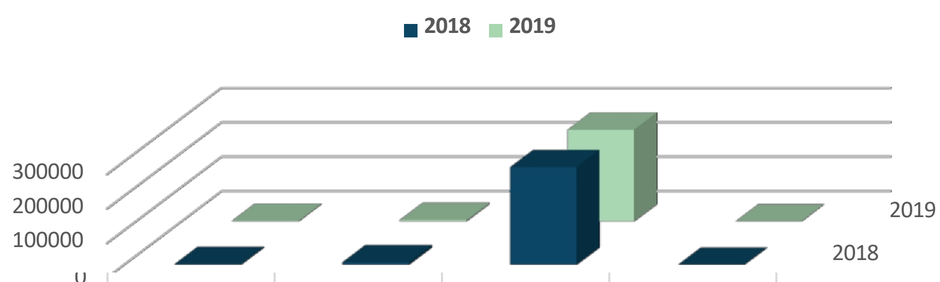
Empresa Peña Rubia, S.A. reports royalty payments in 2018 and 2019 to the municipal governments of Palencia, Sanarate, and Guatemala, totaling Q561,052.66 for the two years.

TABLE NO. 10.1 ROYALTIES FROM PEÑA RUBIA S.A. TO MUNICIPAL GOVERNMENTS, YEARS 2018-2019

Revenue stream	2018		2019	
	Amount and currency			
Municipality of Palencia	Q	7,148.81	Q	4,313.86
Municipality of Sanarate	Q	283,407.29	Q	266,170.70
Municipality of Guatemala	Q	12.00	Q	-
Total	Q	290,568.10	Q	270,484.56
Total Royalties 2018 - 2019			Q	561,052.66

Source: Own elaboration, with data from Peña Rubia, S.A.

CHART NO. 7.1 PEÑA RUBIA, S.A. ROYALTIES TO MUNICIPAL GOVERNMENTS 2018-2019



	Revenue Flow	Municipality of Palencia	Municipality of Sanarate	Municipality of Guatemala
2018	2018	Q7,148.81	Q283,407.29	Q12.00
2019	2019	Q4,313.86	Q266,170.70	Q-

Source: Own elaboration, with data from Peña Rubia.

The graph shows a decrease in royalty payments in 2019. The municipality that benefits most from royalties from Empresa Peña Rubia, S.A. is Sanarate.

Guatemalan Nickel Company, S.A.

C.1 Royalty Payment

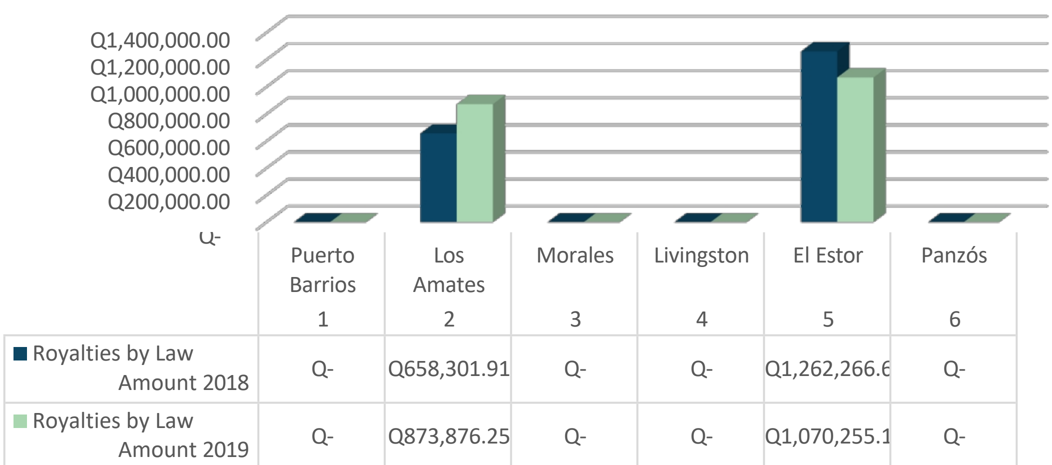
CGN reports paying legal royalties to the municipal governments of Amates, El Estor, and Panzós. The municipality that benefits the most from royalties is El Estor.

TABLE NO. 10.2 CGN ROYALTIES TO MUNICIPAL GOVERNMENTS 2018-2019.

No.	CONCEPT	Royalties by law			
		Amount 2018		Amount 2019	
1	Puerto Barrios	Q	-	-	
2	Los Amates	Q	658,301.91	Q	873,876.25
3	Morales	Q	-	-	
4	Livingston	Q	-	-	
5	El Estor	Q	1,262,266.69	Q	1,070,255.11
6	Panzós	Q	-	-	
	Total	Q	1,920,568.60	Q	1,944,131.36
Total CGN royalties 2018 - 2019				Q	3,864,699.96

Source: Own elaboration, with CGN data.

CHART NO. 7.2 CGN ROYALTIES TO MUNICIPAL GOVERNMENTS 2018-2019.



Source: Own elaboration, with CGN data.

E. PRONICO

TABLE NO. 10.4 FORECAST PAYMENT OF DONATIONS AND MUNICIPAL CONTRIBUTIONS[9]

PRONICO grants and contributions to municipal governments 2018 - 2019				
No.	CONCEPT	Amount 2018	Amount 2019	TOTAL 2018-2019
1	Puerto Barrios	Q -	Q -	Q -
2	Los Amates	Q 171,600.00	Q -	Q 171,600.00
3	Morales	Q -	Q -	Q -
4	Livingston	Q -	Q 35,201.00	Q 35,201.00
5	El Estor	Q 104,136.00	Q 554,508.00	Q 658,644.00
6	Panzós	Q -	Q 51,115.00	Q 51,115.00
Total donations and contributions PRONICO a Municipal governments 2018 - 2019				Q 916,560.00

Source: Own elaboration, with data from PRONICO.

PRONICO reports payment of donations and contributions to the municipal governments of Amates, Livingston and El Estor in the department of Izabal and Panzós in the department of Alta Verapaz. These municipal governments received a total amount between 2018 and 2019 Q916,560.00. The most benefited municipality is El Estor.

F. Maya Tradition

F.1 Maya Tradition Payment of Donations

Maya Tradición reports payment of donations to municipal governments in 2018 and 2019 amounting to Q 8,565.33.

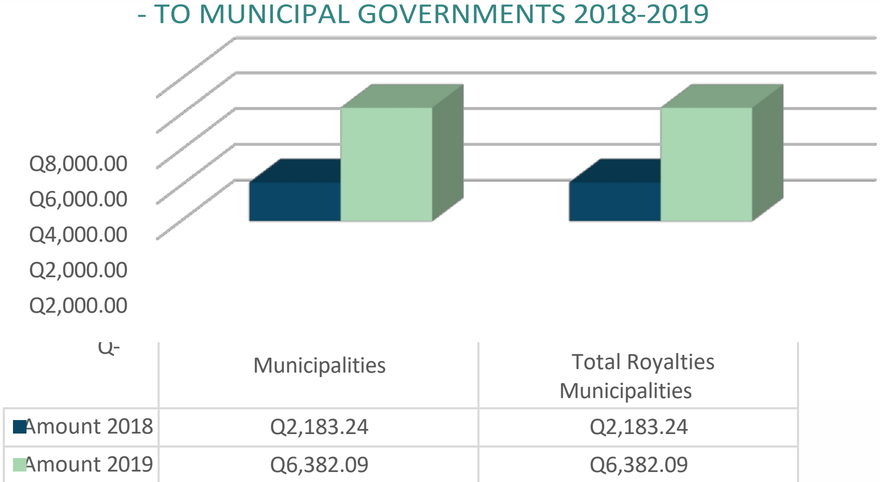
[9] PRONICO does not report any legal royalty payments, since it does not hold any exploitation license.

TABLE NO. 10.5 PAYMENT OF ROYALTIES, DONATIONS AND OTHER MAYA TRADICIÓN CONTRIBUTIONS, FOR MUNICIPAL GOVERNMENTS 2018-2019.

CONCEPT	Amount 2018	Amount 2019
Municipal governments	Q 2,183.24	Q 6,382.09
Total Donations and contributions Maya Tradition to Municipal Governments 2018 - 2019		Q 8,565.33

Source: Own elaboration, with data from Maya Tradición.

CHART NO. 7.4 PAYMENT ROYALTIES, DONATIONS AND OTHER CONTRIBUTIONS MAYA TRADICIÓN - TO MUNICIPAL GOVERNMENTS 2018-2019



Source: Own elaboration, with data from Maya Tradición.

In the graph we can see an increase in donations in 2019.

G. MINA "La María"

G.1 Royalty Payments

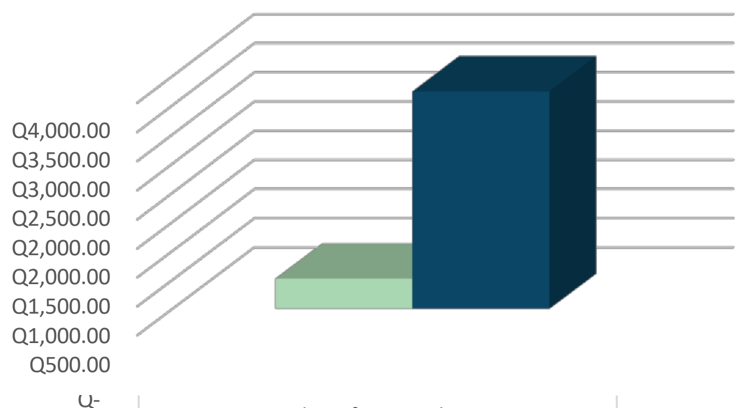
The company María Jade reports royalty payments from the municipality of Usumatlán Zacapa, in 2018 and 2019, for a total amount of Q4259.68.

TABLE NO. 10.6 ROYALTIES FROM LA MARIA MINE TO MUNICIPAL GOVERNMENTS, 2018-2019

Revenue Flow	2018	2019
	Amount Currency and	
Municipality of Usumatlán, Zacapa	Q 521.89	Q 3,737.79
Total royalties 2018 - 2019		Q 4,259.68

Source: Own elaboration, with data from Mina La María.

CHART NO. 7.5 ROYALTIES FROM LA MARIA MINE TO MUNICIPAL GOVERNMENTS 2018-2019



	Municipality of Usumatlan, Zacapa
2018	Q521.89
2019	Q3,737.79

Source: Own elaboration, with data from Mina La María.

Royalty payments have increased in 2019 for the municipality of Usumatlán.

H. Elevar Resources, S.A.

Elevar Resources S.A. reports royalty payments only to the municipality of Asunción Mita Jutiapa for 2018 and for 2019 does not report payment, so data will be reflected in the general summary.

06 REQUISITO

- Gasto social y económico

7.5 REQUIREMENT 6 SOCIAL AND ECONOMIC EXPENDITURE

EITI encourages the disclosure of information related to revenue and expenditure management, which helps stakeholders to assess whether the extractive sector, in this case hydrocarbons, is generating positive economic, social and environmental impacts and outcomes.

A. Pan American Silver Guatemala, S.A.

A.1 Pan American Silver Guatemala, S.A.; contributions to social development

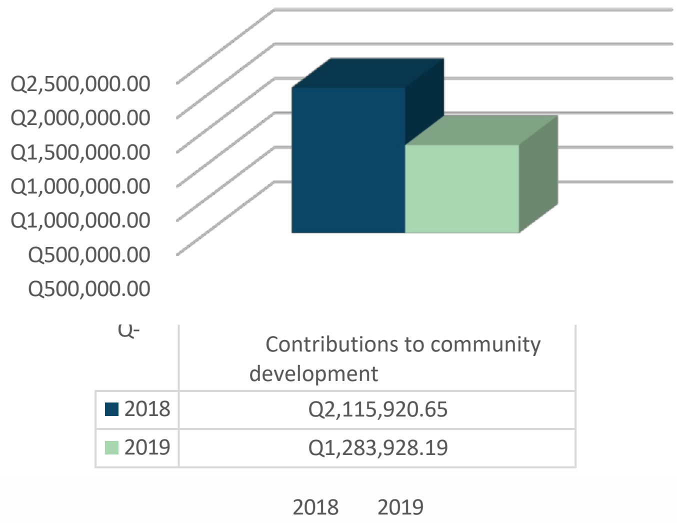
The company reports community development contribution payments totaling Q3,399,848.84 for 2018 and 2019.

TABLE NO. 11 COMMUNITY DEVELOPMENT CONTRIBUTIONS PAN AMERICAN SILVER GUATEMALA, S.A. 2018-2019

Revenue stream	2018	2019
	Amount and Currency	
Contributions to community development	Q 2,115,920.65	Q 1,283,928.19
Total contributions 2018 - 2019		Q 3,399,848.84

Source: Own elaboration, with data from Pan American Silver Guatemala, S.A.

GRAPH NO. 8 CONTRIBUTIONS TO COMMUNITY DEVELOPMENT PAN AMERICAN SILVER GUATEMALA, S.A. 2018-2019



Source: Own elaboration, with data from Pan American Silver Guatemala, S.A.

A.2 Social Security Payments IGSS, IRTRA, INTECAP

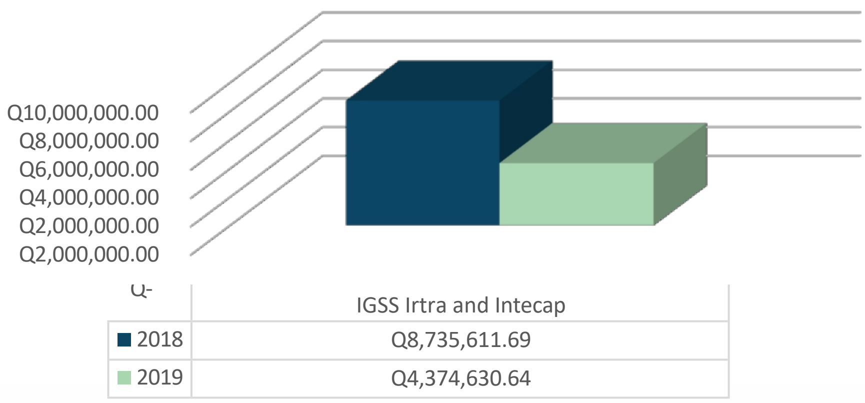
Pan American Silver Guatemala, S.A. reports payments to Social Security (IGSS), Instituto de Recreación para el Trabajador (IRTRA) and Instituto Técnico de Capacitación y Productividad (INTECAP) in 2018 and 2019, the total amount of which is Q13,110,242.33.

TABLE NO. 11.1 IGSS, IRTRA, INTECAP PAN AMERICAN SILVER GUATEMALA, S.A. 2018- 2019

Revenue stream	2018	2019
	Amount and currency	
IGSS IRTRA and INTECAP	Q 8,735,611.69	Q 4,374,630.64
Total IGSS, IRTRA, INTECAP 2018 - 2019		Q 13,110,242.33

Source: Own elaboration, with data from Pan American Silver Guatemala, S.A.

GRAPH NO. 8.1 IGSS, IRTRA, INTECAP PAN AMERICAN SILVER GUATEMALA, S.A. 2018 - 2019



Source: Own elaboration, with data from Pan American Silver Guatemala, S.A.

In the graph we can observe a decrease in the payment in 2019.

B. PEÑA RUBIA

B.1 Payment of IGSS, IRTRA, INTECAP

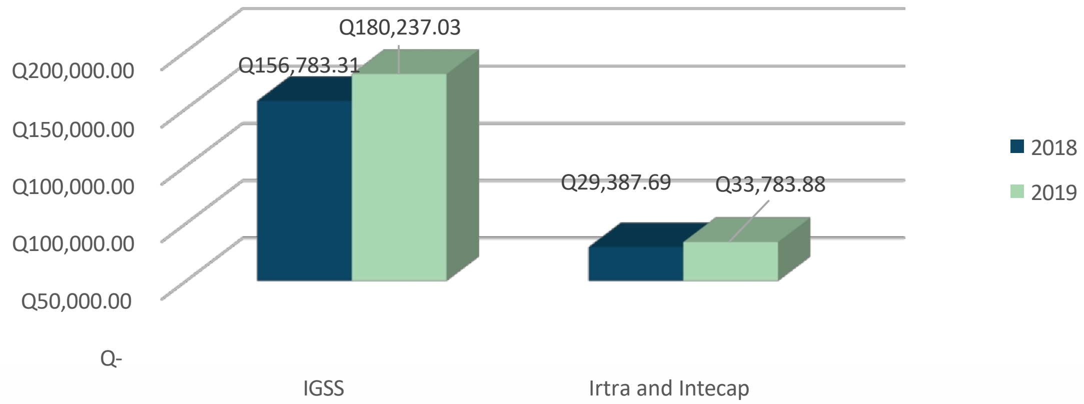
The company Peña Rubia S.A. reports payments to Social Security (IGSS), Instituto de Recreación para el Trabajador (IRTRA) and Instituto Técnico de Capacitación y Productividad (INTECAP) in 2018 and 2019, which total Q400,191.91.

TABLE NO. 11.2 PAYMENTS OF IGSS, IRTRA, INTECAP PEÑA RUBIA 2018-2019

Revenue stream	2018		2019	
	Amount and Currency			
IGSS	Q	156,783.31	Q	180,237.03
IRTRA and INTECAP	Q	29,387.69	Q	33,783.88
Total	Q	186,171.00	Q	214,020.91
Total IGSS, IRTRA, INTECAP 2018 - 2019			Q	400,191.91

Source: Own elaboration, with data from Peña Rubia.

GRAPH NO. 8.2 IGSS, IRTRA, INTECAP PEÑA RUBIA PAYMENTS 2018 - 2019



Source: Own elaboration, with data from Peña Rubia.

The graph shows an increase in the amount of payments in 2019.

C. CGN

C.1 Payment of IGSS, IRTRA, INTECAP

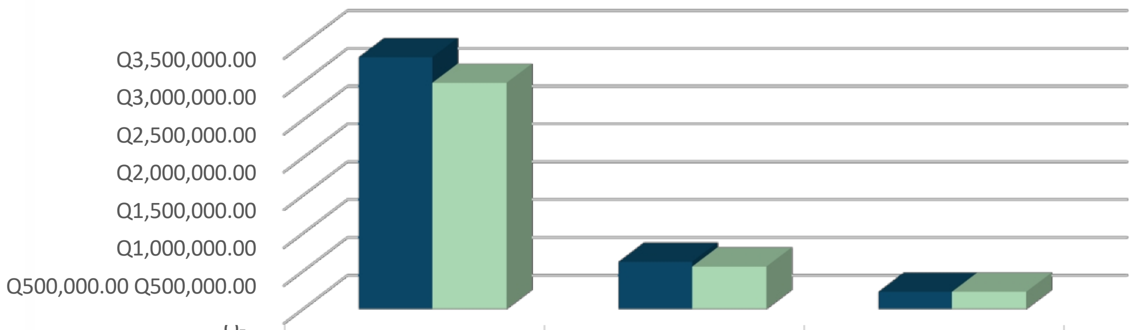
CGN reports payments to Social Security (IGSS), Instituto de Recreación para el Trabajador (IRTRA) and Instituto Técnico de Capacitación y Productividad (INTECAP) in 2018 and 2019, the total amount of which is Q 7,957,270.00.

TABLE NO. 11.3 IGSS, IRTRA, INTECAP CGN PAYMENTS 2018 - 2019

Revenue Flow	2018	2019
	Amount and currency	
IGSS	Q 3,328,299.00	Q 2,989,146.00
IRTRA and INTECAP	Q 623,861.00	Q 560,290.00
IUSI	Q 222,837	Q 222,837
Total	Q 4,179,997.00	Q 3,777,273.00
Total IGSS, IRTRA, INTECAP 2018 - 2019		Q7,957,270.00

Source: Own elaboration, with CGN data.

GRAPH NO. 8.3 IGSS, IRTRA, INTECAP CGN PAYMENTS 2018 - 2019



	IGSS	Irtra and Intecap	IUSSI
2018	Q3,328,299.00	Q623,861.00	Q227,837.00
2019	Q2,989,146.00	Q560,290.00	Q227,837.00

Source: Own elaboration, with CGN data.

The graph an increase 2018 in these payments.

C.2 CGN Environmental payments

CGN reports environmental payments of Q1,409,982.98, amount corresponding to 2018 and 2019.

TABLE NO. 11.4 ENVIRONMENTAL PAYMENTS TO GOVERNMENT INSTITUTIONS, BY CGN 2018-2019.

No.	CONCEPT	ENVIRONMENTAL PAYMENTS TO THE MINISTRY OF ENVIRONMENT AND RRNN		
		Amount 2018	Amount 2019	TOTAL 2018-2019
1	National Level	143,994.12	1,265,987.86	1,409,981.98

Source: Own elaboration, with CGN data.

D.- MONTANA EXPLORADORA DE GUATEMALA S.A.

D.1 Payment of IGSS, IRTRA, INTECAP

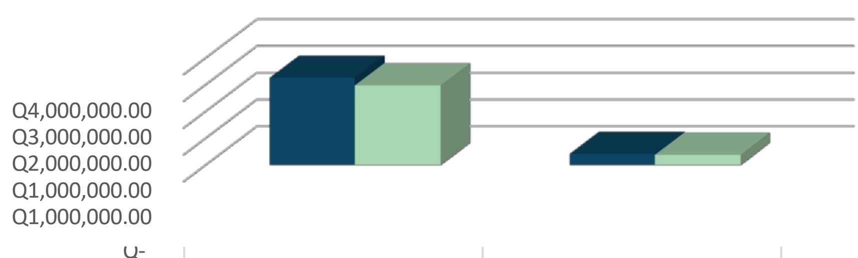
Montana Exploradora de Guatemala S. A. reports payments to the Social Security (IGSS), Instituto de Recreación para el Trabajador (IRTRA), Instituto Técnico de Capacitación y Productividad (INTECAP) in 2018 and 2019. Instituto Técnico de Capacitación y Productividad (INTECAP) in 2018 and 2019 for a total amount of Q. 7,043,183.22.

TABLE NO. 11.5 IGSS, IRTRA, INTECAP MONTANA EXPLORADORA DE GUATEMALA S. A. S. 2018-2019

Revenue stream	2018		2019	
	Amount and currency			
IGSS	Q	3,262,742.23	Q	2,975,505.93
IRTRA and INTECAP	Q	420,998.92	Q	383,936.14
Total	Q	3,683,741.15	Q	3,359,442.07
Total IGSS, IRTRA, INTECAP 2018 - 2019			Q	7,043,183.22

Source: Own elaboration, with data from Montana Exploradora de Guatemala S. A.

GRAPH NO. 8.4 IGSS, IRTRA, INTECAP MONTANA EXPLORADORA DE GUATEMALA S. A. S. A. 2018-2019



	IGSS	Irtra and Intecap
2018	Q3,262,742.23	Q420,998.92
2019	Q2,975,505.93	Q383,936.14

2018 2019

Source: Own elaboration, with data from Montana Exploradora de Guatemala S. A.

The graph shows that the value of payments has decreased in 2019.

E.- PRONICO

E.1 Payment of development contributions

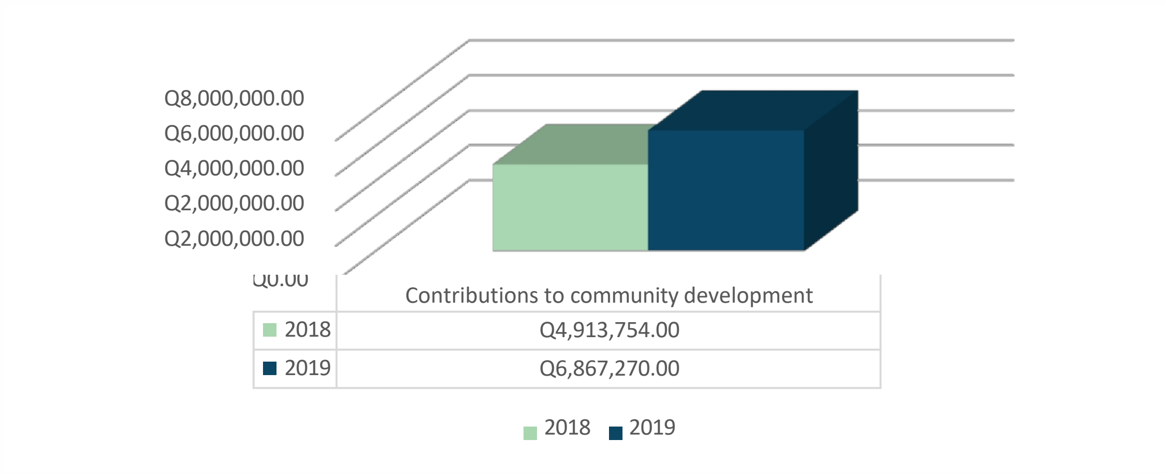
PRONICO reports payments to the development contribution in 2018 and 2019 for a total amount of Q 11,781,024.

TABLE NO. 11.6 CONTRIBUTIONS FOR DEVELOPMENT TO THE PRONICO COMMUNITY 2018-2019

Revenue Flow	2018	2019
	Amount and currency	
Contributions for the community development	Q 4,913,754.00	Q 6,867,270.00
Total contributions 2018 - 2019		Q 11,781,024.00

Source: Own elaboration, with data from PRONICO.

CHART NO. 8.5 PRONICO COMMUNITY DEVELOPMENT CONTRIBUTIONS 2018-2019



Source: Own elaboration, with data from PRONICO.

The graph shows an increase in the value paid in 2019.

E.2 Payment of IGSS, IRTRA, INTECAP

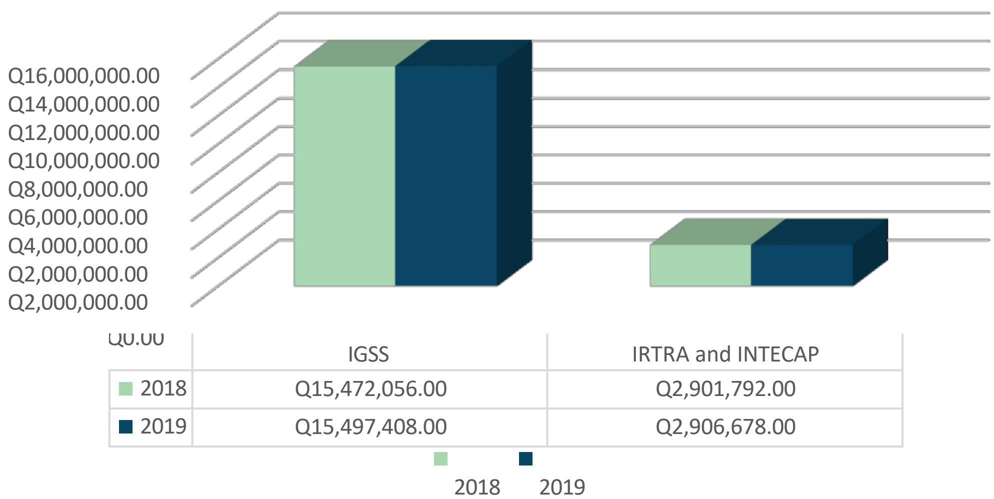
PRONICO reports payments to Social Security (IGSS), Instituto de Recreación para el Trabajador (IRTRA) and Instituto Técnico de Capacitación y Productividad (INTECAP) in 2018 and 2019 totaling Q36,777,934.00.

TABLE NO. 11.7 IGSS, IRTRA, INTECAP PRONICO 2018-2019

Revenue stream	2018	2019
	Amount and currency	
IGSS	Q 15,472,056.00	Q 15,497,408.00
IRTRA and INTECAP	Q 2,901,792.00	Q 2,906,678.00
Total	Q 18,373,848.00	Q 18,404,086.00
Total IGSS, IRTRA, INTECAP 2018 - 2019		Q 36,777,934.00

Source: Own elaboration, with data from PRONICO.

GRAPH NO. 8.6 IGSS, IRTRA, INTECAP PRONICO 2018-2019



Source: Own elaboration, with data from PRONICO.

The graph shows an increase in the value paid in 2019.

E. PRONICO

E.1 PRONICO Environmental payments

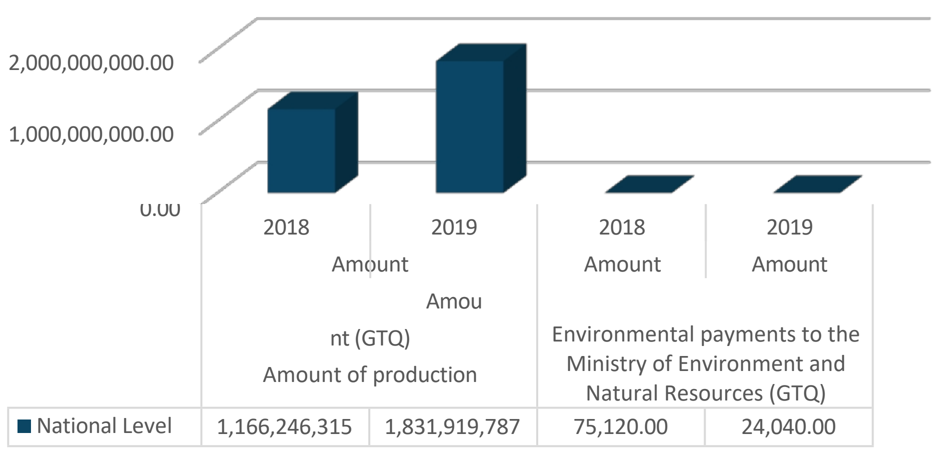
PRONICO reports environmental payments to the Ministry of Environment and Natural Resources totaling Q99,160 for fiscal years 2018 and 2019.

TABLE NO. 11.8 ENVIRONMENTAL PAYMENTS TO GOVERNMENT INSTITUTIONS, PRONICO 2018-2019.

No.	CONCEPT	Environmental Payments to Government Institutions (GTQ)		
		Amount	Amount	TOTAL
		2018	2019	2018-2019
1	National Level	Q. 75,120.00	Q. 24,040.00	Q. 99,160.00

Source: Own elaboration, PRONICO data.

GRAPH NO. 8.7 AMOUNTS IN LOCAL CURRENCY, PRONICO 2018-2019



Source: Own elaboration, with data from PRONICO.

Maya Tradition

F.1 Maya tradition. Environmental payments

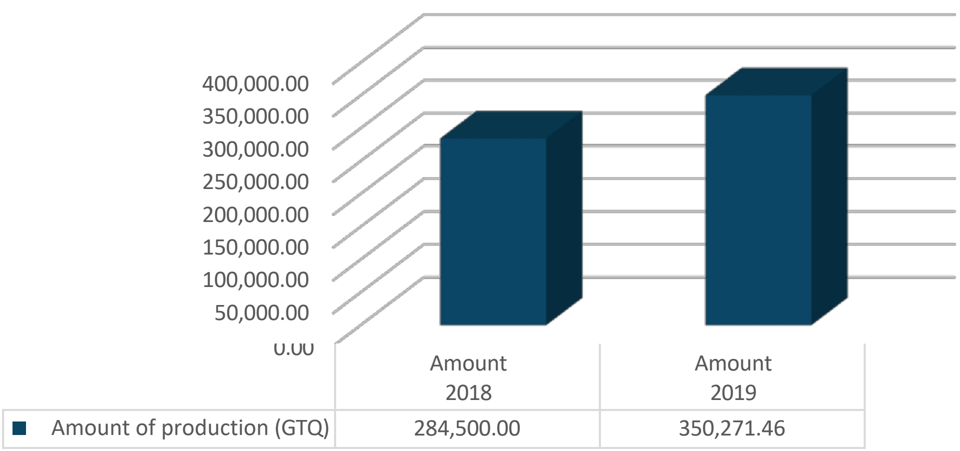
The Maya Tradition Company reports environmental payments to the Ministry of Environment and Natural Resources for a total of Q634,771.46 corresponding to 2018 and 2019.

TABLE NO. 11.9 ENVIRONMENTAL PAYMENTS MADE TO THE SEA, BY MAYA TRADICIÓN 2018-2019

No.	CONCEPT	Amount of the production (GTQ)			Environmental payments to the Ministry of Environment and Natural Resources (GTQ)		
		Amount 2018	Amount 2019	TOTAL 2018-2019	Amount 2018	Amount 2019	TOTAL 2018-2019
1	A Level National	284,500.00	350,271.46	634,771.46	-	-	-

Source: Own elaboration, with data from Maya Tradición.

GRAPH NO. 8.8 ENVIRONMENTAL PAYMENTS MADE TO THE MARN, BY MAYA TRADICIÓN 2018-2019



Source: Own elaboration, Maya Tradition data.

The graph shows an increase in the value paid in 2019.

G- SICASA:

"This company's information is aggregated in the final summary of this report due to the confidentiality agreement."

H. Elevate Resources

Elevar Resources reports payments to Social Security (IGSS), in 2018 and 2019 whose total amount will be reflected in the overall total of this report.

General Summary of payments made Mining Sector

TABLE NO. 11.10 INFORMATION PROVIDED BY PARTICIPATING COMPANIES

Source: Own preparation. Information provided by participating companies.

VIII. IMPACTS OF THE COVID-19 PANDEMIC ON EXTRACTIVE INDUSTRIES IN GUATEMALA

COVID-19 IN GUATEMALA

A. CONTEXT AND MAGNITUDE OF THE PANDEMIC.

The high vulnerability, derived from the precarious living conditions of large sectors of the Guatemalan population, especially those related to education, health, scarce access to public services, especially drinking water, generated a rapid expansion of COVID-19.

According to the Central American Institute for Fiscal Studies -ICEFI-, 59.3% of the population lives in poverty and 23.4% in extreme poverty. Only 86.9% of of primary school age are enrolled, and only 43.8% are enrolled in secondary school. There is only 55.0% coverage of basic health services; 56.0% of the total population has access to potable water, and nearly 72.0% of the working population works in the informal sector. Conditions of inequality persist in income distribution and access to public goods and services according to ethnicity, residence, gender or age (ICEFI, 2020).

Although the first cases of COVID-19 were reported in the world since December 2019 and the WHO established the corresponding international public health emergency at the end of January 2020, in Guatemala, the lack of preventive policies, but in general, the absence of plans and inadequate state attention to the emergency and subsequent health crisis, facilitated the spread of the pandemic, coupled with little public information and/or misinformation about the nature and severity of the pandemic.

In addition to the above, non-compliance with the restrictions imposed on mobilization, meetings in public, social and family spaces, as well the absence of biosecurity measures: use of masks and disinfection with alcohol. This led to an exponential increase in the number of infections, hospitalizations and deaths due to COVID-19.

Data published by the Ministry of Public Health and Social Assistance (MSPAS) and the Secretariat of Planning and Programming of the Presidency (SEGEPLAN) show that the number of COVID-19 infections, recorded as of December 31, 2020, was 135,856 cases and the number of people recovered was 127,797. In 2020, 5,966 persons died. The mortality rate 34.2 deaths per 100,000 inhabitants. The case fatality rate as of December 2020 is 4.3%.

The Cumulative Incidence as of December 2020 was 808.9 cases per 100,000 Inhabitants. Cumulative incidence is an epidemiological category that reflects the spread of a disease in a population and in a given time. It is one of the markers that determines policy decisions to address the pandemic.

The following table shows the behavior of these variables in the eight administrative regions into which the national territory is divided.

TABLE NO. 1 GUATEMALA: COVID-19 CASES AND ALERT STATUS AS OF DECEMBER 31, 2020

REGION / DEPARTMENT	Cases detected	Deceased persons	Alert status COVID-19 traffic light
Metropolitan region	67,956	2,913	
Guatemala	67,956	2,913	
Northern region	5,000	166	
Alta Verapaz	3,490	99	
Baja Verapaz	1,510	67	
Northeast Region	11,685	458	
Izabal	4,668	198	
Chiquimula	2,193	78	
El Progreso	2,879	79	
Zacapa	1,945	103	
Southeast Region	5,070	168	
Jalapa	1,095	32	
Jutiapa	2,238	84	
Santa Rosa	1,737	52	
Central Region	13,892	718	
Chimaltenango	3,231	161	
Sacatepéquez	6,289.	216	
Escuintla	4,372	341	
Southwest Region	23,001	1,164	
San Marcos	5,311	220	
Quetzaltenango	8,742	442	
Totonicapán	1,658	118	
Sololá	2,150	108	
Retalhuleu	1,830	101	
Suchitepéquez	3,310	175	
Northwestern Region	5,949	241	
Huehuetenango	3,499	143	
El Quiché	2,450	98	
Petén Region	3,303	138	
Petén	3,303	138	
TOTAL COUNTRY	135,856	5,966	

Source: Own elaboration with data from the Ministry of Public Health and Social Assistance.

To illustrate the expansion and severity levels of the disease in the country, a map of the national territory is presented, with the colors of the epidemiological traffic light (red, orange, yellow and green), according to the COVID-19 alert board, provided by the Ministry of Health and Social Assistance; which is updated by the Ministry, with the support of the Emergency Operations Committees that are made up of representatives of public institutions and located in all municipalities of the country.

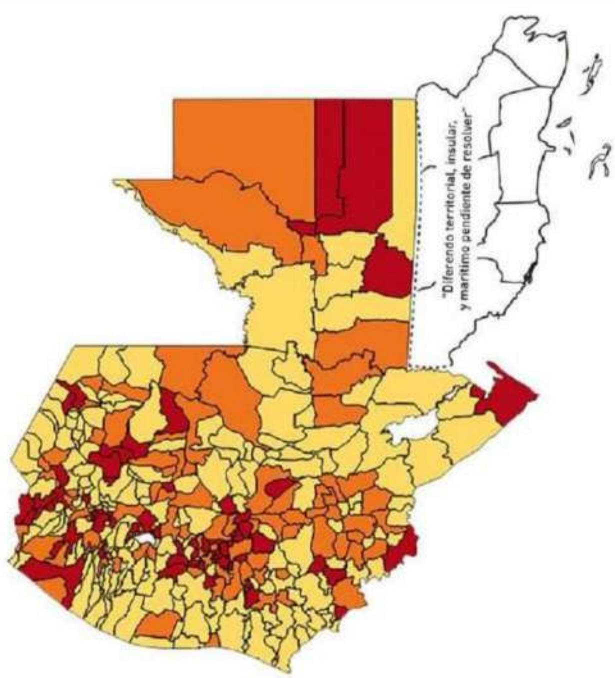
The alert board is a system implemented to sort the municipalities by colors: red, orange, yellow and green according to the presence of the virus in each place, so that the competent authorities can issue biosecurity differentiated for each municipality. The situation of each municipality is evaluated every 14 days.

MAXIMUM ALERT. Red traffic light: New cases in the last 2 weeks are more than 55 per 100 thousand/inhabitant or SARS-CoV-2 positive test results exceed 20%.

HIGH ALERT - Orange traffic light: New cases in the last 2 weeks are between 25 and 54 per 100 thousand/inhabitant or positive results of SARS-CoV-2 tests performed are between 15- 20%.

MODERATE ALERT. Yellow traffic light:
New in the last 2 weeks are between 15 and 24 per 100 thousand/inhab/yr or positive SARS-CoV-2 test results are between 5-14%.

NEW NORMAL. Green traffic light:
New cases in the last 2 weeks are less than 15 per 100 thousand/inhab/yr or positive SARS-CoV-2 test results are less than 5%.



According to the above, as of December 31, 2020, of the country's 22 departments, 18% (4) were in red, 41% in orange and 41% in yellow; and of the 340 municipalities, 20% (68) were in an emergency situation: red traffic light; 27% (93) were in orange and 53% (179) were in yellow. No municipality had a green traffic light.

In Guatemala, as in other countries in the region, the health and socioeconomic effects of the pandemic are differentiated, depending on the income levels of the population groups and their capacity to respond to the disease.

The first cases of COVID-19 were recorded higher income groups and urban areas, with more resources and better access to health services. Subsequently, the disease began to spread to lower-income areas, to the most economically vulnerable and those with less access to health services, who are naturally at greater risk of complicating their health conditions and thus dying.

B. THE MAIN MEASURES ISSUED BY THE STATE

b.1 AND BIOSECURITY.

As a result of the appearance and accelerated expansion of the COVID-19 pandemic worldwide and particularly derived from its appearance in Mexico and the Central American region, the Government of Guatemala issued several sanitary and biosecurity provisions, initially oriented to contain the advance of the pandemic by providing measures to prevent contagion, actions to attend positive cases and prepare the institutional conditions to face the inevitable expansion of COVID-19 throughout the national territory.

In this matter, the President of the Executive Branch decreed a State of Public Calamity throughout the national territory, by means of the following three Governmental Decrees: Decree 5-2020 dated March 6, amended by Decree 6-2020 dated March 22 and its last amendment by means of Governmental Decree 7-2020 dated March 24, 2020. In these provisions, powers were granted to the President of the Republic to address the health crisis. A curfew is established, which limits freedom of movement between 4:00 p.m. and 4:00 a.m. of the following day, except for the transportation of food, medicines, hygiene products, hydrocarbons and other essential goods and services. This measure was extended the sanitary crisis worsened.

Later on, in new presidential dispositions, the curfew was extended and the institutions of the Executive Branch suspended their work in person, and in the private sector until April 12, 2020. Exceptions were made or special schedules were established for the operation of public sector entities and companies, whose activities were considered, in those critical periods, essential to sustain basic living conditions for the population, and to address the national emergency derived from the COVID-19 pandemic.

Interdepartmental movement of people was progressively prohibited, except for those related to work activities; recreational trips were prohibited during Holy Week, weekends and other holidays; the sale and consumption of alcoholic beverages in public places was prohibited; The sale and consumption of alcoholic beverages in public places was also prohibited; likewise, urban and extra-urban public transportation was prohibited and the mobility, circulation and transit of inhabitants was limited, which should be subject only to the place of their domicile; in addition, the freedom of movement of persons over 60 years of age, pregnant women, sick people, among other vulnerable population sectors, was restricted.

The temporary suspension of attendance to work and activities in the entities of the State, the Judicial Branch, as well as in the private sector was established; health or medical services, water supply services, public security, transportation of valuables, air transportation, telecommunications, food industry and agricultural production, among others, were exempted; it was also established the obligation of employers in any sector to provide their employees with the necessary and adequate sanitary and protective equipment for the development of their activities.

The closing of air, land and maritime borders in national territory was ordered. The entry of Guatemalans, permanent residents, diplomatic corps, who had to undergo mandatory quarantine, as well as the entry of cargo transportation for imports and exports were exempted.

The total and later partial closure of shopping centers was ordered, except for supermarkets, banks and restaurants with counter services, and sports, cultural and social activities were prohibited, and regulations were issued regarding the capacity of people in closed and open places, and variable interpersonal distances, depending on the variations in the levels of contagion, at different times.

The direct purchase and contracting of goods or supplies by importation related to the declaration of the State Calamity decreed by COVID-19 was authorized, in accordance with the State Contracting Law, and the hoarding of basic necessities, medicines, fuel or any type or class goods that are necessary or related to the fight against COVID-19, among others, was prohibited.

All these and other governmental provisions contemplated various restrictions that varied over time, both in their duration and in their schedules, in affected population groups, or productive sectors affected by the measures; all according to the level of advancement of the pandemic, measured through the alert board established by the Ministry of Public Health and Social Assistance.

b.2 ECONOMIC MEASURES

Considering these impacts on GDP, seen from the perspective of income, the Government of Guatemala promoted 10 Programs[10] to mitigate the impacts of the COVID-19 pandemic on the economy, particularly on the income of families and businesses; these programs were oriented, especially to:

I) Compensate for deficits in the wages of the working class;

II) Unilateral transfers of money or goods and/or services to self-employed, unemployed or low-income families; and

III) Incentives to the business sector, to reduce the impact on their payrolls, derived from the reduction of their sales due to restrictions on business operations, among other purposes.

The 10 programs (CIEN, 2020) designed and implemented by the Executive Branch through its agencies were as follows:

1. Caja Saldremos Adelante. 200,000 boxes of 36 pounds of food (sugar, beans, pasta, corn flour, oil, Incaparina, salt, and rice) donated by private companies. Coordinated by the Government Center and the General Secretariat of the Presidency.

2. Popular Commerce Support Program. One-time transfer of Q1,000 through banks to 200,000 heads of household identified by municipalities (Q.200 million). Ministry of Social Development through the Social Development Fund.

3. School Feeding Program. Delivery of a food bag to parents or guardians of pre-primary and primary school students in public schools (2.4 million students) during the period of suspension of classes at a rate of Q.4 per student per day. MINEDUC and Parents' Organizations.

4. Food Endowment. In-kind food delivery of articles/inputs or coupons redeemable for up to Q.350 in basic food basket products, medicines and inputs to prevent the spread of COVID-19 to families in vulnerable situations, including the elderly. Ministry of Agriculture, Livestock and Food through VISAN and MIDES/FODES.

5. Credit Fund for Working Capital. Granting of credits of up to Q.250,000 for micro, small and medium enterprises. They expected 60,000 credits and had foreseen Q.2,700 million. National Mortgage Credit and MINFIN.

6. Senior Citizen Program. Delivery of an economic contribution of Q.400 per month to 8,400 additional senior citizens in the program with an additional allocation of Q.50 million. Ministry of Labor and Social Security.

7. Employment Protection Fund. Contribution of Q.75 per day to formal employees suspended by their private sector employers before the Ministry of Labor and Social Security. Up to 300,000 workers expected. Ministry of Economy in coordination with Ministry of Labor.

8. Electricity Subsidy. Extension of the social tariff up to a consumption of 300 kWh, expecting to benefit up to 2.8 million households. National Electrification Institute INDE and MINFIN.

9. Risk bonus for health personnel. Bonus for temporary hospital workers. Ministry of Public Health and Social Assistance.

10. Bono Familia. Delivery of an economic contribution of up to Q.1,000 per month for three months to 2 million families with electricity consumption below 200 Kwh in February 2020. Ministry of Social Development through the Social Development Fund.

According to the Observatory of Expenditures in Response to COVID-19 (CIEN, 2020), in April 2020 three decrees went into effect in Guatemala: a) Decree No. 12-2020 "Emergency Law to Protect Guatemalans from the Effects Caused by the Pandemic Coronavirus COVID-19"; b) Decree No. 13-2020 Law for the Economic Rescue of Families due to the Effects Caused by COVID-19, and c) Decree No. 20-2020 Expansion of the General Budget of State Revenues and Expenditures for the Effects Caused by COVID-19. 13-2020 Law for the Economic Rescue of Families due to the Effects Caused by the COVID-19, and c) Decree No. 20-2020 Expansion of the General Budget of Income and Expenditures of the State for the Fiscal Year Two Thousand and Twenty. By means of these Decrees, the General Budget of Income and Expenditures of the State was increased by Q.19,806.4 million and the Executive Branch announced the launching of ten economic support programs to counteract the adverse effects of COVID-19. Six months after the approval, the institutions of the Executive Branch had only executed 54% of the financial resources.

According to a study conducted by ICEFI, "the Ministry of Public Finance has improved and published a COVID-19 Dashboard that facilitates adequate monitoring of the detailed information on the financial execution of 8 of the 10 programs, but does not allow monitoring of physical execution, i.e., of the indicators registered in SIGES. Unfortunately, in this system only 6 of the 10 programs have established physical goals within the framework of results-based budget management" (ICEFI, 2020). This study emphasizes the technical and methodological shortcomings and the absence of a monitoring and evaluation system to quantify the real impacts of the programs implemented; in addition, the opacity in the official records of data on their physical and financial execution and the delays in the publication of information on the execution and results of the programs, all of which prevents the effectiveness of the 10 programs from being specified, under the conditions that were sought to be modified.

b.3. GOVERNMENTAL PROJECTIONS FOR 2021: VACCINATION

Due to the vertiginous advance of the COVID-19 pandemic in Guatemala and its alarming impact on the health, life and economy of families and businesses, since August 2020, the government of Guatemala managed the country's adhesion to the COVAX mechanism, through which it sought to guarantee the supply of vaccines, initially for 20% of the population, and also presented to the Congress of the Republic a Draft Decree requesting financial resources and establishing the relevant mechanisms for the acquisition of vaccines by direct purchase.

1.2 IMPACTS OF COVID-19 ON THE NATIONAL ECONOMY

According to World Bank data, the largest economy in Central America, the Guatemalan economy, had an average GDP growth of 3.5% in the last four years. However, this growth has not translated into poverty reduction, as it is the fifth poorest country in Latin America. Guatemala has the fourth highest rate of chronic malnutrition of all countries in the world, affecting 47% of all children under five years of age, 58% of these children are indigenous and 66% of the children belong to families living in extreme poverty.

The deficient and non-transparent management of public resources by recent governments, the lack of effective programs to meet the basic needs of the population and the lack of legal certainty have discouraged greater domestic and foreign investment, and the payment of taxes discourages the transition of micro and medium-sized companies from informality to economic formality.

The pandemic and its expansion in the Guatemalan territory as in all countries of the world; more than a public health crisis, it has become a factor of stagnation of societies and their economies, and its impact is increasing the levels of poverty and inequality.

As a result of this pandemic, the world economy will shrink by 4.3% in 2020, and its recovery will depend on how governments address prevention, vaccination and, of course, economic recovery measures.

One of the areas of most immediate and visible impact of the pandemic on the Guatemalan economy is the production of goods and services measured through the GDP, whose variations depend on the affectations and variations suffered by capital investments, which will generate in the same direction, impacts on capital income, employment and salary rates, and tax to the treasury. Currently, the GDP contracted by 1.8% in 2020, aggravating the living conditions of large segments of the Guatemalan population.

According to World Bank data, "*in 2019, 43% of the population lived below the poverty line...and one million people are expected to fall into poverty due to COVID-19 crisis, raising the country's poverty rate by up to 6 percentage points, depending on the depth* *and duration of the crisis, as well as the speed of economic recovery"* (World Bank IBRD-IDA, 2021). According to the IMF (International Monetary Found, 2021), the country's rapid response to the pandemic appears to have cushioned the impact on the poor, while laying the groundwork for a more inclusive social policy. Guatemala's economy is expected to return to 4.5% growth in 2021.

Since the Guatemalan economy is based on the generation of production, employment and foreign exchange from the primary sector, with a light industry and therefore highly dependent on imports of goods, services and capital, the contraction of the world economy resulting from the pandemic significantly affected the levels of economic activity; This situation has been seriously aggravated by the governance crisis in the country, derived from the growing social discontent due to the questionable and non-transparent governmental management of public resources, especially to address the health and socioeconomic effects of the COVID-19 pandemic, since in the midst of this crisis, the living conditions of large sectors of the population have worsened, especially in terms of unemployment and poverty.

In urban areas, restrictions on social mobility, transportation and some economic activities imposed by the government seriously affected employment and national income, especially in commercial and service sector activities; according to CIEN expert Hugo Maul, there are 120 thousand people who lost their jobs due to the COVID-19 pandemic, so precise actions should be taken in favor of entrepreneurs who decided to close their business operations... (Congress of the Republic, 2020). On the other hand, the activities of hundreds of thousands of families in the informal economy were seriously affected by government restrictions on social mobility and transportation.

Small farmers in rural areas were able to meet their food requirements, but their incomes were affected by transportation restrictions, market closures and, in general, reduced consumer demand. In addition, rural areas in the northern departments of Guatemala suffered devastating impacts from storms ETA and IOTA, which affected their land, crops, goods, the already precarious infrastructure and the community environment; the World Bank estimates that these major floods and landslides affected more than 1.5 million people (World Bank IBRD-IDA, 2021).

Despite the crisis in the U.S. economy, derived from the COVID-19 pandemic and that, due to the effects of the confinement during the months of March to May 2020 there was a reduction in remittance inflows to Guatemala from Guatemalan migrants, in 2020 Guatemala reached an annual remittance inflow of US$ 11.3 billion, a figure that exceeded the US$ 10.5 billion received in 2019, which came to alleviate the income crisis of thousands of Guatemalan families.
It is estimated that there are about 2.7 million Guatemalans in the U.S., but only 400,000 of them have documents to work (La Voz de America, 2020).

Regarding the impact of the confinement on companies, the World Bank Group (World Bank Group, 2020) estimated that in general terms, the impact on the economy is severe, with large drops in tax collection, increase in corporate debt and job losses; it estimated that after three months of confinement only 34% of the companies would remain profitable and that almost all of the companies in the most affected sectors would register losses.

It was also estimated that the drop in corporate income tax collection would be severe and in 2020 only 50% of the baseline would be collected; that companies would accumulate aggregate losses equivalent to 5.3% of GDP and that they would need to substantially increase their level of indebtedness in order to survive. Companies would reduce their payroll by 9%; payroll subsidies can preserve a substantial proportion of employment in medium impact sectors, but will not be sufficient to preserve employment in high impact sectors (tourism, transportation, personal services), where companies cannot cover their fixed costs.

The severity of the impacts on companies was strongly determined by the drastic reduction of national consumption, which will be reduced by 1.9% of GDP in 2020, while investment and exports will be reduced by -5% and -8.1% respectively... it is estimated that there will be a reduction of more than 200 thousand jobs, of which around 60 thousand would be formal.... the most affected economic activities would be manufacturing, commerce and agriculture, which together would represent approximately 60.0% of the total reduction of jobs (ICEFI, 2020).

1.2 IMPACTS OF COVID-19 ON EXTRACTIVE INDUSTRIES.

One of the impacts of the COVID-19 pandemic on the economies of countries that base their productive models on the production and export of goods from the primary sector, including Latin American economies, which are traditionally dependent on the production and export of natural resources such as hydrocarbons and minerals, *is the reduction of international prices*, which added to the contraction of production due to the effects of the pandemic, reduces fiscal revenues and therefore, the ability of governments to respond to the pandemic and economic recovery.

This section of the Flexible Report presents a brief analysis of the impact of the COVID-19 pandemic on the prices and production volumes of goods from the hydrocarbon and mineral industries in Guatemala; it also presents and analyzes the magnitudes and health impacts of the pandemic on the social environment where the companies of the extractive sector operate or have presence and social incidence; and finally it describes the main impacts of the restrictions and governmental measures dictated to contain COVID-19, on the operations of the companies.

A. HYDROCARBONS SECTOR.

a.1 IMPACT ON PRICES AND PRODUCTION LEVELS.

Initially, it is important to highlight that the contraction in international energy demand, derived from the restrictions, especially the social confinement measures due to the effects of the COVID-19 pandemic, caused a historic drop in oil demand and prices. On April 20, 2020, crude oil traded in negative values for the first time in history, falling to US$37.63 per barrel of West Texas Intermédiate (WTI). The pandemic kept more than 3 billion people worldwide confined to their homes (BBC NEWS/WORLD, 2020). The COVID-19 pandemic and the abrupt drop in international oil prices in 2020 have caused a drastic decrease in the international demand for crude oil and related goods and services, which has strongly affected the hydrocarbon sector operating in Guatemala.

In this regard, Fredy Gudiel Misael Samayoa, president of the Guatemalan Association of Hydrocarbon Producing Companies, explained:

2020 was a difficult year for the global oil industry because the pandemic significantly affected investments and drove international prices to their lowest levels (El Periódico, 2021); furthermore, in an interview granted to the Consultant in charge of the preparation of the Flexible EITI Guatemala Report 2018-2020 and in his capacity as Representative of PERENCO Guatemala Limited in EITI Guatemala he states: This pandemic affected the sector from an operational point of view and from a revenue point of view.

In addition to the reduction of the companies' income, the income of the State of Guatemala and Municipalities was reduced because they did not obtain the same income from oil, and the income of the employees, their families and the communities was also affected (Gudiel, 2021).

On the other hand, for the Ministry of Energy and Mines, the global drop in hydrocarbon demand at the beginning of the COVID-19 pandemic and the decline of oil fields in Guatemala caused a drastic decrease in national production in 2020. At the close of 2020 oil production was 2.5 million barrels, the lowest on record and representing a 20.3% decrease compared to the 3.2 million barrels produced in 2019; and a 28.5% drop compared to the 3.5 million barrels held in 2015 (El Periódico, 2021).

Regarding oil production volumes, Gudiel added that the natural decline of the fields in operation has also affected the volume produced. *For many years there have been no new investments*, he explained, recalling that the last oil bidding round was in 2012, but none of the companies that participated have started work, in some cases due to delays in the approval or disapproval of the environmental impact studies..... The decline in production is becoming more accentuated, for example, the main field

Guatemala's oilfield has been in production for 35 years and in four or five more years it will be producing very little, commented Romeo Rodríguez, former Minister of Energy and Mines (El Periódico, 2021).

For 2021, the expectation is that oil production will be maintained and avoid a steep decline curve, but it will depend on the stability of the oil market price, Gudiel added. According to Banco de Guatemala for 2021, the cost of crude oil is expected to be between US$46.83 and US$68 in the international market, which is higher than the US$40 that was posted on average in 2020.

a.2 HEALTH IMPACTS ON THE SOCIAL ENVIRONMENT OF COMPANIES.

Regarding the impacts of COVID-19, specifically in the field and administrative operations of the industries of the hydrocarbon sector in Guatemala, it is important to address and describe the magnitudes of the health impacts of the COVID-19 pandemic in the geographic and social environment of the companies, particularly the municipalities of the departments of Petén, Alta Verapaz and Izabal, where PERENCO Guatemala Limited, and City Petén, S. de R.L. carry out their main operations and grant royalties.

TABLE NO. 3 CONTAGIONS AND DEATHS, IN OIL OPERATION ZONES AS OF DECEMBER 31, 2020

MUNICIPALITIES THAT RECEIVE STATUTORY AND VOLUNTARY ROYALTIES	DETECTED	DEAD
PETEN		
DOLORES	159	7
THE CHAL	59	4
FLORES	609	11
FREEDOM	263	16
THE CROSSES	124	9
MELCHOR DE MENCOS	110	5
POPTUN	305	7
SAN ANDRES	165	3
SAN BENITO	897	40
SAN FRANCISCO	44	0
SAN JOSE	63	5
SAN LUIS	131	14
SANTA ANA	93	3
SAYAXCHÉ	261	14
AVERAGE	234	28
ALTA VERAPAZ		
CHISEC	125	10
RAXRUHA	57	2
FRAY B. DE LAS CASAS	205	7
PANZÓS	68	2
CHAHAL	90	3
AVERAGE	109	5

IZABAL		
THE STOR	358	9
LIVINGSTON	171	11
THE AMATES	315	6
MORALES	978	40
PORT BARRIOS	2846	132
AVERAGE	934	40

Source: Own elaboration with data from the Ministry of Public Health and Social Assistance.

As can be seen, in the municipalities of the department of Petén, which is the main hydrocarbon production zone in Guatemala, there is an average of 234 infected inhabitants and 28 deaths; In Alta Verapaz, although the population is larger, the number of infections and deaths recorded is lower than the numbers described for Petén, 109 and approximately 5 deaths per municipality respectively; however, it is in the municipalities of the department of Izabal where the number of infections and deaths is almost three times higher than in Petén, i.e. 934 infections and almost 40 deaths per municipality.

The situation described above is of great concern, both in the municipalities of the department of Petén, as well as in Alta Verapaz and Izabal, since the foreseeable worsening of the COVID-19 pandemic and its impacts will surely tend to generate greater situations of Maximum Alert, which could limit for the immediate future, the normality not only of the social environment but also of the operations of the companies.

A.3 IMPACT OF RESTRICTIONS ON OPERATIONS

It is important to point out that the restrictions progressively imposed by the different provisions of the Government of Guatemala, related to social confinement, restrictions to locomotion and non-essential mobilization, the establishment of gauges for the maintenance of social distancing, restrictions to meetings, closure of some productive and commercial activities, transportation of people, etc., always had the particularity of declaring some exceptions for essential activities.

Within these essential activities, always keeping some restrictions that were pertinent and applicable to each case, priority was given to those related to the maintenance of public safety, medical services and transportation, as well as the productive processes and transportation related to the provision and supply of food and other essential goods and services for the population, both in shelter and confinement as well as those dedicated to attend to the crisis. Within these essential activities, production and distribution of hydrocarbons were considered, precisely for the maintenance of the activities considered essential during the different emergency periods dictated by the competent authorities.

On this issue, Fredy Misael Gudiel Samayoa in his capacity as Representative of PERENCO Guatemala Limited at EITI Guatemala states: "in the case of the hydrocarbon sector, from the beginning of the pandemic, the industry was considered essential, so when restrictions were established, the continuity of operations was not really affected; although certain restrictions, such as those imposed on transportation, caused the industry to have to accommodate or adjust its logistics in order to continue working; In the case of some operations carried out in Petén, where there is air transportation of personnel, we did have to make an adjustment in the work plans of the personnel and also transfer the personnel by land; beyond the above, there were no other serious effects on operations" (Zepeda, 2021).

Considering the organizational model of the hydrocarbon sector activities, the pandemic did not have very significant impacts on the administrative and plant operations, since specific protocols were established for the activities of the companies of the sector, for the biosecurity of the personnel, both in the extractive process, as well as in transportation and other administrative operations; the measures dictated by the government of Guatemala, did not substantially affect the modalities and rhythm of production.

In this regard, Félix Morataya, representative of City Petén, S. de R.L. in EITI Guatemala, mentions "the nature and dynamics of the operations of the industries in the sector, especially in the field, allow a reasonable personal distance, in addition to the shift work has not affected economic activities much; we have also put the necessary protocols to reinforce and prevent contagions, although there are certain tasks that are now done differently" (Felix, 2021).

Finally, regarding the effects of COVID-19, the President of the Chamber of Industry, Mr. Javier Zepeda, and the President of the Guatemalan Association of Hydrocarbon Producing Companies, Mr. Fredy Misael Gudiel Samayoa, and the Minister of Energy and Mines, Mr. Alberto Pimentel, respectively, pointed out: "The effects of COVID-19 are not yet known. Fredy Misael Gudiel Samayoa, and the Minister of Energy and Mines, Mr. Alberto Pimentel said, respectively:

Being that the extractive sector operates, especially in open places, where there is no close contact between collaborators, and where the protocols and biosafety measures have been established and respected, the impacts on their operations are minimal.... in the administrative areas of the companies what has been done is to adapt a lot to teleworking, and to comply with the protocols and biosafety measures, social distancing and the use of masks, so the effects of the restrictions have not been so dramatic... So the impact was not so strong due to the nature of the extractive activity itself" (Zepeda, 2021).

"Now, in the midst of these negative effects and in the midst of the COVID-19 pandemic, our relations with the Government, municipalities and communities improved, because PERENCO Guatemala Limited, with its social policy and within its corporate social responsibility projects, did not lag behind and supported communities, the Government and authorities of institutions, providing for example medical equipment; PERENCO Guatemala Limited equipped the entire COVID hospital in the department of Petén, supplied masks and supplies to various hospitals in the department of Petén, and also supplied masks and supplies to several hospitals and hospitals in the department of Petén.

local authorities. Despite all restrictions, it supported communities affected by the ETA and IOTA storms that hit Guatemala, both outside and inside the areas where we developed oil operations" (Gudiel, 2021).

"Of course, the presence of COVID-19 had an important impact on various aspects national and institutional life... I believe that there were no fields that were exempt from this... the mobility restrictions and the limited conditions to which we were accustomed have been a barrier to our activities. However, the Ministry of Energy and Mines, as a primordial link in the chain of services of the Sector, which keeps the economic and social machinery of Guatemala active, never rested and has not allowed its sectorial leadership to be affected in its policies, plans and projects... Indeed, the COVID-19 pandemic has caused us to have some administrative delays in the execution of some activities of the Ministry, however, even with these limitations and reduced personnel, it has continued its work at the service of the Sector" (Alberto Pimentel, 2021).

It is important to conclude that the magnitude of the health and socioeconomic effects derived from COVID-19, as well as the effects derived from the restrictions and other state measures applied in Guatemala, had a significant impact on the national economy, causing a reduction in private consumption, a reduction in national and foreign private investments, a decrease in imports and exports, an increase in unemployment and in general a reduction in the national production of goods and services; naturally, all these impacts affected the operations, economic flows and results of the companies of the extractive sector in Guatemala, specifically the hydrocarbons sector.

The reduction of production volumes and prices of hydrocarbon companies was aggravated during the pandemic, after the previous international crude oil crisis; this reduction impacted on the collection of fiscal income by the State, on the receipt of quasi-fiscal income by municipalities and other entities benefiting from fund transfers, on the income of collaborators and their families, and on the projects that the companies developed in communities in their social environment. It is precisely in this environment and critical juncture, that this evaluation is carried out and the EITI Guatemala Flexible Report is formulated, corresponding to the period 2018-2020.

A. MINING COMPANIES SECTOR.

C.1 IMPACT ON PRICES AND PRODUCTION LEVELS.

Guatemala, as well as the exporters of products from the primary sector of the economy, specifically natural resources, are highly dependent on the variations of international commodity prices; as a result of the pandemic derived from the expansion of COVID-19 that led to the deceleration of the world economy, which added to the restrictions on the use of natural resources, has led to the deceleration of the world economy.

and other containment measures applied by governments, led to a drop in private consumption levels and also generated a contraction in the production levels of the global mining industry, which naturally affected government fiscal revenues, employment levels and household incomes. The reduction in tax revenues resulted in a reduced capacity of the states to better respond to the resulting health and socioeconomic crisis.

Regarding the impact of COVID-19 on the reduction of global mining production, estimates by S&P Global Market Intelligence, during the first half of 2020, indicate that 275 sites in 36 countries recorded some type of interruption in their operations, which affected their production to some extent. According to the entity's estimates, the impact of this would be less than 5% of total annualized production... *However,* the market value of mining companies worldwide as of June registered an average growth of 10.7% compared to the previous month, according to S&P's analysis. In this context, 21 of the 25 largest mining companies in terms of market capitalization recorded gains during that month (CESCO Center for the Study of Man and Mining, 2021).

Likewise, Trevor Turnbull, Head of Gold and Silver Equity Research at Bank of Nova Scotia -Scotiabank- mentions "unfortunately, COVID-19 remains a challenge. Nearly all of our Latin American miners reflect persistent challenges in their projections...the most recurring is that companies must maintain social distance in their operations, particularly subway, and subway miners simply cannot operate at 100% capacity. Many companies expect to peak at 80%-90% of capacity, according to their forecast for 2021. While the biggest hit is on subway operations, social distancing protocols have also hurt open pit mines and processing plants (bNamericas, 2021).

In addition to the fact that the measures and restrictions imposed to avoid contagion and expansion of the Coronavirus affect the extractive and processing activities at the plants, the protocols and distancing limit the efficiency of production operations, and companies are concerned about the speed with which governments implement their vaccination programs both at a general level and in the companies' areas of operation.

Finally, among the impacts of COVID-19 on mining companies, there is also an increase in production costs; the application of tests, or the conditioning of areas for workers to carry out quarantine periods, the hiring of medical personnel or additional collaborators to cover absences due to quarantine or illness, means an increase in production costs. The increase in costs to cover labor biosecurity measures, medical attention and care are in the order 5% in some cases; although the impact of the cost increase has been largely offset by recent increases in the prices of metals such as gold, silver and copper (bNamericas, 2021).

According to the Economic Commission for Latin America and the Caribbean (ECLAC), many mining companies have gradually reduced their operations and are working with only the personnel necessary to provide continuity to critical operations and logistics, have suspended construction and project expansion activities, have postponed the development of new investment projects and have had difficulties with their supply chains. All this affects the extractive industry in the short and long term in a context of high uncertainty and volatility. The need to recover production levels could, however, lead to a relaxation of some fiscal, environmental and social requirements that regulate the impacts of the extractive industry (ECLAC, 2020).

Although mining activity in Guatemala is reduced and immobilized as a result of repeated conflicts arising from court rulings, it is not immune to the impacts of COVID-.
19. This affected the mining companies as the rest of the industries in Guatemala, which almost generally had to reduce the size of operations, which impacted not only the companies but also the income of the workers and their families; the pandemic only aggravated the situation of the mining companies, since as is generally known, the sector is still paralyzed, and there are no conditions in Guatemala to carry out exploration activities.... since 2008 there has been a total abandonment of the mining sector, since due to a de facto moratorium in force it is not possible to operate, with a Mining Directorate whose hands are tied due to these sentences of the Constitutional Court from the past period..."...". (Galvez, 2021).

Finally, it is important to note the impact of COVID-19 on the emerging Jade industry in Guatemala; in this regard the representative of the company Maya Tradition, expresses: "Our processes and products are strongly associated with the tourism sector; the Coronavirus affected us a lot because we had 77 employees and now we only have 28, we also had to close 6 of the stores, now we only have 4 open at the airport ... we had to make all the payments to employees, IGSS fees and everything else ... it will take us two or three years to recover" (Lou, 2021).

C.2 HEALTH IMPACTS ON THE SOCIAL ENVIRONMENT OF COMPANIES.

Regarding the impacts of COVID-19, in the field and administrative operations of the mining sector industries in Guatemala, it is important to address and describe the magnitudes of the health impacts of the COVID-19 pandemic in the geographic and social environment where the mining companies have influence, either by carrying out their main operations, granting royalties and/or executing development projects. In this case, information from the municipalities of the departments of: Izabal, San Marcos, Jalapa, Santa Rosa, El Progreso, Alta Verapaz, Chimaltenango, Guatemala, Zacapa and Jutiapa, where the companies *Pan American Silver Guatemala, S.A., Compañía Guatemalteca de Níquel CGN, Procesadora de Níquel de Izabal, PRONICO, Peña Rubia, S.A., Procesamiento de materias primas Sílice y Derivados de Centro América, S.A., SICASA, Montana Exploradora de Guatemala, S.A., Bonampak, S.A., and Elevar Resources, S.A.*, have a direct or indirect presence.

TABLE NO. 4 INFECTIONS AND DEATHS, IN MINING OPERATION AREAS AS OF DECEMBER 31, 2020

MUNICIPALITIES RECEIVING STATUTORY AND VOLUNTARY ROYALTIES	DETECTED	DEAD
JALAPA		
SAN CARLOS ALZATATE	8	0
SANTA ROSA		
SAN RAFAEL LAS FLORES	28	0
CUILAPA	327	11
BARBERENA	366	13
AVERAGE	240	8
IZABAL		
PORT BARRIOS	2846	132
MORALES	978	40
LIVINGSTON	171	11
THE STOR	358	9
THE AMATES	315	6
AVERAGE	934	40
ALTA VERAPAZ		
PANZÓS AV	68	2
PROGRESS		
SANARATE	583	2
GUATEMALA		
PALENCIA	557	15
CHIMALTENANGO		
SAN MIGUEL POCHUTA	35	3
SAN MARCOS		
SIPACAPA	36	0
SAN M. IXTAHUACÁN	90	1
AVERAGE	63	0.5
ZACAPA		
USUMATLAN	83	4
JUTIAPA		
ASSUMPTION MITA	444	17

Source: Own elaboration with data from the Ministry of Public Health and Social Assistance.

As can be seen, considering only the municipalities with the presence of mining companies, the municipalities Puerto Barrios, Morales, Sanarate, Palencia and Asunción Mita have the most infected inhabitants, with 2846, 978, 583, 557 and 444 cases, respectively; and the municipalities with the most deaths are Puerto Barrios, Morales Izabal and Asunción Mita, with 132, 40 and 17 deaths, respectively.

This situation is very worrying for companies in the mining sector, since the progressive expansion and worsening of the COVID-19 pandemic and its impacts will surely tend to generate greater situations of Maximum Alert or RED Traffic Light, which could limit for the immediate future, the normality not only of the social environment but also of the companies' operations.

C.3 IMPACT OF RESTRICTIONS ON OPERATIONS

In the active companies of the mining sector, the restrictions imposed by the provisions of the Guatemalan government as of March 13, 2020, did not significantly affect operations due to the organizational and production model of the companies. , the establishment of gauges and distancing did not affect operations due to the implementation of labor protection and biosafety mechanisms implemented at the work centers. The pandemic only aggravated the general problems of the companies in the mining sector, since work was paralyzed in the institutions responsible for expediting resolutions that allow the stabilization and regularization of business activities in the sector.

Carmen Urízar, Director of EIA Center and former Minister of Energy and Mines during the period 2007- 2008, states: "All productive activity in the country was affected and this because the way of living and working changed, and in this context of pandemic, mining activity worsened even more, after its already low production levels, even though it is a capital intensive activity and with little human capital, biosecurity measures had to be applied in the production and administration centers.... on the other hand, it is important to mention that mining activity in Guatemala was aggravated by decisions of the Judiciary, whose sentences paralyzed important projects, which has generated a permanent legal uncertainty for investors in the sector... The provision of new licenses was contained, especially for artisanal mining and construction materials. Construction was one of the hardest hit sectors and with it many people lost their jobs; in the most critical stage of the pandemic, family and business construction projects were paralyzed, in addition to the decrease in public investments, derived from the prioritization of spending to address the pandemic" (Urìzar, 2021).

In relation to non-metallic mining and related to the strategic construction sector, the General Manager of the Cement and Construction Materials Division says: "In our case, we did have to make many changes in the way we operated the plants and all the production systems due to the restrictions on schedules; permits were obtained from the government: if anything, we stopped operating for perhaps a week, but we did not stop the kilns, which are so important for production, and our product is basic for the economy, for the country, for growth. Small construction continued to work, so we had to continue supplying those materials. The crisis was very hard, but it was dealt with wisely. The country did not suffer so much and now we are seeing a huge rebound, at least in the construction sector is still very strong, we are in almost maximum demand, that is good news" (Orellana, 2021).

To conclude this section, it is important to highlight that the health and socioeconomic effects derived from COVID-19, as well as the effects derived from the restrictions and other state measures applied in Guatemala, had a significant impact on the national economy, causing a reduction in private consumption, a reduction in national and foreign private investment, a decrease in imports and exports, an increase in unemployment and, in general, a reduction in the national production of goods and services.

impacts affected to a greater or lesser degree the operations, economic flows and results of companies in Guatemala's extractive sector, specifically hydrocarbons and mining.

The reduction in the production volumes of the extractive companies has impacted the collection of fiscal income by the State, the receipt of quasi-fiscal income by the municipalities and other entities benefiting from fund transfers, the income of the companies' collaborators and their families, and the projects that the companies developed in the communities of their social environment. It is precisely under this environment and critical juncture, that the present evaluation is carried out and the corresponding EITI Guatemala Flexible Report is formulated.

C.4 INDIGENOUS PEOPLES, GENDER AND EXTRACTIVE INDUSTRIES IN GUATEMALA".

Guatemala is a multilingual, multiethnic country with many natural resources that make it a country of many opportunities. Of the total population, 43.8% is indigenous and of this, 43.8% is indigenous. 51.5 % are women

Current international standards indicate that states must adopt policies that guarantee the enjoyment of women's rights. There are currently different instances, formed at the global, regional and country levels, that seek to influence the articulation of initiatives that provide support to women in states that are vulnerable to extractive activities, there is a task of making gender issues visible and a marked strengthening of women's networks and indigenous movements that seek to strengthen their actions in benefit of protecting natural resources.

Based on relevant international standards and norms, we consider Convention 169 of the International Labor Organization, which in Article 31 declares the right to NON-discrimination based on gender in the application of the provisions of the agreement; in Articles 6 and 16 includes the right to prior consultation, especially aimed at respecting the territories occupied by indigenous peoples, also considering the women who live in them; and Article 20.3 refers to equal treatment and enjoyment of opportunities in employment and protection against sexual harassment.

Around the extractive activities in Guatemala, there is a gradual sensitization to the gender issue on the part of the companies and the inclusion of the issue in strategic plans and institutional policies designed that do not yet reflect an immediate implementation, but are gradually being incorporated into their work scheme; although progress has been made in the formulation of policies, concrete actions are needed in the business world to put them into practice and that can be evidenced in the reports that they present.

Currently, we can indicate that women from communities in the areas of influence of the companies have few possibilities of access to employment within the company, since the activities of the industry are designed mainly for men, considering the limited access to education and technical training for women in rural areas, limiting their academic and technical preparation, or specializations required by the companies in their collaborators.

We cannot deny that there is progress in the inclusion of gender in the extractive sector, mainly in terms of development opportunities and some jobs in administrative and logistics positions. But there is still a long way to go and we must continue to strengthen the issue.

The influence of the industry on native peoples is not well seen, due to the guarantee of their rights over their territory, the cosmovision of the peoples, where everything has life, requires respect for coexistence for the sustainability of natural resources, hence the importance of consultation with the peoples before the implementation of the different extractive processes that impact nature, and agreements between the parties for a successful intervention.

The Ministry of Labor and Social Welfare, under the direction of Minister Aura Leticia Teleguario (2016-2017) Maya Kaqchiquel woman, defender of the rights of women and indigenous peoples, promoted the design of the Guide for the consultation of indigenous peoples; in the same it was proposed the realization of dialogues where everyone wins, seeking the awareness of indigenous leaders who reject extractive activities, in their territories mainly related to the extractive industry; this guide seeks to make Convention 169 viable in the territory.

Extractive companies contribute to local development by implementing social programs in their area of influence and have personnel to provide care and support to the inhabitants of the communities. Attention to the population is basically focused on health and nutrition issues and improving living conditions.

Women in the communities can have access to medical care, medicines, counseling and technical training processes for local entrepreneurship. They provide care for children, support school activities, build or improve school and health infrastructure, and actions to promote small businesses contribute to the improvement of the family economy, especially for women.

Some companies contribute with the implementation of vegetable gardens, farms, as well as reforestation of water recharge areas or areas that they define together with community leaders, in addition to promoting sports and gender equity.

The companies' social actions are mainly focused on women and children who receive care or other benefits.

PERÍODO FISCAL

HYDROCARBONS 2020

2018

019

2020

202

02 **REQUISITO**
- Marco Legal e institucional incluyendo el otorgamiento de contratos y licencias

5.1 REQUIREMENT 2 LEGAL AND INSTITUTIONAL FRAMEWORK

The legal framework, already cited in detail at the beginning of this report, as it pertains to fiscal years 2018 and 2019.

03 **REQUISITO**
- Exploración y producción

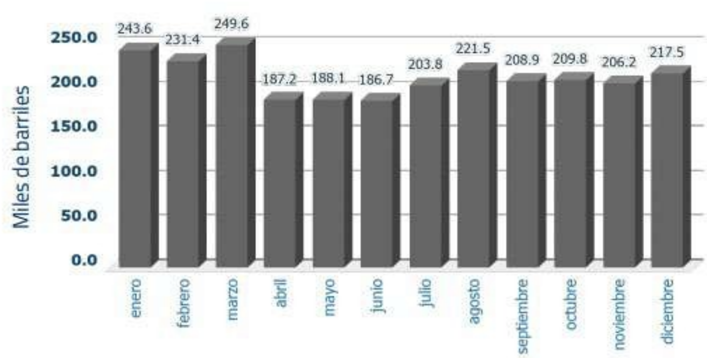
5.2 DOMESTIC EXPLORATION, PRODUCTION AND EXPORT

The EITI requires the disclosure of information on exploration and production, which allows interested parties to understand the potential of the sector. This requirement sets out information on exploration, production and export activities.

5.2.1 DOMESTIC OIL PRODUCTION

The following graph shows the national oil production for 2020 in thousands of barrels per month.

CHART NO. 3 MONTHLY CRUDE OIL PRODUCTION 2020



Source: Exploitation Department, General Directorate of Hydrocarbons.
Ministry of Energy and Mines Hydrocarbon 2020 Magazine
https://mem.gob.gt/wp-content/uploads/2021/04/2020-04-Revista-hidrocarburos-1.pdf

The following table oil reserves by contract and field.

TABLE NO. 5 OIL RESERVES

Contrato	Campo	Petróleo Original en Sitio	Recobro	Reservas probadas	Total Producido	Reservas Remanentes
		Barril	%	Barril	Barril	Barril
2-85	Xan	358,400,000.00	45%	161,280,000.00	140,218,503.00	21,061,497.00
2-2009	Rubelsanto	145,629,700.00	20%	29,125,940.00	10,392,809.35	18,733,130.65
	Chinaja Oeste	63,336,900.00	20%	12,667,380.00	7,912,389.17	4,754,990.83
	Caribe	12,765,570.00	20%	2,553,114.00	1,039,329.75	1,513,784.25
	Tierra Blanca	111,845,700.00	15%	16,776,855.00	8,892,252.57	7,884,602.43
1-91	Chocop	80,380,000.00	15%	12,057,000.00	1,050,485.35	11,006,514.65
	Yalpemech	2,634,000.00	17%	447,780.00	321,630.66	126,149.34
1-2005	Atzam	4,357,259.00	20%	871,451.80	708,753.43	162,698.37
	TOTAL	**779,349,129.00**		**235,779,520.80**	**170,536,153.27**	**65,243,367.53**

9.6

CHART NO. 3.1 AVERAGE PRICES OF DOMESTIC CRUDE OIL, BY EXTRACTION WELLS

Source: Own elaboration. Data from the General Directorate of Hydrocarbons. MEM.

Depending on the crude extraction well, the price varies according to the level of acidity, thus the average prices (in US dollars) are shown in the graph above. The minimum price is US$21.53 and the maximum is US$47.52.

5.2.2 EXPORT

In a sustained manner for the last few years, oil exports have maintained a downward trend. For 2020, a drop of more than half a million barrels (564,930.68) is recorded, compared to the previous year.

TABLE 5.1 EXPORT

Año	Crudo Nacional
2015	3,179,592.73
2016	2,710,927.25
2017	2,873,972.43
2018	2,259,639.02
2019	1,964,643.57
2020	1,399,712.89

Source: Data from the General Directorate of Hydrocarbons MEM.

This trend is mainly due to the natural decline of the producing fields and the effects of the Covid-19 pandemic.

TABLE 5.2 MONTHLY EXPORTS OF PETROLEUM AND PETROLEUM PRODUCTS IN 2020

Exports of oil and oil products show an increase in the months in which crude oil exports take place.

Unidad: Barril (42 galones)

Año	Mes	Crudo Nacional	Gas Licuado de Petróleo	Asfalto	Gasolina Superior	Gasolina Regular	Diesel	Otros	Total mensual
2020	1	280,165.99	135,588.71	30,707.62	30,545.54	68,348.90	6,544.16	3,930.57	**555,831.49**
2020	2	0.00	126,850.48	44,452.12	0.00	4,547.69	0.00	4,602.10	**180,452.39**
2020	3	0.00	142,336.76	42,786.14	7,961.81	375.88	23,003.53	27,375.52	**243,839.64**
2020	4	268,164.46	111,399.55	9,415.07	0.00	0.00	0.00	187.31	**389,166.39**
2020	5	0.00	102,011.76	8,412.43	0.00	0.00	0.00	210.25	**110,634.44**
2020	6	0.00	111,567.90	18,603.98	0.00	0.00	0.00	1,858.21	**132,030.09**
2020	7	280,773.95	124,775.43	29,423.70	0.00	0.00	3,380.95	1,677.61	**440,031.64**
2020	8	281,760.90	116,643.79	29,587.19	3,981.66	19,993.38	166.67	0.00	**452,133.59**
2020	9	0.00	116,793.64	43,311.80	0.00	0.00	14,684.02	351.93	**175,141.39**
2020	10	0.00	131,202.33	42,005.94	0.00	0.00	380.95	3,049.50	**176,638.72**
2020	11	0.00	125,359.50	36,880.13	0.00	14,944.40	0.00	2,154.10	**179,338.13**
2020	12	288,847.59	130,332.79	42,967.67	0.00	0.00	523.81	2,147.02	**464,818.88**

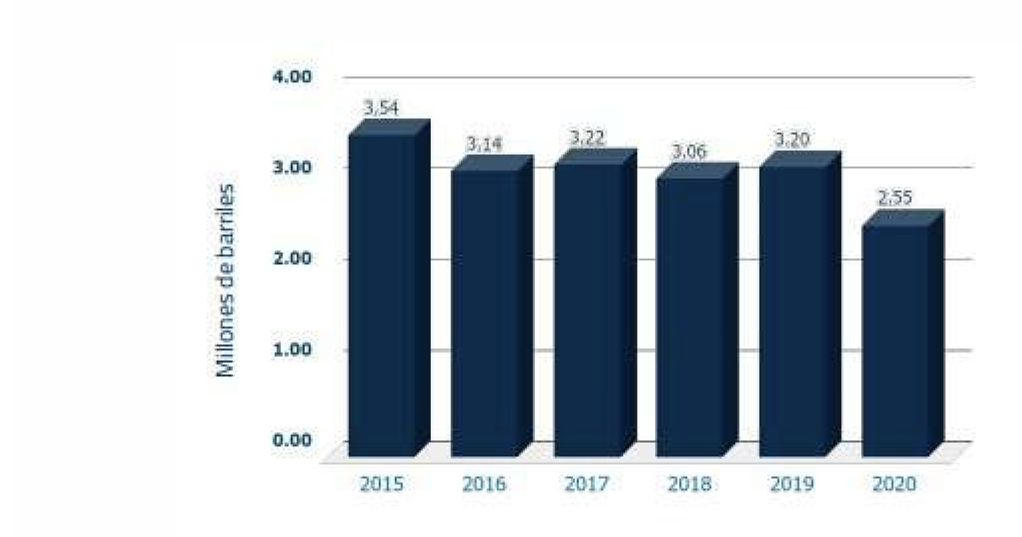
Source: Data from the Directorate of Hydrocarbons MEM
https://mem.gob.gt/wp-content/uploads/2021/04/2020-04-Revista-Hidrocarburos-1.pdf Page 17.

CHART NO. 3.2 ANNUAL FUEL EXPORTS

Source: Data from the General Directorate of Hydrocarbons of MEM.

Graph No. 3.2 shows the drop in exports during the period 2015 to 2020.

CHART NO. 3.3 ANNUAL CRUDE OIL PRODUCTION 2015 TO 2020



Source: Exploitation Department, General Directorate of Hydrocarbons.
Ministry of Energy and Mines Hydrocarbon 2020 Magazine
https://mem.gob.gt/wp-content/uploads/2021/04/2020-04-Revista-hidrocarburos-1.pdf

5.3 REQUIREMENT 4. REVENUE COLLECTION

The EITI requires disclosures on company payments and government revenues from extractive industries.

Understanding that company payments and government revenues can make the public debate extractive industry governance more informed. EITI requires comprehensive disclosures of company payments and government revenues from the extractive industry.

For the purposes of this report, information from two companies that have joined the study has been taken into account: PERENCO Guatemala Limited and City Petén, S. de R.L. Below is the information that the participating companies in the hydrocarbon sector have reported for this study.

5.3.1 Comprehensive tax and income disclosures

PERENCO Guatemala Limited is one of the most representative companies in the production of hydrocarbons in the country.

PERENCO Guatemala Limited

The following table shows a breakdown of royalties for 2020, according to the contract assigned to the company.

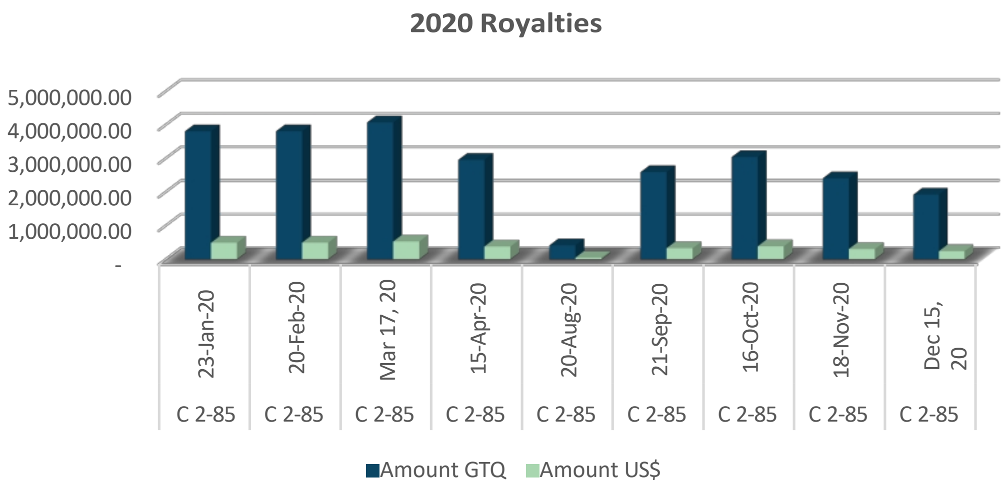
TABLE NO. 6 ROYALTIES BY CONTRACT AND PAYMENT DATE

2020 Royalties			
Contract	Payment Date	Amount GTQ	Amount US$
2-85	23-Jan-20	3,811,982.15	495,921.14
2-85	20-Feb-20	3,814,861.62	499,185.00
2-85	Mar 17, 20	4,078,237.05	533,552.74
2-85	15-Apr-20	2,961,223.91	384,201.31
2-85	May-20	-	-
2-85	Jun-20	-	-
2-85	Jul-20	-	-
2-85	20-Aug-20	420,304.87	54,585.19
2-85	21-Sep-20	2,596,831.24	334,380.35
2-85	16-Oct-20	3,046,194.43	391,425.48
2-85	18-Nov-20	2,412,212.04	310,053.09
2-85	Dec 15, 20	1,927,275.13	247,188.60
Total 2020		25,069,122.44	3,250,492.90

Source: Own elaboration, with data from PERENCO Guatemala Limited.

In 2020, royalties amounted to US$3,250,492.

CHART NO. 4 ROYALTIES PAID TO THE STATE, BY MONTH, 2020



Source: Own elaboration, with data provided by PERENCO Guatemala Limited. (We can observe that there are no royalties for the month of May, June and July).

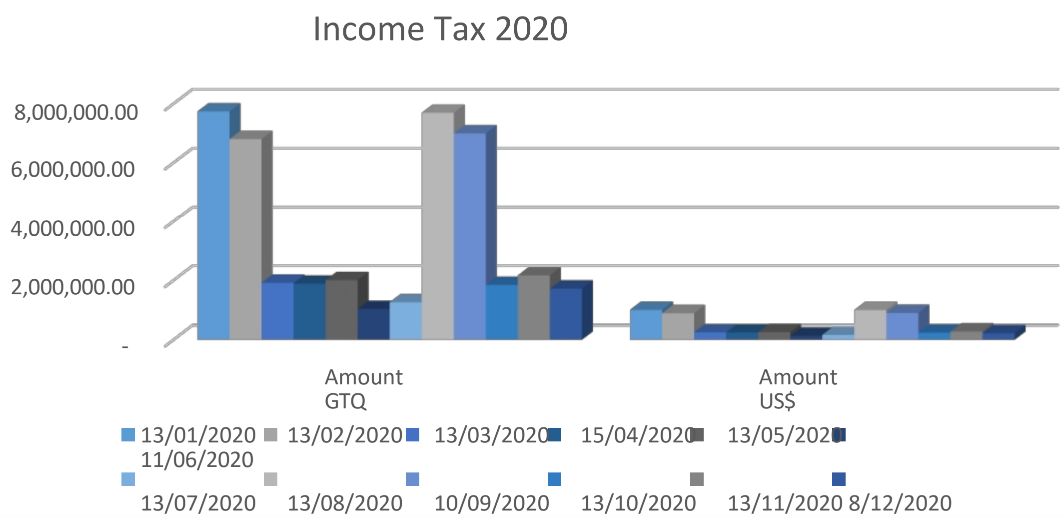
TABLE NO. 6.1 INCOME TAX

Income Taxes 2020		
Payment Date	Amount GTQ	Amount US$
13/01/2020	7,738,887.39	1,006,357.27
13/02/2020	6,803,038.66	893,960.41
13/03/2020	1,918,125.52	251,227.97
15/04/2020	1,884,904.88	245,430.33
13/05/2020	2,004,864.70	261,050.10
11/06/2020	1,038,533.34	135,225.70
13/07/2020	1,263,146.60	164,068.66
13/08/2020	7,692,182.62	1,001,586.28
10/09/2020	6,995,576.75	903,821.29
13/10/2020	1,843,796.25	237,602.61
13/11/2020	2,168,315.83	279,422.15
8/12/2020	1,720,574.58	221,153.54
Total 2020	43,071,947.12	5,600,906.31

Source: Own elaboration, with data provided by PERENCO Guatemala Limited.

Income Tax is the tax that is levied on income or profits obtained by individuals, legal entities, entities or national or foreign assets, whether or not residing in Guatemala. In this graph we can see that the total amount of taxes paid by PERENCO Guatemala Limited amounted to US$5,600,906.31 in 2020.

CHART NO. 4.1 INCOME TAX, PAID PER MONTH, IN 2020



Source: Own elaboration, with data provided by PERENCO Guatemala Limited.

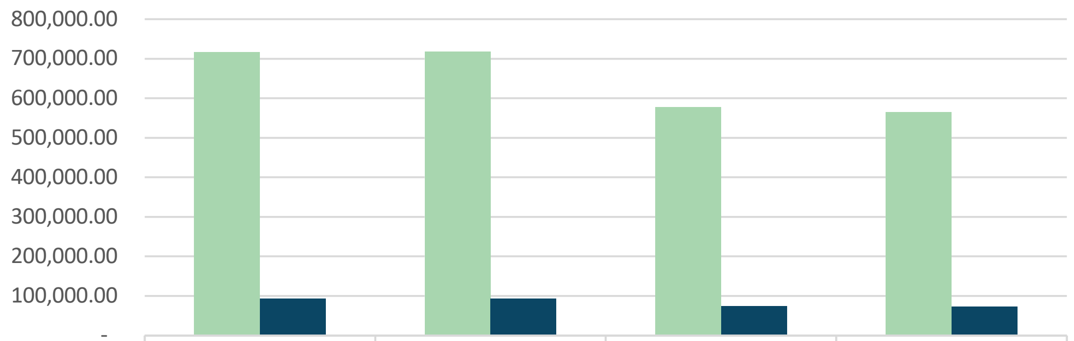
TABLE 6.2 MANDATORY FEES AND PAYMENTS TO STRENGTHEN SUPERVISION AND OVERSIGHT BY THE MINISTRY OF ENERGY AND MINES

Mandatory fees and payments - To strengthen supervision and oversight 2020			
Contract	Payment Date	Amount GTQ	Amount US$
1-19	23-Jan-20	716,610.56	93,227.70
1-19	15-Apr-20	717,587.12	93,102.69
1-19	31-Jul-20	577,278.31	74,886.50
1-19	16-Oct-20	564,811.81	72,576.37
Total 2020		2,576,287.80	333,793.26

Source: Own elaboration, with data provided by PERENCO Guatemala Limited.

In 2020 PERENCO Guatemala Limited reported a total amount of US$ 333,793.26 in fees and mandatory payments, corresponding to strengthen the supervision and oversight of the Ministry of Energy and Mines.

CHART NO. 4.2 FEES AND MANDATORY PAYMENTS TO STRENGTHEN SUPERVISION AND OVERSIGHT OF THE MINISTRY OF ENERGY AND MINES BY MONTH, YEAR 2020



	23-Jan-20 C 1-19	15-Apr-20 C 1-19	31-Jul-20 C 1-19	16-Oct-20 C 1-19
Amount GTQ	716,610.56	717,587.12	577,278.31	564,811.81
Amount US$	93,227.70	93,102.69	74,886.50	72,576.37

Source: Own elaboration data provided by PERENCO Guatemala Limited.

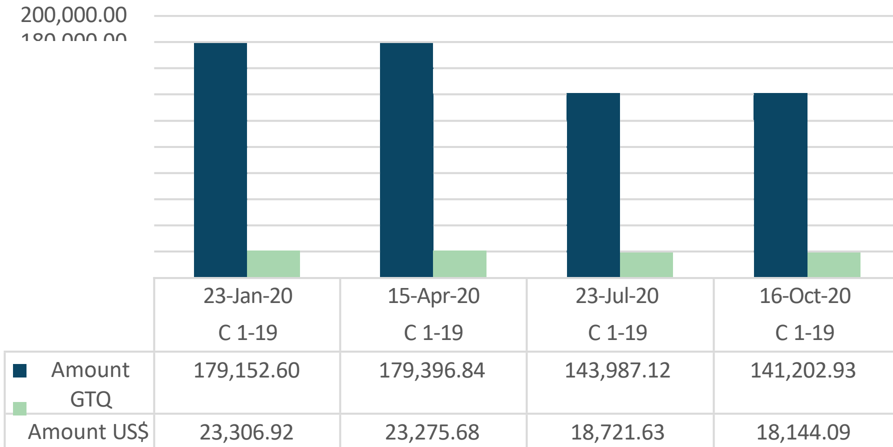
A.4 Mandatory Fees and Payments FONPETROL

TABLE 6.3 PAYMENTS TO FONPETROL, IN 2020

Mandatory Fees and Payments -FONPETROL			
Contract	Payment Date	Amount GTQ	Amount US$
1-19	23-Jan-20	179,152.60	23,306.92
1-19	15-Apr-20	179,396.84	23,275.68
1-19	23-Jul-20	143,987.12	18,721.63
1-19	16-Oct-20	141,202.93	18,144.09
Total 2020		643,739.49	83,448.32

Source: Own elaboration data provided by PERENCO Guatemala Limited.

CHART NO. 4.3 PAYMENTS TO FONPETROL, IN 2020 (IN QUETZALES AND U.S. DOLLARS)



Source: Own elaboration data provided by PERENCO Guatemala Limited.

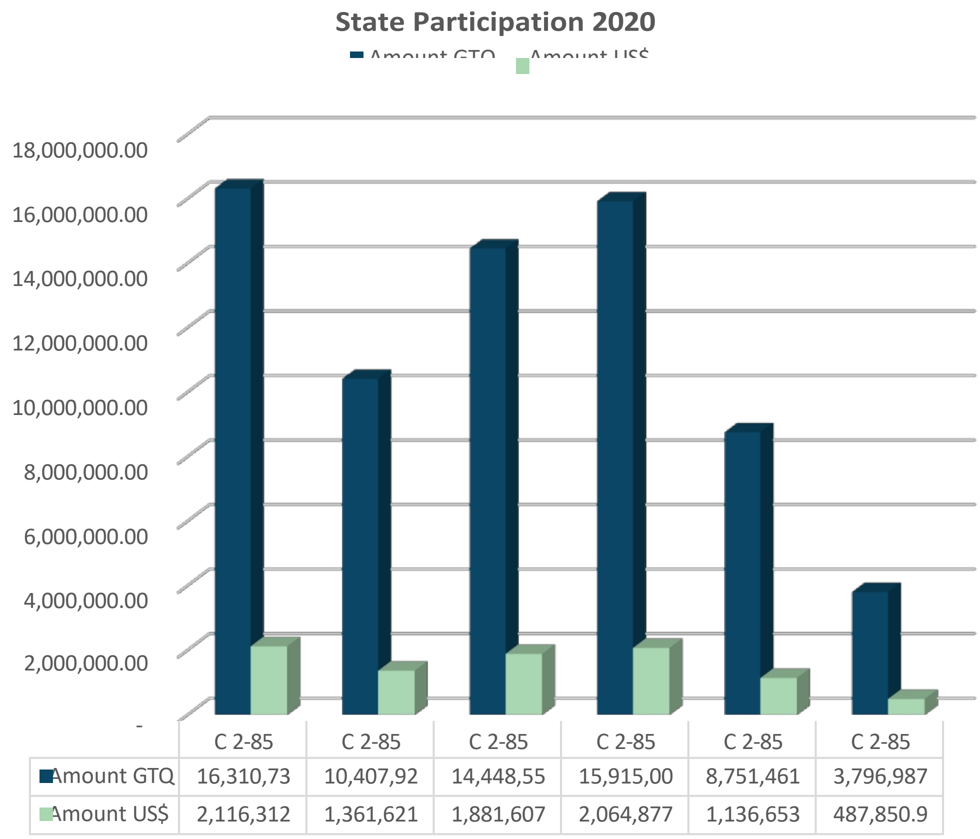
PERENCO Guatemala Limited in 2020 reports payments of fees and mandatory payments of US$ 83,448.32 thousand U.S. dollars corresponding to the Contract to Operate and Manage the Stationary Hydrocarbon Transportation System 1-19.

TABLE 6.4 GOVERNMENT PARTICIPATION OF PERENCO GUATEMALA LIMITED

State Participation 2020			
Contract	Payment Date	Amount GTQ	Amount US$
C 2-85	6-Jan-20	16,310,737.73	2,116,312.48
C 2-85	11-Feb-20	10,407,924.78	1,361,621.92
C 2-85	28-Feb-20	14,448,559.63	1,881,607.07
C 2-85	15-Apr-20	15,915,003.58	2,064,877.70
C 2-85	15-May-20	8,751,461.34	1,136,653.80
C 2-85	12-Nov-20	3,796,987.69	487,850.93
Total 2020		69,630,674.75	9,048,923.90

Source: Own elaboration with data reported by PERENCO Guatemala Limited.

CHART NO. 4.4 STATE PARTICIPATION PAYMENTS, YEAR 2020



Source: Own elaboration with data reported by PERENCO Guatemala Limited.

PERENCO Guatemala Limited reports a participation to the State of $9,048,923.90, as a total amount for 2020. 9,048,923.90, as the total amount of 2020.

CITY PETÉN, S. DE R.L.

The following is a breakdown of the payments made by City Petén, S. de R.L. for this report corresponding to 2020.

B.1 Tax and contribution disclosures

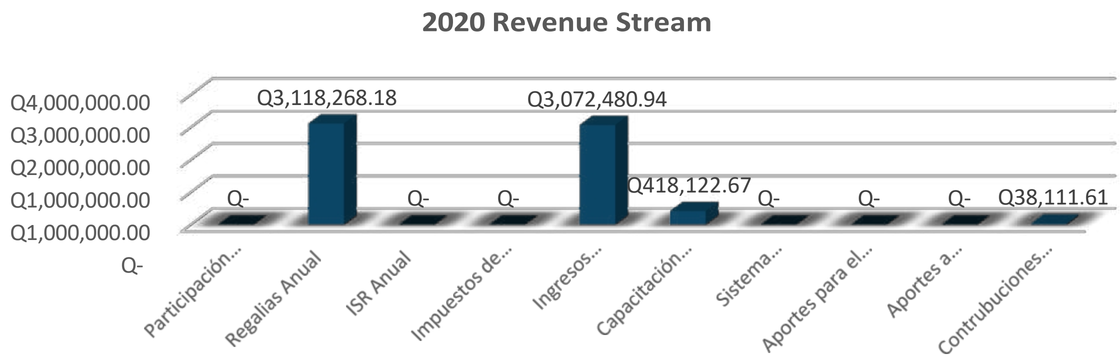
TABLE 6.5 PAYMENTS AND GENERAL DATA OF CITY PETÉN, S. DE R.L.

Revenue Flow	2020 Amount
State share of production min. 30%, annual	Q -
Annual royalties	Q 3,118,268.18
Annual income tax	Q -
Stamp taxes	Q -
Proprietary income (fees per hectare and fundcap), annual and per hectare charges	Q 3,072,480.94
Training of Guatemalan personnel	Q 418,122.67
Stationary Transportation System (SETH)	Q -
Total	Q 6,608,871.79
Contributions for the jungle battalion, Guatemalan Army Contributions for reforestation to CONAP	Q -
Contributions to municipalities	Q -
Voluntary contributions for development: School infrastructure projects.	Q 38,111.61

Source: Own elaboration, based on data provided by City Petén, S. de R.L.

The company reports royalty payments of Q3,118,268.18 for 2020. Regarding municipal royalties, the company contributed Q38,111.61 for 2020.

CHART NO. 4.5 PAYMENTS AND GENERAL DATA OF CITY PETÉN, S. DE R.L., YEAR 2020



Source: Own elaboration, based on data provided by City Petén, S. de R.L.

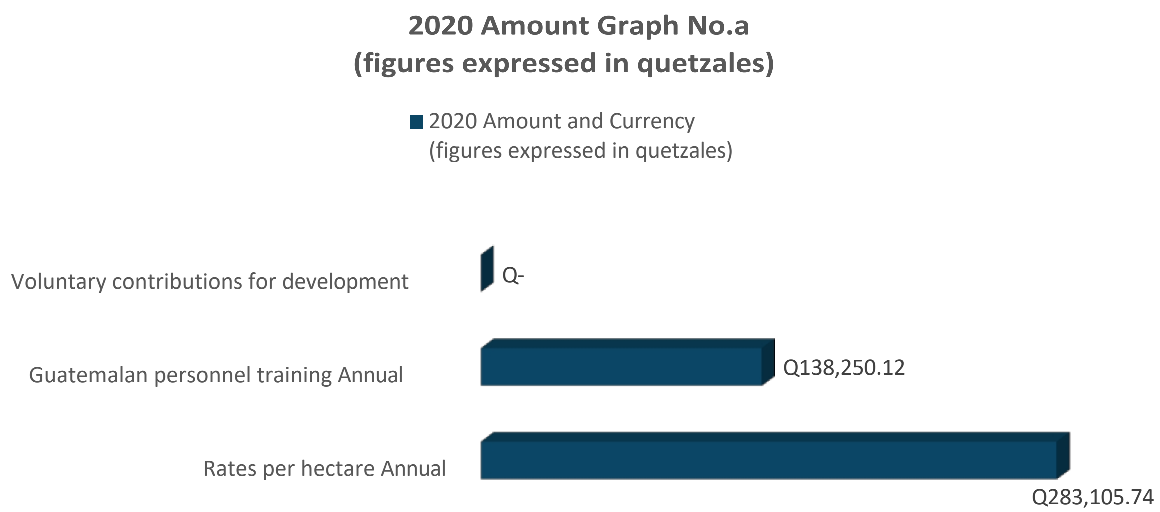
The company also reports other types of contributions on fees for hectares and training of Guatemalan personnel, as shown in the following table.

TABLE 6.6 PAYMENTS MADE, CITY PETÉN, S. DE R.L. IN 2020

Revenue Flow	2020	
	Amount and Currency	
Rates per hectare Annual	Q	283,105.74
Training Guatemalan personnel Annual	Q	138,250.12
Voluntary contributions for development	Q	-
Total	Q	421,355.86

Source: Own elaboration, based on data provided by City Petén, S. de R.L.

CHART NO. 4.6 PAYMENTS MADE, CITY PETÉN, S. DE R.L. IN 2020



Source: Own elaboration, data provided by City Petén, S. R. L: Own elaboration, data provided by City Petén, S. de R.L.

The company City Petén, S. de R.L. reports a total amount of Q421,355.86 l, in payments of fees per hectare per year, payments for training and voluntary contributions.

5.3.2 REVENUES FROM THE OPERATION AND ADMINISTRATION OF THE STATIONARY HYDROCARBON TRANSPORTATION SYSTEM

On June 14, 2019, was signed between the Ministry of Energy and Mines and PERENCO Guatemala Limited the Contract to Operate and Manage the Stationary Hydrocarbon Transportation System -SETH-.

The pipeline is directly in charge of transporting crude oil from the Xan and Rubelsanto wells to the Piedras Negras terminal (TPN). This pipeline is approximately 500 kilometers long with 12 and 10 inch pipes, and is administratively divided into two zones: the northern OLN pipeline, which includes the Xan-Libertad pipeline, which belongs to Contract 2-85 and Libertad-Raxruhá, for a total of 238 kilometers. The southern oil pipeline zone "OLS", which comprises the Rubelsanto - Piedras Negras Terminal pipeline with 235 kilometers, the change in diameter of the pipeline occurs in the PK-94 of the OLS, storage capacities are: in the Xan field, Petén of Contract 2-85 with a storage capacity of 100,000 barrels of oil and in the Piedras Negras Terminal with a storage capacity of 430,000 barrels of oil.

The crude oil is transported through the pipeline, passing through pumping stations whose main function is to increase the pressure of the flow to improve displacement: Tamariz, Nance, Raxruhá, Chahal, Semox and Río Frío. The main stations (Nance, Raxruhá and Semox) store the crude and then increase its pressure to about 1,300 pounds force per square inch (OLN) or about 1,150 pounds force per square inch (OLS). Secondary stations (Tamariz, Chahal and Río Frío) come into operation depending on the production, especially the properties of the crude.

At the Nance station, due to the fact that several products are injected at La Libertad refinery, including reduced crude. The residue of crude with an API of 5.5 mixes unevenly with the rest of the crude pumped from Xan and makes it difficult to move along the rest of the pipeline, creating potholes that cause restrictions in the movement. During the cold season (November to February), the viscosity of the product is even more affected, especially in the Nance - Raxruhá section (115.64 kilometers of pipeline, 99 percent of which is buried).

CHART NO. NO. 4.7 RUBELSANTO PIPELINE MAP

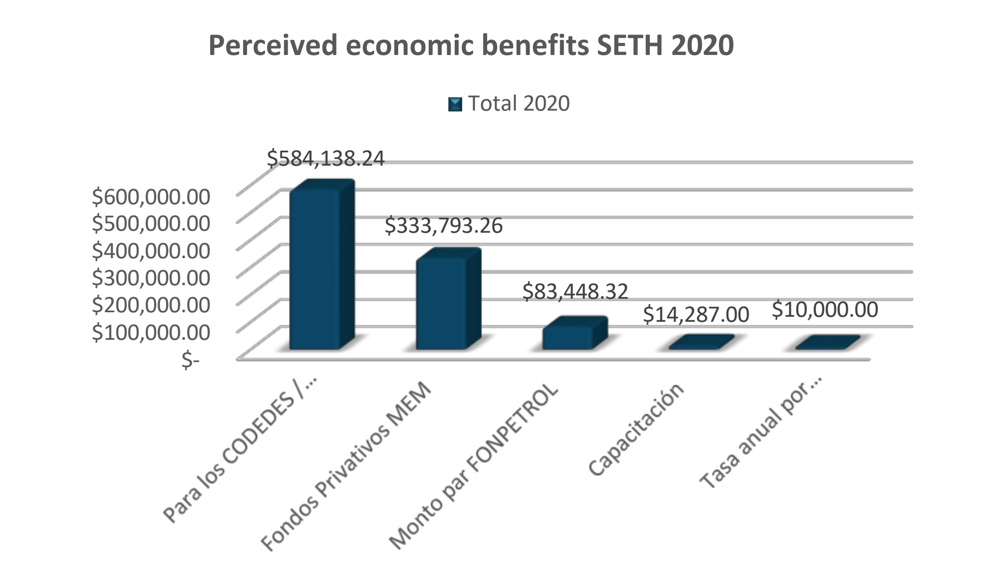
Source: Ministry of Energy and Mines.

TABLE 6.7 BENEFITS REPORTED FOR PAYMENTS ASSOCIATED WITH THE STATIONARY HYDROCARBON TRANSPORTATION SYSTEM (SETH)

Economic benefits received from the operation and administration of the stationary hydrocarbon system -SETH- 2020					
Year	For CODEDES / Municipalities in whose jurisdiction passes the SETH	MEM Private Funds	Amount for FONPETROL	Training	Annual fee for SETH administration and operation
Total 2020	$ 584,138.24	$ 333,793.26	$ 83,448.32	$ 14,287.00	$ 10,000.00

Source: Ministry of Energy and Mines.

CHART NO. 4.8 PAYMENTS ASSOCIATED WITH THE OPERATION OF THE STATIONARY HYDROCARBON TRANSPORT SYSTEM (SETH)



Source: Ministry of Energy and Mines.

The Ministry of Energy and Mines, through its General Directorate of Hydrocarbons, reports economic revenues for the operation and administration of the Stationary Hydrocarbon Transportation System -SETH-, for 2020 totaling US$584,138.24.

5.4 REQUIREMENT 5. INCOME DISTRIBUTION

The EITI requires disclosure of information related to revenue distribution, enabling stakeholders to understand how revenues are recorded in national and, where appropriate, subnational budgets, as well as to understand where corporate social expenditures end up.

5.4.1 Mandatory fees and payments:

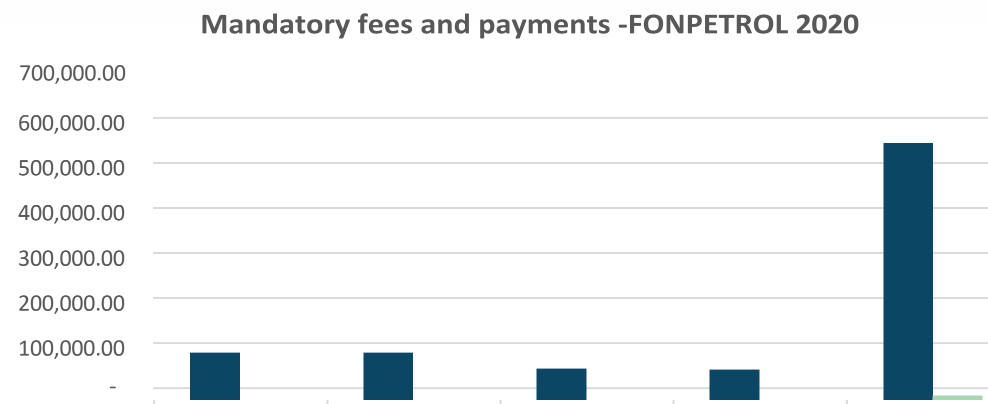
PERENCO Guatemala Limited reports that in contracts 1-19 the total payment of fees and mandatory payments to FONPETROL was 5% for a total amount of $US 83,448.32.

TABLE NO.7 PAYMENTS TO FONPETROL. CONTRACT 1-19

Mandatory Fees and Payments -FONPETROL			
Contract	Payment Date	Amount GTQ	Amount US$
1-19	23-Jan-20	179,152.60	23,306.92
1-19	15-Apr-20	179,396.84	23,275.68
1-19	23-Jul-20	143,987.12	18,721.63
1-19	16-Oct-20	141,202.93	18,144.09
Total 2020		643,739.49	83,448.32

Source: Own elaboration with data reported by Guatemala Limited.

CHART NO. 5 PAYMENTS TO FONPETROL. CONTRACT 1-19 IN QUETZALES AND U.S. DOLLARS



	23-Jan-20 C 1-19	15-Apr-20 C 1-19	23-Jul-20 C 1-19	16-Oct-20 C 1-19	Total 2020
Amount GTQ	179,152.60	179,396.84	143,987.12	141,202.93	643,739.49
Amount US$	23,306.92	23,275.68	18,721.63	18,144.09	83,448.32

Source: Own elaboration based on data of payments to FONPETROL.

5.4.2 Training payments

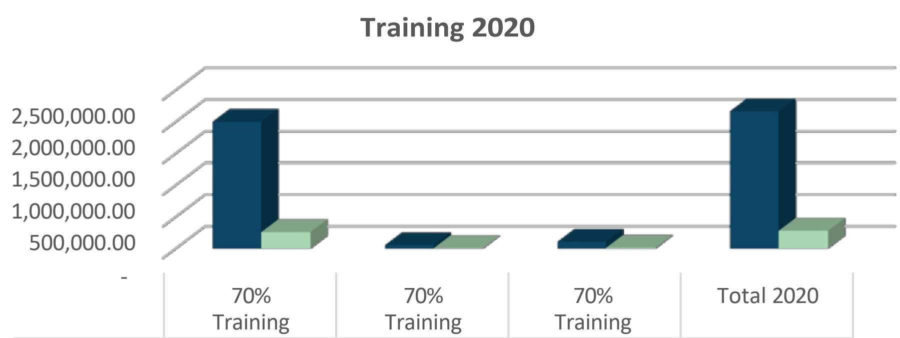
PERENCO Guatemala Limited reports contributions for training Guatemalan personnel in its Contracts 2-85, 1-89 and 1-19 for 2020 for a total amount of US$ 281,445,000.

TABLE 7.1 PERSONNEL TRAINING PAYMENTS CONTRACT 1-19

Training 2020				
Training % Training % Training	Contract	Payment Date	Amount GTQ	Amount US$
70% Training	2-85	15/01/2020	2,001,998.29	259,938.00
70% Training	1-89	15/01/2020	55,611.06	7,220.50
70% Training	1-19	15/01/2020	110,036.05	14,287.00
Total 2020			2,167,645.40	281,445.50

Source: Own elaboration with data reported by PERENCO Guatemala Limited.

CHART NO. 5.1 TRAINING PAYMENTS, CONTRACTS 2-85, 1-89 AND 1-19 IN QUETZALES AND U.S. DOLLARS



	70% Training	70% Training	70% Training	Total 2020
Amount GTQ	2,001,998.29	55,611.06	110,036.05	2,167,645.40
Amount US$	259,938.00	7,220.50	14,287.00	281,445.50

Source: Own elaboration with data reported by PERENCO Guatemala Limited.

The following is a detail of the payments reported by municipalities from hydrocarbon companies, during fiscal year 2020.

TABLE NO. 7.2 PAYMENTS RECEIVED FROM MUNICIPAL HYDROCARBON GOVERNMENTS

MUNICIPALITY	Amount of contributions
La Libertad	Q263,255.56
Chisec *(Hydrocarbon)*	Q450,563.79
Raxruhá *(Hydrocarbon)*	Q450,563.79
Fray Bartolomé de	Q450,563.71
Total 2020	[illegible]

Source: Own elaboration, with data reported by each municipality.

For the purposes of this report, information has been requested from different municipalities, which have voluntarily reported the amounts received from the hydrocarbon companies.

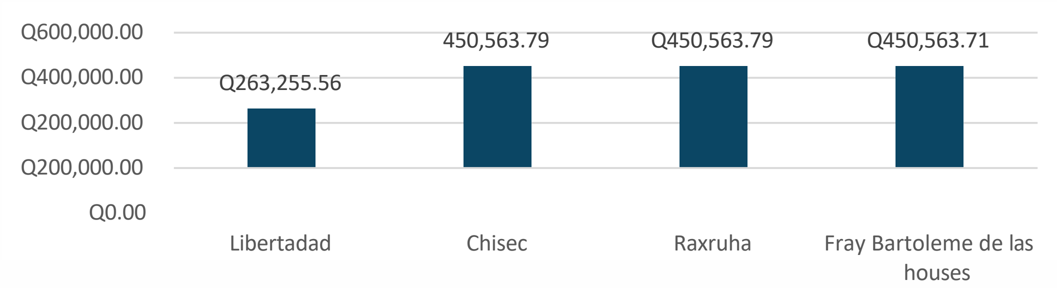
The following is a detail of the payments reported by municipalities from hydrocarbon companies, during fiscal year 2020.

TABLE NO. 7.2 PAYMENTS RECEIVED BY MUNICIPAL GOVERNMENTS FROM THE HYDROCARBON SECTOR

MUNICIPALITY	Company Name	Amount of contributions
La Libertad	PERENCO Guatemala Limited	Q 263,255.56
Chisec *(Hydrocarbon)*	PERENCO Guatemala Limited	Q 450,563.79
Raxruha *(Hydrocarbon)*	PERENCO Guatemala Limited	Q 450,563.79
Fray Bartolomé de the Houses	PERENCO Guatemala Limited	Q 450,563.71
	PERENCO Guatemala Limited	
Total 2020		Q 1,619,533.84

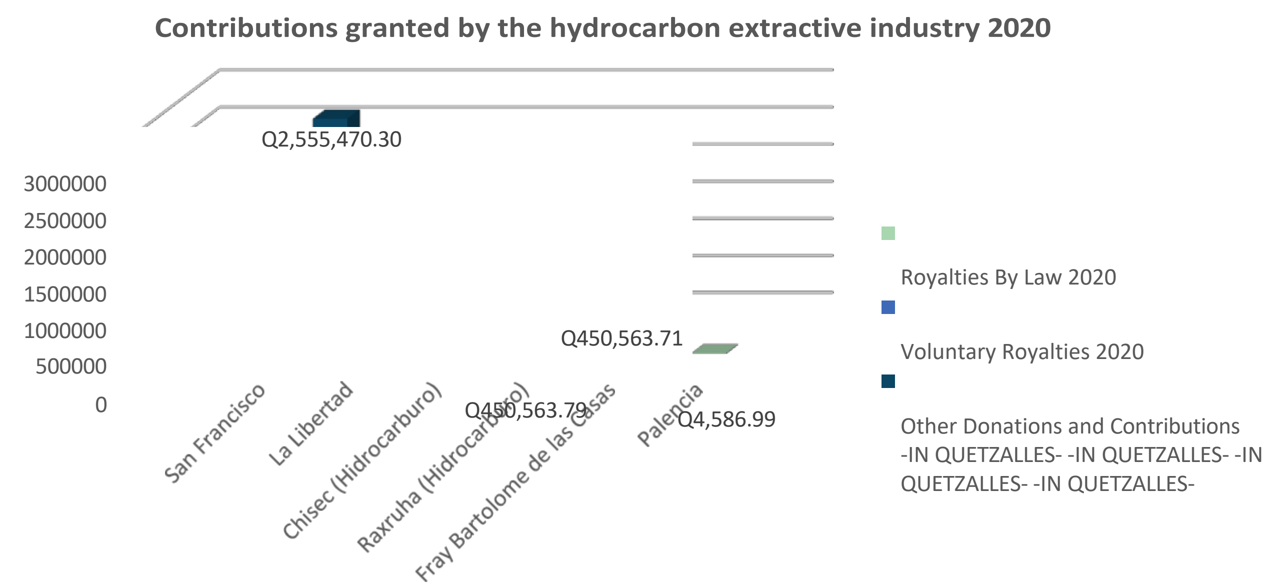
Source: Own elaboration with data reported by each municipality.

CHART NO. 5.2 PAYMENTS RECEIVED BY MUNICIPAL GOVERNMENTS FROM THE HYDROCARBON SECTOR



Source: Own elaboration with data reported by each municipality.

CHART NO. 5.3 PAYMENTS TO MUNICIPAL GOVERNMENTS, IN 2020



Source: Own elaboration with data reported by each municipality.

The municipal governments that submitted information received a total of Q1,619,533.84 in contributions for the year 2020. The municipality that received the largest amount was that of San Francisco, Petén.

5.5 REQUIREMENT

6. SOCIAL AND ECONOMIC COSTS OF HYDROCARBON COMPANIES

5.6.1 Contribution to social development

PERENCO Guatemala Limited reports that in its contract 1-19, it has contributed with quarterly contributions to social development. Below, the information corresponding to 2020 is presented in a disaggregated manner.

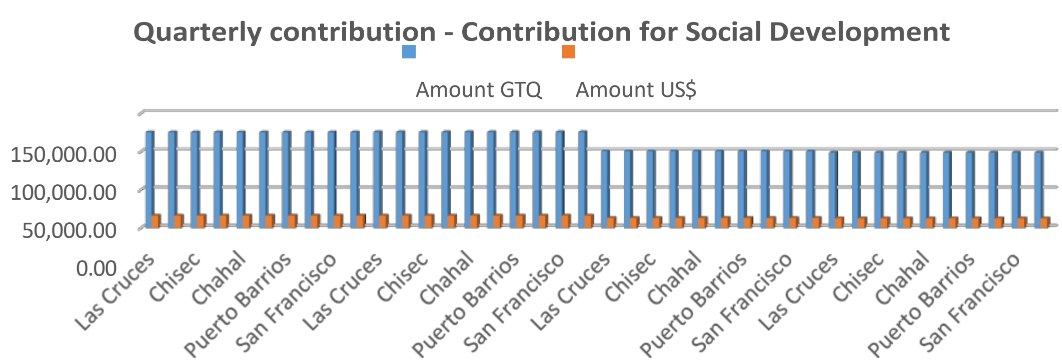
TABLE NO. 8 QUARTERLY CONTRIBUTION - CONTRIBUTION FOR SOCIAL DEVELOPMENT PERENCO GUATEMALA LIMITED TO MUNICIPALITIES 2020

Quarterly Contribution - Contribution for Social Development PERENCO Guatemala Limited to Municipalities 2020				
Municipalities	Contract	Payment Date	Amount GTQ	Amount US$
Las Cruces	1-19	23/01/2020	125,406.87	16,314.85
Fray Bartolomé de Las Casas	1-19	23/01/2020	125,406.87	16,314.85
Chisec	1-19	23/01/2020	125,406.87	16,314.85
Raxruha	1-19	23/01/2020	125,406.87	16,314.85
Chahal	1-19	23/01/2020	125,406.87	16,314.85
Livingston	1-19	23/01/2020	125,406.79	16,314.84
Puerto Barrios	1-19	23/01/2020	125,406.79	16,314.84
Sayaxche	1-19	23/01/2020	125,406.87	16,314.85
San Francisco	1-19	23/01/2020	125,406.87	16,314.85
La Libertad	1-19	23/01/2020	125,406.87	16,314.85
Las Cruces	1-19	15/04/2020	125,577.74	16,292.97
Fray Bartolomé de Las Casas	1-19	15/04/2020	125,577.74	16,292.97
Chisec	1-19	15/04/2020	125,577.74	16,292.97
Raxruha	1-19	15/04/2020	125,577.74	16,292.97
Chahal	1-19	15/04/2020	125,577.74	16,292.97
Livingston	1-19	15/04/2020	125,577.74	16,292.97
Puerto Barrios	1-19	15/04/2020	125,577.82	16,292.98
Sayaxche	1-19	15/04/2020	125,577.74	16,292.97
San Francisco	1-19	15/04/2020	125,577.74	16,292.97
La Libertad	1-19	15/04/2020	125,577.74	16,292.97

Las Cruces	1-19	24/07/2020	100,760.57	13,105.14
Fray Bartolomé de Las Casas	1-19	24/07/2020	100,760.57	13,105.14
Chisec	1-19	24/07/2020	100,760.57	13,105.14
Raxruha	1-19	24/07/2020	100,760.57	13,105.14
Chahal	1-19	24/07/2020	100,760.57	13,105.14
Livingston	1-19	24/07/2020	100,760.57	13,105.14
Puerto Barrios	1-19	24/07/2020	100,760.50	13,105.13
Sayaxche	1-19	24/07/2020	100,760.57	13,105.14
San Francisco	1-19	24/07/2020	100,760.57	13,105.14
La Libertad	1-19	24/07/2020	100,760.57	13,105.14
Las Cruces	1-19	22/10/2020	98,818.53	12,700.86
Fray Bartolomé de Las Casas	1-19	22/10/2020	98,818.61	12,700.87
Chisec	1-19	22/10/2020	98,818.61	12,700.87
Raxruha	1-19	22/10/2020	98,818.61	12,700.87
Chahal	1-19	22/10/2020	98,818.61	12,700.87
Livingston	1-19	22/10/2020	98,818.61	12,700.87
Puerto Barrios	1-19	22/10/2020	98,818.61	12,700.87
Sayaxche	1-19	22/10/2020	98,818.53	12,700.86
San Francisco	1-19	22/10/2020	98,818.53	12,700.86
La Libertad	1-19	22/10/2020	98,818.53	12,700.86
Total 2020			4,505,637.43	584,138.24

Source: Own elaboration with data reported by PERENCO Guatemala Limited: Own elaboration with data reported by PERENCO Guatemala Limited.

CHART NO. 6 QUARTERLY CONTRIBUTION - CONTRIBUTION FOR SOCIAL DEVELOPMENT PERENCO GUATEMALA LIMITED TO MUNICIPALITIES 2020



Source: Own elaboration with data reported by PERENCO Guatemala Limited.

The contributions to the Social Development Contribution of PERENCO Guatemala Limited amount to US $584,138.24 to different municipalities in the country.

5.6.2 Contributions Jungle Infantry Battalion

The Jungle Infantry Battalion carries out operations in the core zone of the natural reserve of the Mayan Biosphere "Laguna del Tigre National Park" in order to provide, together with other state institutions, the governance that allows the development and security of the area.

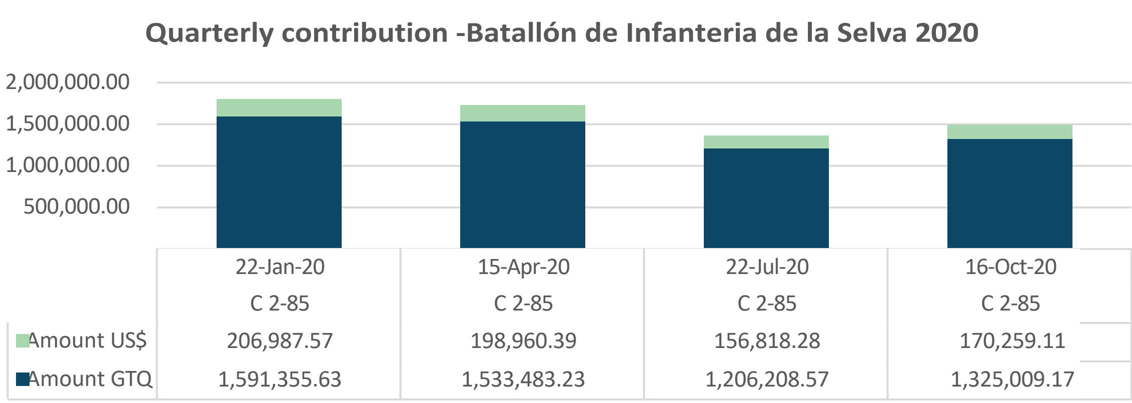
PERENCO Guatemala Limited in its contract 2-85 contributed US$ 733,025.35 for the protection of the Mayan Biosphere by 2020.

TABLE NO. 8.1 QUARTERLY CONTRIBUTION PERENCO GUATEMALA LIMITED - JUNGLE INFANTRY BATTALION 2020

Quarterly contribution - Jungle Infantry Battalion 2020			
Contract	Payment Date	Amount GTQ	Amount US$
2-85	22-Jan-20	1,591,355.63	206,987.57
2-85	15-Apr-20	1,533,483.23	198,960.39
2-85	22-Jul-20	1,206,208.57	156,818.28
2-85	16-Oct-20	1,325,009.17	170,259.11
Total 2020		5,656,056.60	733,025.35

Source: Own elaboration with data reported by PERENCO Guatemala Limited: Own elaboration with data reported by PERENCO Guatemala Limited.

CHART NO. 6.1 QUARTERLY CONTRIBUTION PERENCO GUATEMALA LIMITED - JUNGLE INFANTRY BATTALION 2020



Source: Own elaboration with data reported by PERENCO Guatemala Limited.

5.6.3. Laguna del Tigre National Park Contribution

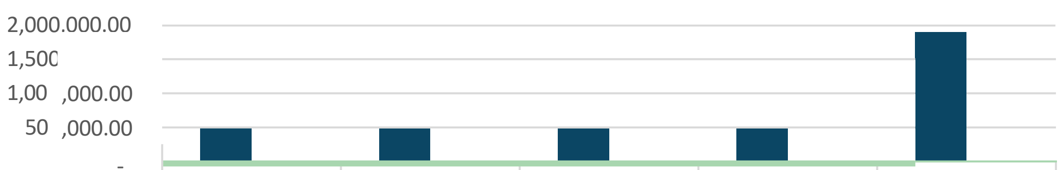
TABLE NO. 8.2 QUARTERLY CONTRIBUTION PERENCO GUATEMALA LIMITED
LAGUNA DEL TIGRE NATIONAL PARK / CONAP 2020

Contract	Payment Date	Amount GTQ	Amount US$
2-85	22-Jan-20	530,451.90	68,995.86
2-85	15-Apr-20	511,161.08	66,320.13
2-85	22-Jul-20	402,069.52	52,272.76
2-85	16-Oct-20	441,669.75	56,753.04
Total		1,885,352.25	244,341.79

Source: Own elaboration, with data reported by PERENCO Guatemala Limited.

The Xan field, located in the Laguna del Tigre reserve, is the most productive in the country. It is the one that generates the greatest benefits in terms of income for the State of Guatemala. PERENCO Guatemala Limited operates in 80 hectares of Laguna del Tigre National Park, which corresponds to 0.03% of the park's total area.

CHART NO. 6.2 QUARTERLY CONTRIBUTION PERENCO GUATEMALA LIMITED
LAGUNA DEL TIGRE NATIONAL PARK/CONAP 2020



	22-Jan-20 C 2-85	15-Apr-20 C 2-85	22-Jul-20 C 2-85	16-Oct-20 C 2-85	Total 2020
Series1	530,451.90	511,161.08	402,069.52	441,669.75	1,885,352.25
Series2	68,995.86	66,320.13	52,272.76	56,753.04	244,341.79

Source: Own elaboration, with data reported by PERENCO Guatemala Limited.

Currently, there are real threats from illegal activities that have taken over the area, such as drug trafficking, poaching, and deforestation associated with agriculture without permits. For this reason, the company contributed US$244,341.79 to CONAP to protect the area as a contribution to the environment.

TABLE NO. 9 GENERAL SUMMARY OF PAYMENTS MADE IN THE HYDROCARBONS SECTOR

Items	Companies	
	PERENCO GUATEMALA LIMITED 2020	City Petén, S. de R.L. 2020
Royalties	Q 25,069,122.44	Q 3,118,268.18
Donations and Contributions	Q -	Q -
Income tax	Q 43,071,947.12	Q -
Mandatory fees and payments to strengthen supervision and oversight	Q 2,576,287.80	
Annual fixed contribution Economic Development of the Nation FONPETROL contribution.	Q 13,425,039.16	
Mandatory fees and payments FONPETROL	Q 643,739.49	
State participation	Q 69,630,674.75	Q -
Contribution for social development to municipalities	Q 4,505,637.43	Q 38,111.61
Training	Q 2,167,645.40	Q 556,372.79
Proprietary income / hectare charges	Q -	Q 3,072,480.94
Rates per hectare	Q 379,466.08	Q 283,105.74
Quarterly contribution of MEM funds	Q -	Q -
Quarterly contribution -Batallón de Infantería de la Selva-.	Q 5,656,056.60	Q -
Quarterly contribution -Parque Laguna del Tigre / CONAP	Q 1,885,352.25	Q -

Source: Own elaboration with data reported by each company.

RESUMEN GENERAL DE PAGOS DEL SECTOR DE HIDROCARBUROS 2020

1. REGALÍAS
   2020
   Q28,187,390.62

2. DONACIONES Y APORTES
   2020
   Q0.00

3. IMPUESTO SOBRE LA RENTA
   2020
   Q43,071,947.12

4. IMPUESTO FIJO FONPETROL
   2020
   Q13,425,039.16

5. PARTICIPACIÓN ESTATAL
   2020
   Q69,630,674.75

6. CONTRIBUCIÓN PARA MUNICIPALIDADES
   2020
   Q4,543,749.04

7. APORTE TRISMETRAL FONDOS MEM
   2020
   Q0.00

8. APORTE TRIMESTRAL BATALLÓN DE INFANTERÍA LA SELVA
   2020
   Q5,656,056.60

9. APORTE TRIMESTRAL PARQUE LAGUNA DEL TIGRE
   2020
   Q1,885,352.25

PERÍODO FISCAL

MINING

2020

2018

019

2020

202

V. MINING

02 **REQUISITO**

- Marco Legal e institucional incluyendo el otorgamiento de contratos y licencias

The legal framework, already cited in detail at the beginning of this report, as it pertains to fiscal years 2018 and 2019.

This section also includes an analysis of the implications for the country's extractive industry of the provisions contained in the legislation affecting the extractive industry in Guatemala, specifically ILO Convention 169, which has affected the industry, especially the mining industry, due to the issue of community consultations.

The following is a review and update on the subject:

AGREEMENT 169

Convention 169 is an instrument of international law adopted by the International Labor Organization in 1989 and ratified to date by 22 countries around the world. Guatemala ratified it on June 5, 1996. The Convention establishes that the countries that ratify it commit themselves to take the necessary measures to guarantee that the indigenous peoples that inhabit their territories can *"maintain and strengthen their own cultures, ways of life and institutions, and their right to participate effectively in the decisions that affect them.*

In its Article 6, Convention 169 establishes that: *"In applying the provisions of this Convention, governments shall: a) consult the peoples concerned, through appropriate procedures and in particular through their representative institutions, whenever consideration is being given to legislative or administrative measures which may affect them directly"; and* then establishes that such consultations shall be carried out *"in good faith and in a manner appropriate to the circumstances, with the objective of achieving agreement or consent to the proposed measures".*

Since its ratification by the State of Guatemala, the issue of community consultations has been gaining relevance, due to its importance for the start-up of new and/or the continuity or expansion of investment of already established extractive sector companies in areas where there are indigenous communities. Since then, the debate has revolved around issues such as: the absence of a regulation that establishes the procedures for carrying out the consultations and/or the need or not to issue such specific regulation.

Several efforts have been made in Guatemala to generate this legislation to regulate the application of Convention 169. In 2007 and 2009, several indigenous organizations presented to the Congress of the Republic proposals for the Law *on Consultation with Indigenous Peoples*, which, although they were favorably approved by the Commission on Indigenous Peoples of the Legislative Body, they were neither known nor approved. Then, following the recommendation of the United Nations Rapporteur for Human Rights, Mr. James Anaya, to issue a Consultation Law in Guatemala, and after his visit to the country, in 2011 the government of Álvaro Colom created an Intersectorial Commission that prepared a proposal for a Regulation, which, according to Anaya himself, should also be submitted to Consultation, prior to its approval; this regulation was declared unconstitutional by the Constitutional Court.

It is very important to note that, as a result of the escalation of conflicts arising in areas where there are hydroelectric and/or mining investment projects, the filing of lawsuits and legal appeals before different jurisdictional bodies, the Constitutional Court in Ruling 90-2017, 91-2017 and 92-2017 and within the Cumulative File of Appeal of Amparo Judgment, for the Oxec and Oxec II Cases, and in compliance with ILO Convention 169 on Indigenous and Tribal Peoples in Independent Countries, *ordered* the Congress of the Republic to approve, within a period not exceeding one year, the legal regulations regarding the right to consultation.

Although Congress has not issued the corresponding law to date, the Vice-Ministry of Sustainable Development of the Ministry of Energy and Mines is working to ensure that the consultation processes are carried out in accordance with the guidelines and processes established in the aforementioned Constitutional Court Ruling, and as long as there is no relevant legislation.

Due to the absence of a legal norm and taking as a reference the guidelines to carry out the Pre-consultation and Consultation processes for the "Oxec" and "Oxec II" power plant projects, the Ministry of Energy and Mines established a *Consultation Methodology* which has been applied and will continue to be applied in other energy and mining projects until the applicable legislation is issued[(11).]

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[11] CONSULTATION PHASES Ministry of Energy and Mines. STEP 0: Internal administrative steps. The multidisciplinary government team, led by the Ministry of Energy and Mines, reviews and analyzes the documentation linked to the consultation process, prepares logistics, manages funds, equipment and technical personnel, among others. STEP 1: Identification and recognition of IPs. a) Once the presence of Indigenous Peoples has been identified in the areas where the project will be implemented or is planned, the government establishes communication with the indigenous authorities of the communities recognized as likely to be affected by the administrative measure, to inform them in a timely manner of the consultation process; b) They are also invited designate their representatives in the consultation process. STEP 2: Pre-consultation

call. The Ministry of

In relation to this topic, for the preparation of this report, the Ministry of Energy and Mines was asked to report on the current status of the Community Consultations being carried out by said Ministry, in which respect it reported the following:

By order of the Constitutional Court, the following projects are currently in the consultation process:

1. Consultation Process with the Communities of the Area of Influence of the Mining Right "Extracción Minera Fénix" - of the Entity Compañía Guatemalteca de Níquel - CGN - according to Constitutional Court File No. 697 2019 in the Municipalities of El Estor in Izabal and Panzós in Alta Verapaz.

Informative workshops are currently being held in the municipalities of El Estor and Panzós on the content of the ruling to different people and institutions indicated in the guidelines of the aforementioned ruling, among them, the organizations representing the Maya Q'eqchi' people identified by the CONADUR representative; Council of Maya Q'eqchi' Indigenous Communities of El Estor and Council of Maya Q'eqchi' Indigenous Communities of Panzós, the Community Development Councils of the area of influence of the municipality of El Estor and members of the Municipal Development Council of Panzós.

Meetings are also being held with representatives of the non-governmental organizations Defensoría Q'eqchi', Consejo Ancestral Q'eqchi' and Diócesis de Puerto Barrios, as well as with the Gremial de Pescadores (Fishermen's Union).

Energy and Mines convenes the representatives of the Indigenous peoples and the Government entities involved to participate in the pre-consultation process in a participatory manner and in good faith, which will take place at a determined date and place. STEP 3: Planning and Consultation Design. a) The participants in the dialogue and consultation table plan and design the mechanism to be used in the presentation of the information necessary to carry out the consultation; b) In this process the principles of good faith, transparency, trust, mutual respect, the promotion of dialogue, flexibility, reasonable timeframe, and absence of coercion and conditioning are followed. STEP 4: Evaluation and delivery of information. a) The Ministry of Energy and Mines, in accordance with the proposal established in the Pre-Consultation stage, facilitates and delivers the project information to the Interlocution Commission; b) For their part, the institutions and representatives of the Indigenous Peoples, within the established timeframe, analyze and reflect on the information provided, if there are direct impacts on their collective rights; c) During the evaluation of information, the principles of good faith, flexibility, reasonable timeframe and absence of coercion and conditioning are considered. STEP 5: Intercultural dialogue. a) The Ministry of Energy and Mines and the Interlocution Commission, together with the parties involved, seek to reach agreements on all those aspects that the indigenous communities identify that may affect them as a result of the administrative measure subject to consultation; b) In this dialogue, the principles of good faith, interculturality and absence of coercion and conditioning prevail. STEP 6: Follow-up. The Ministry of Energy and Mines establishes the mechanisms to guarantee compliance with the agreements that the parties may voluntarily reach.

It is important to point out that this process is being socially audited both by the Human Rights Ombudsman's Office and by a deputy from an independent bench, receiving supervisory visits and appearing at the respective summons. A date has not yet been set for the first pre-consultation activity.

2. Consultation Process to the Communities of the Area of Influence of the Mining Right "El Escobal" - Entity Pan American Silver Guatemala, S.A.; according to Constitutional Court File No. 4785-2017 in the Municipality of San Rafael Las Flores, Department of Santa Rosa.

To , the first two activities of the "El Escobal" Mining Right Consultation process have been carried out according to the scheduled dates, the first on May 21 and the second on June 20 of this year. The third activity has been suspended on two occasions due to the situation of the COVID-19 coronavirus epidemic as a public health emergency of national and international importance and taking into account the Plan for the Prevention, Containment and Response to cases of coronavirus (COVID-19) in Guatemala.

Representatives of the Parliament of the Xinka People of Guatemala (PAPXIGUA) participated in the two activities, as well as representatives of the different institutions convened according to the sentence. Among the goals achieved were: a) The hiring of Dr. Claudia Dary Fuentes and her team, who will be responsible for conducting the cultural and spiritual impact study; b) The initial information that each institution will provide to the Parliament of the Xinka People of Guatemala was delivered and provided to the respective communities, as well as a recommendation of the profile of advisors who could support in the analysis of the information to be presented; c) The methodological proposal to be used to meet the objectives of the consultation process was presented, and continue to the next stage of the process.

Regarding the main effects of the rulings of the Constitutional Court of Guatemala, related to the impact on the productive activities of companies in the extractive sector, several representatives of companies in the sector expressed:

Court rulings have ordered the suspension of activities when the projects already in the extraction phase, based on ILO Convention 169, but also do not take into account the consultation that is legislated in the Municipal Code. These types of sentences have a strong negative impact on the national and local economy, employment, taxes for the State, contributions to municipalities and projects for the communities (Aceituno, 2021).

There are very few foreign investment companies in Guatemala that generate such important financial impacts at the local level. For example, Santa Rosa has generated many jobs, complementary investments and new suppliers in the region and from the region.

The company pays minimum wage, provides health insurance and has supported the health center to improve medical care in the area. We believe that there is a lack of knowledge and recognition from State institutions and the Courts about the taxes that the industry pays, in addition to the transfers it makes as royalties, both statutory and voluntary, and the endowment of other projects that are carried out for the benefit of the population (Franco, 2021).

6.1.2 Granting of Contracts and Licenses

Subsoil resources are an important part of the wealth of most of the regions of the world, as they are for Guatemala. The way in which this wealth is administered by the State and its contribution to development is highly complex.

The Political Constitution of the Republic of Guatemala, establishes in its Article 121, referring to the State's assets: a) Those of public domain; b) The waters of the maritime zone bordering the coasts of its territory, the lakes, navigable rivers and their banks, the rivers, slopes and streams that serve as international limit of the Republic, the falls and springs of water of hydroelectric use, the subway waters and others that are susceptible of regulation by law as waters not used by individuals in the extension and term established by law; c) Those that constitute the patrimony of the State, including those of the municipality and of the decentralized or autonomous entities;
d) The maritime-terrestrial zone, the continental shelf and airspace, to the extent and in the manner determined by law or international treaties ratified by Guatemala; e) The subsoil, hydrocarbon and mineral deposits, as well as any other organic or inorganic substances in the subsoil; therefore, the State must establish the necessary mechanisms for their recognition, exploration and exploitation for both metallic and non-metallic resource deposits.(12)

[12] C. H., Summary History of Mining in Guatemala, (Dirección General de Minería, 1998).

TABLE NO. 9 OPERATING LICENSES GRANTED[13]

OPERATING LICENSES GRANTED								
REGISTRY	NAME	AREA KM2	TYPE	DATE DATE	CADU DATE	MINERAL	MUNICIPALITIES	DEPARTMENT
LEXT-251	Las Minas	0.4	Exploitation	11/08/2000	10/08/2020	Normalized limestone, dolomitic	San Juan Sacatepéquez	Guatemala
LEXT-464	Las Cienaguitas	0.5	Exploitation	5/10/2005	4/10/2020	Silica sand, kaolin, bentonite and clayey materials	San Antonio La Paz	El Progreso
LEXT-017-18	Aggregates Distributor From the East	0.173900		10/01/2020	9/01/2045		Guastatoya	El Progreso
LEXT-027-15	San Gabriel Quarry	1.703100		11/01/2020	10/01/2046		San Cristóbal, Chicamán	Alta Verapaz and Quiche
LEXT-549	The Smile	2.85	Exploitation	11/02/2006	10/02/2021	Sand and gravel	Cuilapa	Santa Rosa
LEXT-188	Bijolom Ii	6	Exploitation	31/08/2001	30/08/2021	Barite	Nebaj	Quiche
LEXT-300	Guerra Stone Masonr y	7.665	Exploitation	5/09/2001	4/09/2021	Sand and gravel	Estanzuela and Zacapa	Zacapa

Source: General Directorate of Mining MEM.

6.1.3 Actual beneficiaries[14]

"Definition of beneficial owners:

i. A beneficial owner of a company refers to the individuals who ultimately, directly or indirectly, own or control the corporate entity.

ii. The multi-stakeholder group shall approve an appropriate definition of the term "beneficial owner". The definition should be in accordance with (i) above and take into account international standards and relevant national legislation, and should include ownership thresholds. The definition should also specify reporting obligations for politically exposed persons.

[13] In the annexes to the report, the total number of operating licenses granted is detailed, for more details, see also https://mem.gob.gt/wp-content/uploads/2021/02/Derechos-Mineros-Vigentes- EXPLOTACION-en enero-2021.pdf.

[14] Although the country, like others in the region, has not made sufficient progress in this area, the definitions

mentioned above are presented here; they are complemented and supported by the definitions contained in the Bill 5820, which can be found at the following link https://plazapublica.com.gt/sites/default/files/iniciativa_de_ley_5820_-_pldft_1.pdf.

iii. Listed companies, including wholly owned subsidiaries, must disclose the name of the stock exchange and include a link to the archives of the stock exchange where they are listed in order to facilitate public access to information on their actual benefits granted to them.

iv. In the case of joint ventures, each entity in the transaction must disclose its beneficial owners, unless it is publicly traded or is a wholly owned subsidiary of a traded company. Each entity is responsible for the accuracy of the information provided.

Pan American Silver Guatemala, S.A.

Pan American Silver Guatemala, S.A. reports its Beneficial Owners for this report. The company is listed in two brokerage houses: [15]

NASDAQ as PAAS
TSX PAAS

03 REQUISITO
○ Exploración y producción

6.2 REQUIREMENT 3. EXPLORATION AND PRODUCTION

Mining production in 2020 is low, there are few projects in the exploitation phase.

The drop in production and exploration is largely due to the suspension of operations sentences issued by the Constitutional Court, basically, according to the rulings, due to the failure to carry out community consultations.

Below is a table with production data for 2020.

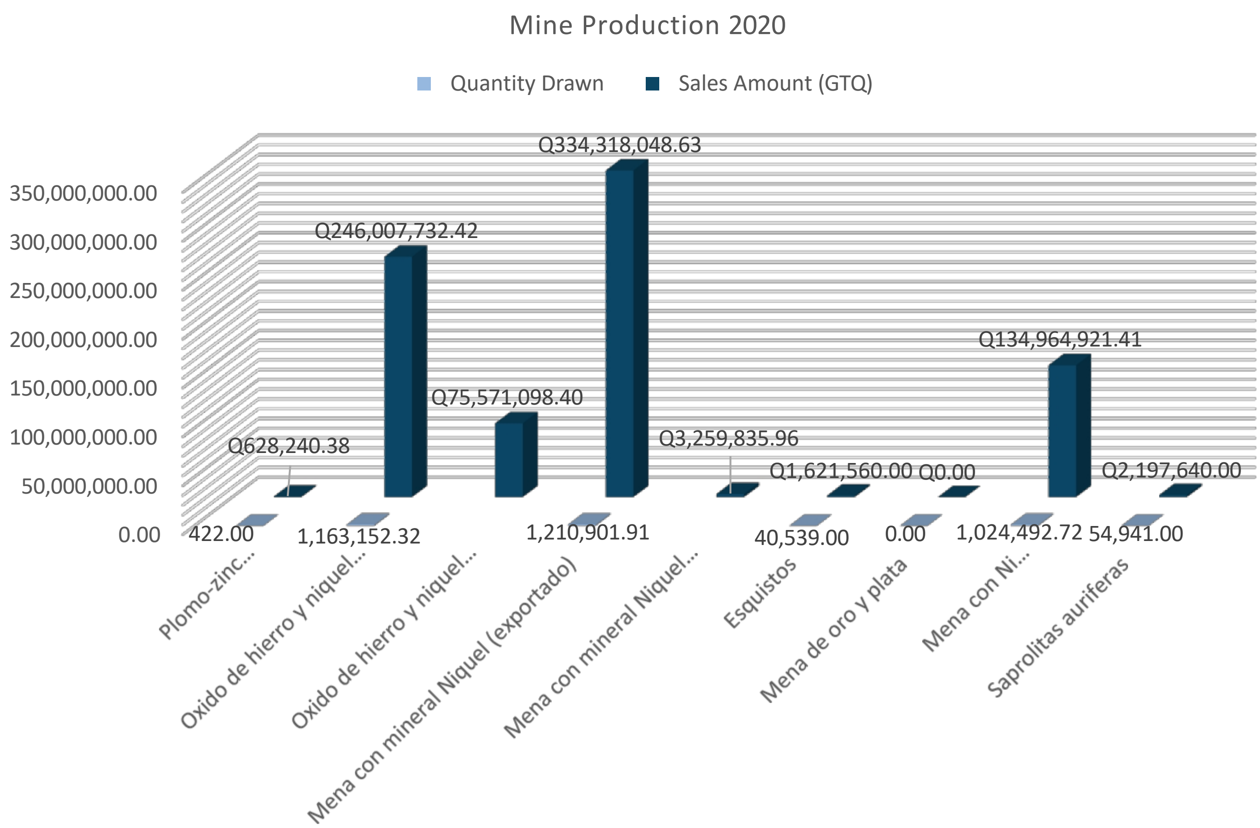
[15] Data provided by Pan American Silver Guatemala, S.A. https://www.nasdaq.com/market-activity/stocks/paas National Association of Securities Dealers Automated Quotation TMX TSX TSX| TSXV - Toronto Stock Exchange and TSX Venture ...

TABLE NO. 10 MINING PRODUCTION

MINING PRODUCTION SECTION						
2020 PRODUCTION						
REGISTRY	MINING LAW	Municipality	product	unit	quantity retrieved from	Sale (Q)
ETM-1649	El Rosario Bola De Oro Y Annexes	San Miguel Acatan	Lead-zinc (exported)	Tons Metric	422.00	Q628,240.38
LEXT-006-11	Extraction Project Senahú Minera Sechol	Panzós and	Iron oxide and nickel (Local)	Tons Metric	1,163,152.32	Q246,007,732.42
			Iron oxide and Nickel (Tons) (Nickel) (exported)	Tons Metric		Q75,571,098.40
LEXT-019-11	Exploitation Project Niquegua Mining Montufar II	Los Amates	Ore with ore Nickel (exported)	Tons Metric	1,210,901.91	Q334,318,048.63
			Ore with Nickel ore (local)	Metric Tons		Q3,259,835.96
LEXT-020-08	El Sastre Mining Project Expansion 2	San Antonio la paz and San José el Golfo	Schist	Cubic Meter	40,539.00	Q1,621,560.00
LEXT-031-05	Cerro Blanco Mining Project	Y/N	Gold and silver ore	Metric Tons Metric Tons	0.00	Q0.00
LEXT-049-05	Compañia Guatemalteca De Níquel, S. A.	El Estor	Mena with Ni (local)	Cubic Meter	1,024,492.72	Q134,964,921.41
LEXT-591	El Sastre Miner	San Antonio la paz	Saprolites auriferous		54,941.00	Q2,197,640.00

Source: General Directorate of Mining
MEM,

CHART NO. 7 MINING PRODUCTION



Source: General Directorate of Mining, MEM.

In Graph No. 7 we can observe again, the total annual mining production by metallic and non-metallic minerals. From its highest peaks to the lows, which since the industry has been lowering its production to lower levels during the 2020 period.

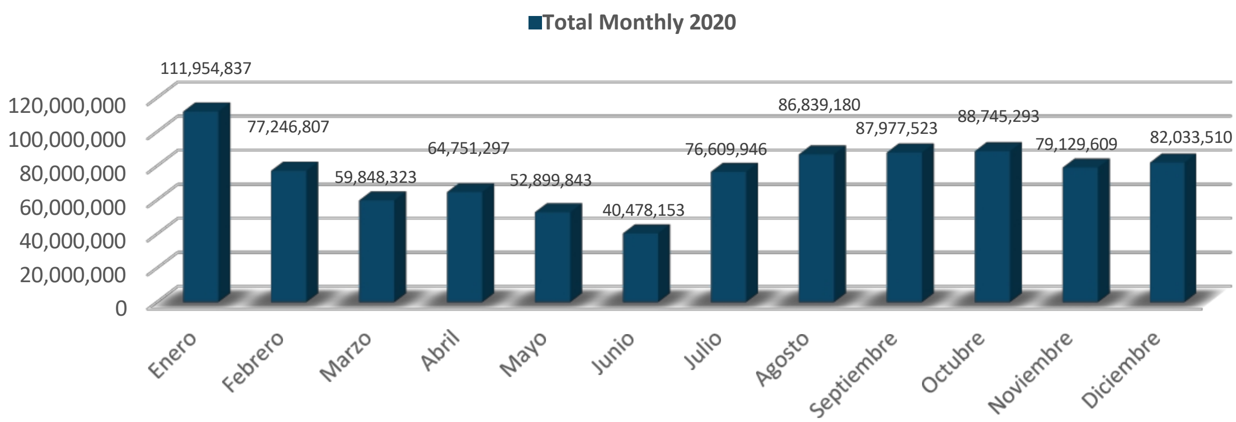
6.2.2 Mining Exports 2020

TABLE 10.1 MINING EXPORTS 2020

INDUSTRIAS EXTRACTIVAS	Enero	Febrero	Marzo	Abril	Mayo	Junio	Julio	Agosto	Septiembre	Octubre	Noviembre	Diciembre
Aluminio	7,406,959	8,857,057	7,738,098	6,570,165	5,269,637	5,959,243	7,818,805	8,386,467	9,950,336	8,440,923	9,650,869	8,305,349
Antimonio	5,000	5,000	5,000	5,000	0	0	0	0	0	0	0	0
Asfalto	0	1,588	4,900	0	0	2,000	20,570	0	0	0	0	0
Cemento	1,217,914	1,449,987	483,928	721,420	705,690	430,821	539,825	515,621	805,338	1,073,462	703,940	707,535
Cobre y sus manufacturas	304,314	621,749	606,723	234,181	400,976	308,786	637,631	463,995	710,058	496,821	746,492	819,730
Diesel	603,508	150,096	1,909,679	18,805	78,707	71,567	195,521	45,977	838,374	131,731	88,556	34,690
Esta&o	60	196	0	524	89	0	0	0	0	633	671	494
Gases industriales	717,003	445,473	528,247	1,067,682	749,927	729,532	673,140	861,257	1,069,316	485,157	997,342	689,001
Gasolina	6,930,055	766,012	843,466	147,901	37,443	321,740	268,104	1,436,595	233,026	318,588	906,699	293,051
Gas propano	5,280,556	5,024,475	5,028,453	3,426,999	2,681,597	3,056,677	3,967,372	3,934,975	3,931,073	4,314,172	4,097,816	4,332,555
Hierro y acero	54,552,945	29,994,556	24,007,763	30,632,109	27,484,220	19,660,432	30,221,997	43,031,286	49,100,302	49,527,064	37,391,264	38,549,434
Kerosene	248,477	0	1,160,298	0	0	881,324	0	0	22,674	23,693	0	25,958
Magnesio	24,479	133,396	65,253	146,819	5,650	311,542	251,388	82,519	41,587	43,295	1,273	19,000
Marmol	46,961	37,749	26,488	102,712	34,267	22,969	14,798	1,418	23,308	62,713	18,775	13,587
Niquel	5,525,220	2,162,397	3,588,771	4,449,511	3,266,949	2,176,497	4,272,242	5,254,471	5,132,841	6,859,433	3,555,992	7,061,049
Otros derivados de petroleo	3,159,343	4,007,370	5,676,066	4,102,559	1,239,110	998,272	2,303,371	2,635,007	3,043,434	3,954,823	3,168,454	3,422,690
Otros metales comunes	0	0	0	0	0	0	0	0	0	38	0	0
Petroleo	11,626,328	0	0	3,359,028	5	0	10,801,941	10,444,882	5	0	12,847,363	15
Piedras y metales preciosos y semi preciosos	119,367	933,466	1,130,546	963,276	414,022	404,531	655,982	630,447	700,824	187,554	927,601	4,587,293
Plomo	110,586	49,819	727,195	174,284	107,860	348	77,784	263,495	504,158	401,439	285,078	45,057
Productos minerales diversos	1,883,076	2,238,042	2,601,797	2,875,126	1,753,996	815,767	1,259,990	1,357,307	1,338,268	1,922,615	1,784,624	1,807,078
Zinc	81,798	66,177	85,504	42	30,963	105,063	123,854	126,980	106,818	173,883	56,756	245,004
Energía eléctrica	12,110,888	20,302,202	3,630,148	5,753,154	8,638,735	4,221,042	12,505,631	7,366,481	10,425,783	10,327,256	1,900,044	11,074,940
Total Mesual 2020	**111,954,837**	**77,246,807**	**59,848,323**	**64,751,297**	**52,899,843**	**40,478,153**	**76,609,946**	**86,839,180**	**87,977,523**	**88,745,293**	**79,129,609**	**82,033,510**
Total Año 2020												**908,514,321**

Source: Ministry of Energy and Mines.

CHART NO. 7.1 EXTRACTIVE INDUSTRIES. EXPORTS BY MONTH, YEAR 2020



The monthly export data for the year 2020 is presented, taking into consideration the month of January, as the highest mining export boom with an amount corresponding to Q111,954,837. The total sum for the year 2020, amounts to Q908,514,321 in mineral exports.

6.3 REQUIREMENT 4. REVENUE COLLECTION:

Understanding company payments and government revenues can make the public debate on extractive industry governance more informed. EITI requires comprehensive disclosures of company payments and government revenues from the extractive industry.

For the purposes of this report, we have taken into account the information from the companies that have joined the study, data provided by the public collection institutions and local governments.

6.3.1 PAYMENT OF TAXES OF THE NATIONAL MINING INDUSTRY

The following table shows the taxes that the domestic mining industry has paid in 2020 by activity towards foreign trade and domestic taxes, such as income tax, solidarity tax, stamp duty, circulation tax and domestic value added tax, among others.

TABLE NO. 11 PAYMENT OF TAXES OF THE NATIONAL EXTRACTIVE INDUSTRY (IN QUETZALES)

DESCRIPTION	MINING SECTOR 2020
To Foreign Trade	1,964,803.05
To Value Added Imports 3/	1,565,845.54
Tariff Duties	398,957.51
Internal Revenue	7,797,451.02
Income Tax 4/)	5,136,685.58
Solidarity	1,127,912.09
To Domestic Value Added 3/	1,524,781.41
About Tax Stamps and Protocol Paper	6,548.96
About Vehicle Circulation	1,522.98
Others	-
TOTAL	9,762,254.07

Source: Own elaboration, with SAT data.

DESCRIPTION	2020 PROCEEDS
GIFTS	1,981,629.50
Quarrying and mining operations	–
About mining	1,911.17
On oil exploitation	1,979,718.33
SHAREABLE HYDROCARBONS	–
State share in the production of sharable hydrocarbons	–
TOTAL	1,981,629.50

Source: Own elaboration, based on SAT data.

During 2020, SAT obtained a collection of Q 1,981,629.50.

A. PAN AMERICAN SILVER GUATEMALA, S. A.

A.1 Tax Payments

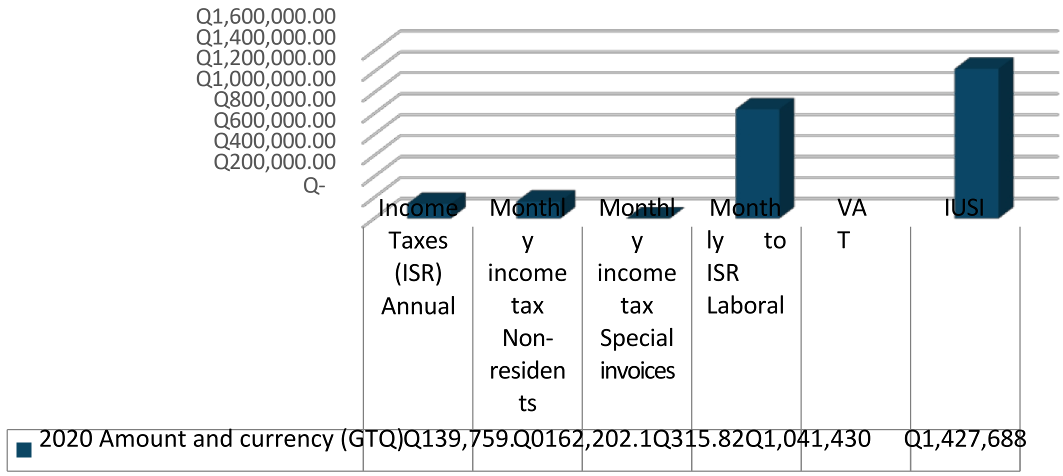
The company reports for this report annual income tax payments from non-residents on special invoices. The tax payment for 2020 represents a total amount of Q2,771,396.72.

TABLE NO. 11.1 TAXES PAN AMERICAN SILVER GUATEMALA, S.A. YEAR 2,020

Revenue Flow	2020 Amount and Currency (GTQ)
Annual Income Tax (ISR)	Q 139,759.02
Monthly ISR Capital	
Monthly ISR Non-residents	Q 162,202.13
Monthly ISR Special invoices	Q 315.82
Monthly ISR Labor	Q 1,041,430.86
VAT	
VAT on imports	Q –
VAT special invoices	Q –
IUSI	Q 1,427,688.89
Total taxes 2020	Q 2,771,396.72

Source: Own elaboration, with data from Pan American Silver Guatemala, S.A.

GRAPH NO. 8 TAXES PAID BY PAN AMERICAN SILVER GUATEMALA, S.A. YEAR 2,020



Source: Own elaboration, Pan American Silver data.

A.2 Transportation revenues

The following table represents the payment of Vehicle Circulation Taxes which has an amount for 2020 of Q58,502.26

TABLE NO. 11.2 VEHICLE CIRCULATION TAXES, PAN AMERICAN SILVER GUATEMALA, S.A. YEAR 2020

Revenue Flow	2020
	Amount and Currency (GTQ)
Vehicle Circulation Taxes	Q 58,502.26
Total	Q 58,502.26

Source: Own elaboration, with data from Pan American Silver Guatemala, S.A.

A.3 Sub-national payments

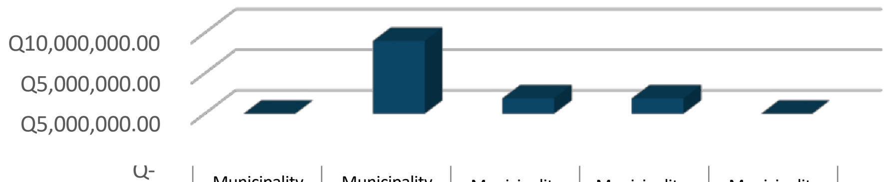
Pan American Silver Guatemala, S.A., reports payment of statutory royalties and voluntary royalties to the municipalities of San Rafael las Flores, Barberena, Cuilapa and Santa Cruz Naranjo, only in 2020 voluntary royalties of 4% are reported in the municipalities of San Rafael las Flores, Barberena, Cuilapa and Santa Cruz Naranjo, a total amount of Q12,800,000 for the aforementioned municipalities.

TABLE NO. 11.3 ROYALTIES PAN AMERICAN SILVER GUATEMALA, S.A. TO MUNICIPALITIES 2020

Revenue Flow	2020
	Amount and Currency (GTQ)
Royalties By Law 4% Royalties By Law 4% Royalties By Law 4% Royalties By Law	
National Treasury MEM	Q 2,233,379.69
Municipality of San Rafael de las Flores	Q -
Voluntary Royalties 4%.	
Municipality of San Rafael de las Flores	Q 9,000,000.00
Municipality of Barberena	Q 1,900,000.00
Municipality of Cuilapa	Q 1,900,000.00
Municipality of Santa Cruz Naranjo	Q -
Total Royalties 2018 - 2019	Q 15,033,379.69

Source: Own elaboration, with data from Pan American Silver Guatemala, S.A.

GRAPH NO. 8.2 PAN AMERICAN SILVER GUATEMALA, S.A. ROYALTIES TO MUNICIPAL GOVERNMENTS, YEAR 2020



	Municipality of San Rafael de las Flores	Municipality of San Rafael de las Flores	Municipality of Barberena	Municipality of Cuilapa	Municipality of Santa Cruz Naranjo
■ 2020 Amount and Currency (GTQ)	Q-	Q9,000,000.00	Q1,900,000.00	Q1,900,000.00	Q-

Source: Own elaboration, with data from Pan American Silver.

Graph No. 8.2 shows that the municipality that receives the most royalties is San Rafael las Flores with an amount of Q9,000,000.00.

B.- PEÑA RUBIA, S.A.

TABLE NO. 11.4 PEÑA RUBIA 2020 TAX PAYMENTS

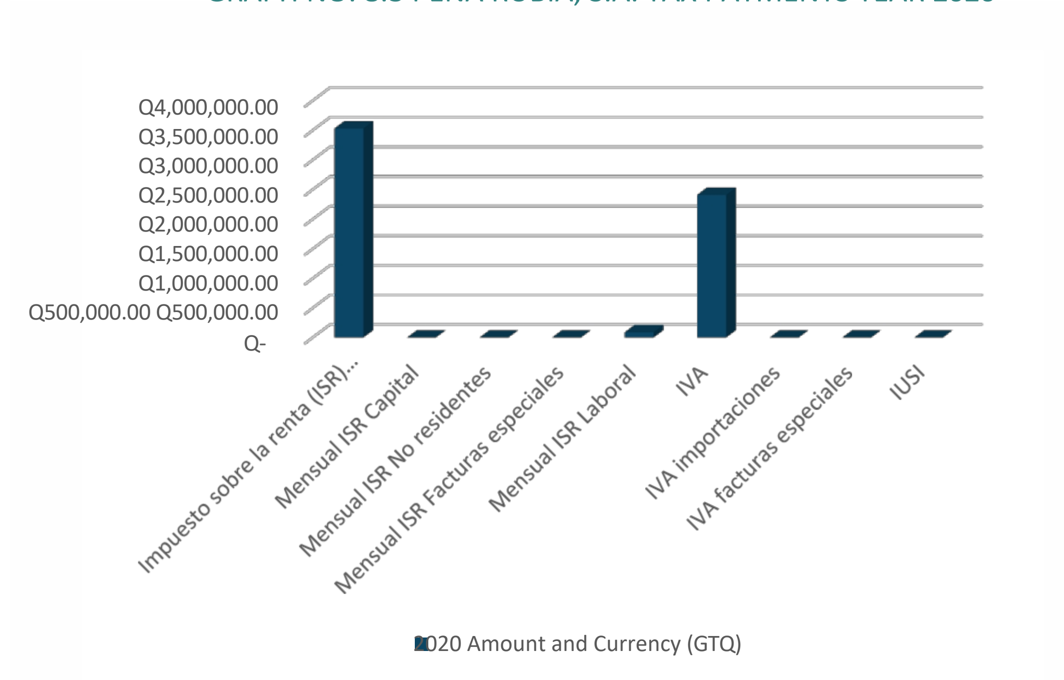
Revenue Flow	2020 Amount and Currency (GTQ)	
Annual Income Tax (ISR)	Q	3,531,432.68
Monthly ISR Capital	Q	-
Monthly ISR Non-residents	Q	-
Monthly ISR Special invoices	Q	-
Monthly ISR Labor	Q	89,302.26
VAT	Q	2,411,036.00
VAT on imports	Q	-
VAT special invoices	Q	-
IUSI	Q	-
Total Taxes 2020	**Q**	**6,031,770.94**

Source: Own elaboration, with data from Peña Rubia S.A.

Peña Rubia S.A. reports for this report the payment of Annual Income Tax (ISR), Labor Tax (ISR) and Value Added Tax (VAT).

The total tax amounts reported for 2020 total Q6,301,770.94.

GRAPH NO. 8.3 PEÑA RUBIA, S.A. TAX PAYMENTS YEAR 2020



Source: Own elaboration, with data from Peña Rubia S. A.

B.2 Subnational payments

Peña Rubia S.A. reports royalty payments to the Municipalities of Palencia, Sanarate and Guatemala.

TABLE NO. 11.5 PEÑA RUBIA, S.A. ROYALTIES TO MUNICIPALITIES 2020

Revenue Flow	2020
	Amount and Currency (GTQ)
Municipality of Palencia	Q -
Municipality of Sanarate	Q 252,586.97
Municipality of Guatemala	Q -
Total Royalties 2018 - 2020	Q 252,586.97

Source: Own elaboration, with data from Peña Rubia S.A.

The only one that received royalties from Peña Rubia is Sanarate, with a total of Q252,586.97 for fiscal year 2020.

C. GUATEMALAN NICKEL COMPANY CGN

C.1 Payment of taxes

CGN reports for this report the payment of Annual Income Taxes (ISR and Labor) and Value Added Tax (VAT).

Income tax alone is the only tax reported for 2020, totaling Q31,715,600.

TABLE NO. 11.6 CNG 2020 TAXES

Revenue Flow	2020	
	Amount and Currency (GTQ)	
Income tax (ISR) *Annual* Income tax (ISR) Nonresident income tax (ISR) Monthly ISR Special invoices Monthly ISR Labor income tax (ISR)	Q	31,492,763.00
VAT VAT VAT imports VAT special invoices	Q	-
IUSI	Q	222,837.00
Total Taxes 2020	Q	31,715,600.00

Source: Own elaboration, with CGN data.

C.2 Payment fees and taxes

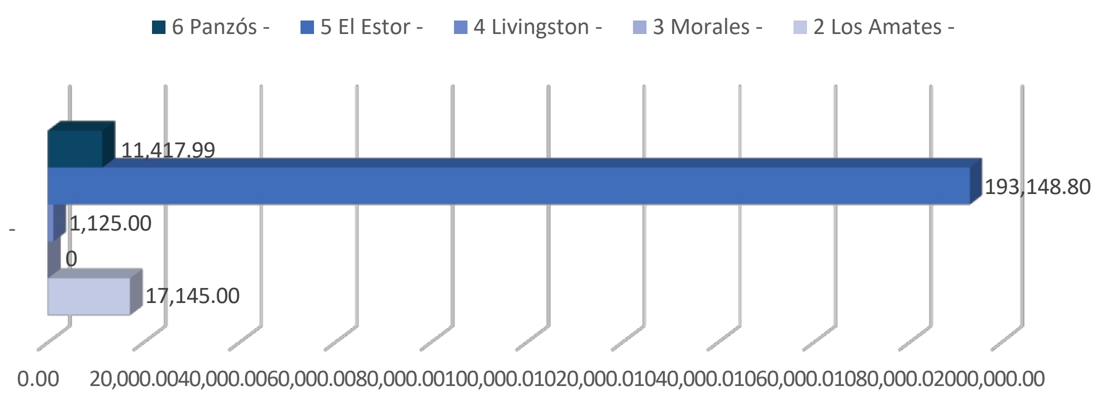
CGN reports payment of taxes to the municipalities of Amates, Livingston, El Estor and Panzós in 2020.

TABLE NO. 11.7 PAYMENTS OF MUNICIPAL TAXES AND EXCISE TAXES (GTQ), MADE BY COMPAÑÍA GUATEMALTECA DE NÍQUEL, S.A. YEAR 2020

No.	Municipality	Municipal Fees	Arbitrios
		TOTAL 2020	TOTAL 2020
1	Puerto Barrios	–	–
2	Los Amates	–	17,145.00
3	Morales	–	–
4	Livingston	–	1,125.00
5	The Estor	–	193,148.80
6	Panzós	–	11,417.99
Total, Municipal Fees and Taxes 2020:			222,836.79

Source: Own elaboration, with CGN data.

GRAPH NO. 8.5 MUNICIPAL TAXES AND DUTIES (GTQ) PAID BY COMPAÑÍA GUATEMALTECA DE NÍQUEL, S.A. YEAR 2020



Source: Own elaboration, with CGN data.

The Municipality of El Estor is the one that reports more income, with a total amount of Q193,148.80. It is the most representative for the company in this payment.

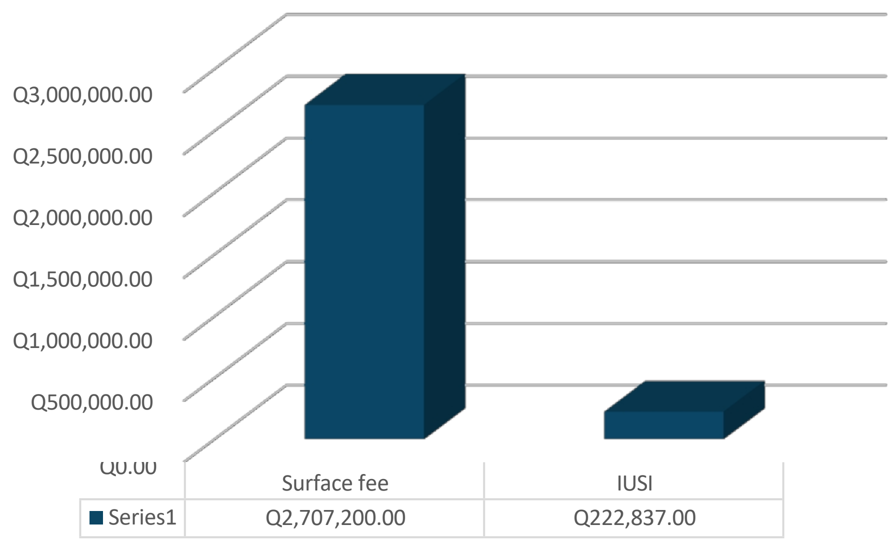
Therefore, it can be seen that the municipalities will receive a total amount of Q222,836.79 for IUSI for 2020.

TABLE 11.8 PAYMENT OF SURFACE FEE AND IUSI. COMPANY CGN

Revenue Flow	2020 Amount and Currency (figures expressed in quetzales)
Surface fee *Annual*	Q2,707,200.00
IUSI *Annual*	Q222,837.00
Total	**Q2,930,037.00**

Source: Own elaboration, CGN data.

GRAPH NO. 8.6 PAYMENT OF SURFACE FEE AND IUSI. CGN COMPANY, YEAR 2020



Source: Own elaboration, CGN data.

D.- Montana Exploradora

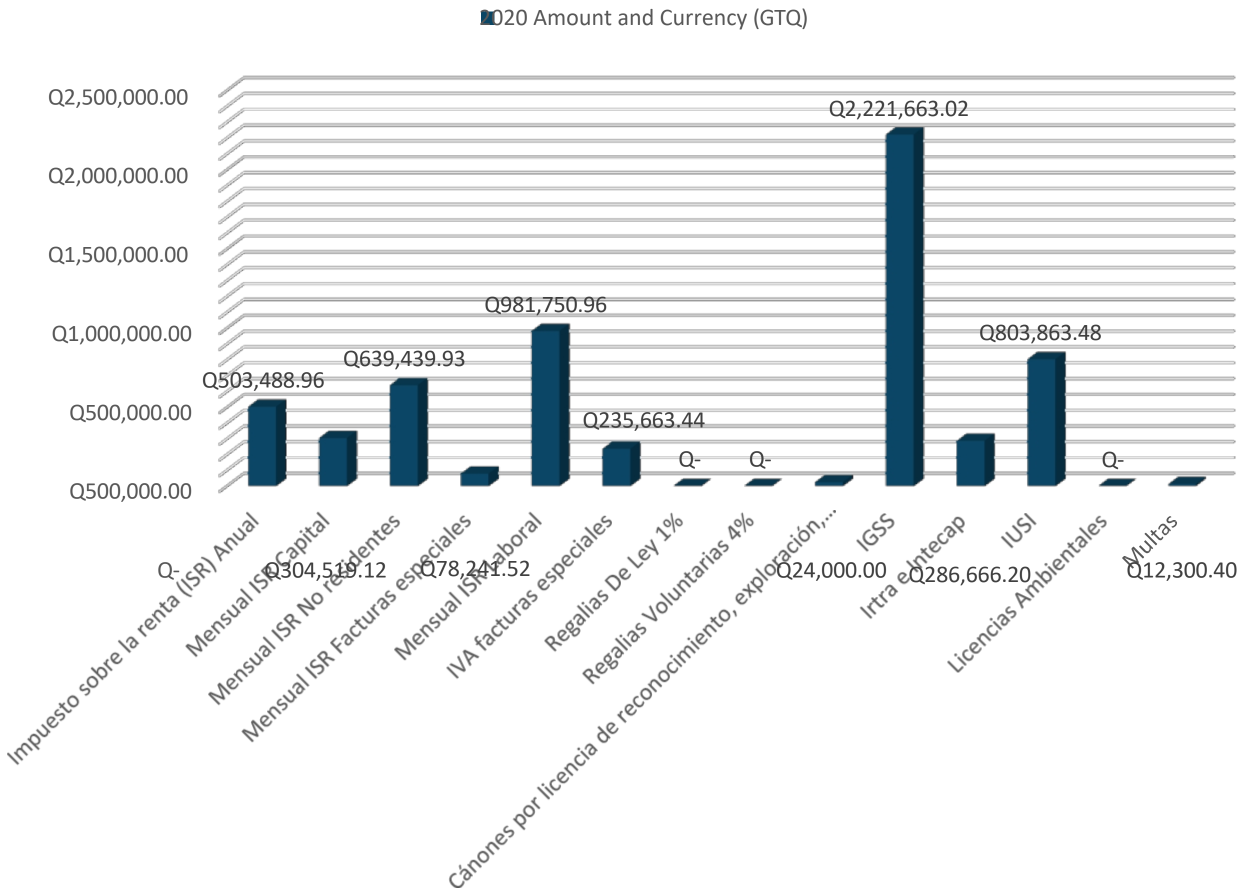
D.1 Revenue stream

TABLE NO. 11.9 INCOME FLOW MONTANA EXPLORADORA, S.A.

Revenue Flow	2020 Amount and Currency (GTQ)
Annual Income Tax (ISR)	Q 503,488.96
Monthly ISR Capital	Q 304,519.12
Monthly ISR Non-residents	Q 639,439.93
Monthly ISR Special invoices	Q 78,241.52
Monthly ISR Labor	Q 981,750.96
VAT	
VAT on imports	
VAT special invoices	Q 235,663.44
Royalties By Law 1% Royalties By Law	Q -
National Treasury - MEM	
Municipality of San Miguel Ixtahuacán	
Municipality of Sipacapa	
voluntary royalties 4%.	Q -
Voluntary Royalty 0.5% Voluntary Royalty 0.5% Voluntary Royalty 0.5% Voluntary Royalty 0.5% Voluntary Royalty	
Former owners	
Annual ISO *according to its regime*	
Fees for reconnaissance, exploration and exploitation licenses	Q 24,000.00
IGSS	Q 2,221,663.02
IRTRA and INTECAP	Q 286,666.20
IUSI	Q 803,863.48
Import tariffs	
Environmental Licenses	Q -
Construction Licenses	
Stamp Taxes	
Fines	Q 12,300.40
Total 2020	Q 6,091,597.03

Source: Own elaboration, data from Montana Exploradora, S.A.

GRAPH NO. 8.7 REVENUE FLOW MONTANA EXPLORADORA, S.A.



Source: Own elaboration. With data from Montana Exploradora, S.A.

Montana Exploradora is in the process of closing its operations, and therefore reports zero royalty payments.

D.2 Payment of tax

TABLE NO. 11.10 MONTANA EXPLORADORA, S.A. TAXES YEAR 2020

Flow from Revenues (GTQ)	2020 Amount and Currency	
Annual Income Tax (ISR)	Q	503,488.96
Monthly ISR Capital	Q	304,519.12
Monthly ISR Non-residents	Q	639,439.93
Monthly ISR Special invoices	Q	78,241.52
Monthly ISR Labor	Q	981,750.96
VAT		
VAT on imports		
VAT special invoices	Q	235,663.44
IUSI	Q	803,863.48
Total Taxes 2020	Q	3,546,967.41

Source: Prepared by the Company with data from Montana Exploradora, S.A.

GRAPH NO. 8.8 MONTANA EXPLORADORA, S.A. TAXES YEAR 2020

Source: own elaboration with data from Montana Exploradora.

E- PRONICO:

E.1 Payment of taxes

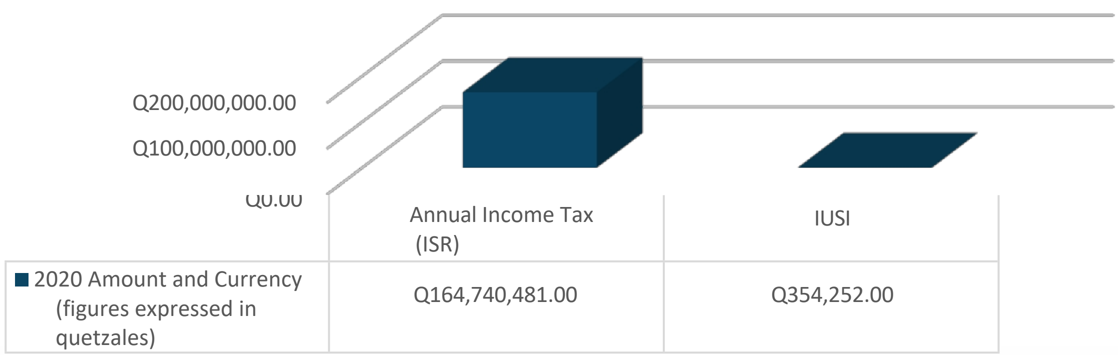
PRONICO reports payment of annual income tax and the IUSI property tax for 2020 with a total amount of Q165,094,733.

TABLE NO. 11.11 PRONICO TAX PAYMENTS

Revenue Flow	2020 Amount and Currency (figures expressed in quetzales)
Annual Income Tax (ISR)	Q 164,740,481.00
Monthly ISR Capital	
Monthly ISR Non-residents	
Monthly ISR Special invoices	
Monthly ISR Labor	
VAT	
VAT on imports	
VAT special invoices	
IUSI	Q 354,252.00
Total Taxes 2020	Q 165,094,733.00

Source: Prepared by the authors with data from PRONICO.

GRAPH NO. 8.9 TAX PAYMENTS, PRONICO. YEAR 2,020



Source: Own elaboration, PRONICO data.

E.2 Social Security payments, INTECAP, IGSS, IRTRA

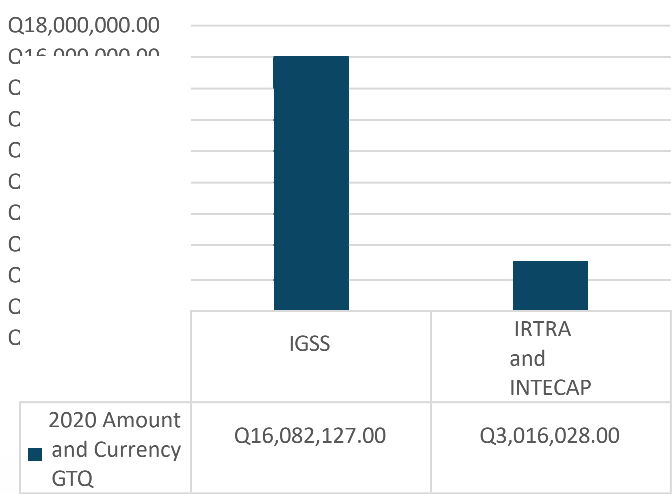
PRONICO Company reports payments from IGSS, INTECAP and IRTRA

TABLE NO. 11.12 IGSS, IRTRA, INTECAP. PRONICO COMPANY, YEAR 2020

Revenue Flow	2020 Amount and Currency GTQ
IGSS	Q16,082,127.00
IRTRA and INTECAP	Q3,016,028.00
Total IGSS, IRTRA, INTECAP 2020	Q19,098,155.00

Source: Prepared by the authors with data from PRONICO.

GRAPH NO. 8.10 IGSS, IRTRA, INTECAP PRONICO 2020



Source: Prepared by the authors with data from PRONICO.

In 2020, PRONICO has contributed Q16,082,127.00 to Social Security and Q3,016,028.00 to IRTRA and INTECAP.

TABLE NO. 11.13 CONTRIBUTIONS FOR DEVELOPMENT, PRONICO 2020

Revenue Flow	2020
	Amount and Currency GTQ
Development contributions to the COVID community	Q23,585,238.00

Source: Own elaboration, PRONICO data.

The PRONICO Company contributes a total Q23,585,328.00 to the development of 2020, corresponding to the support from COVID.

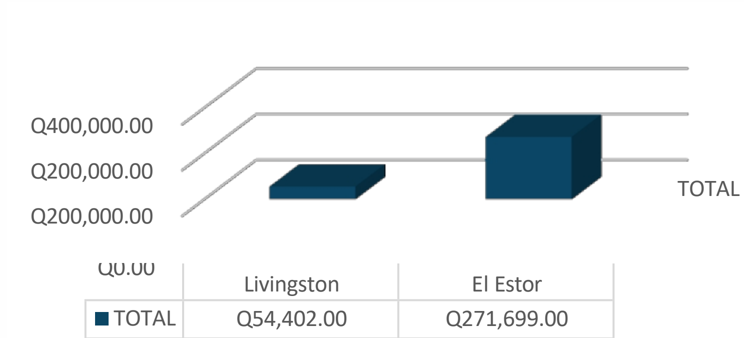
TABLE NO. 11.14 DONATIONS AND CONTRIBUTIONS TO MUNICIPAL GOVERNMENTS. PRONICO, YEAR 2020

No.	Municipality	TOTAL
		2020
1	Puerto Barrios	
2	Los Amates	
3	Morales	
4	Livingston	Q54,402.00
5	El Estor	Q271,699.00
6	Panzós	
Total Donations and PRONICO contributions to Municipalities 2020		Q326,101.00

Source: Own elaboration with data from PRONICO.

These contributions are voluntary donations made by PRONICO in 2020.

GRAPH NO. 8.11 DONATIONS AND CONTRIBUTIONS TO MUNICIPAL GOVERNMENTS



Source: Own elaboration, PRONICO data.

The graph shows that the municipalities benefiting from these donations are El Estor and Livingston; and the total amount of donations for the 2 municipalities is Q326,101.00.

F- Maya Tradition, year 2020

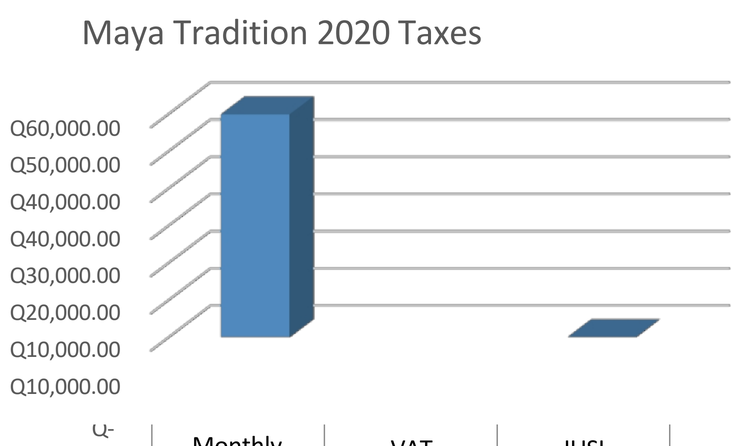
Maya Tradición Company reports payment of Income Tax, Value Added Tax and VAT for 2020. The total amount paid was Q59,844.32.

TABLE NO. 11.15 MAYA TRADITION 2020 TAXES

Revenue Flow	2020
	Amount and Currency (GTQ)
Annual Income Tax (ISR)	
Monthly ISR Capital	Q 59,844.32
Monthly ISR Non-residents	
Monthly ISR Special invoices	
Monthly ISR Labor	
VAT	
VAT on imports	
VAT special invoices	
IUSI	Q -
Total Taxes 2020	Q 59,844.32

Source: Own elaboration with data from Maya Tradición.

GRAPH NO. 8.12 MAYA TRADITION 2020 TAXES



	Monthly ISR Capital	VAT	IUSI
2020 Amount and Currency (GTQ)	Q59,844.32		Q-

Source: Ela

F.2 Payment of royalties, donations and other contributions

Maya Tradition Company reports payments to municipal governments for donations and contributions, for a total amount of Q15,825.37 for 2020.

TABLE NO. 11.16 PAYMENT OF ROYALTIES, DONATIONS AND OTHER MAYA TRADICIÓN CONTRIBUTIONS TO MUNICIPAL GOVERNMENTS 2020

Maya Tradition Law Royalties to Municipalities 2020	
CONCEPT	TOTAL 2020
Donations and PRONICO contributions to Municipalities 2020	Q 15,825.37

Source: Own elaboration with data from Maya Tradición.

The total contribution includes the municipalities of San Pedro Pinula, Jalapa and Usumatlán, Zacapa.

G- La Maria Mine

G.1 Payment of taxes

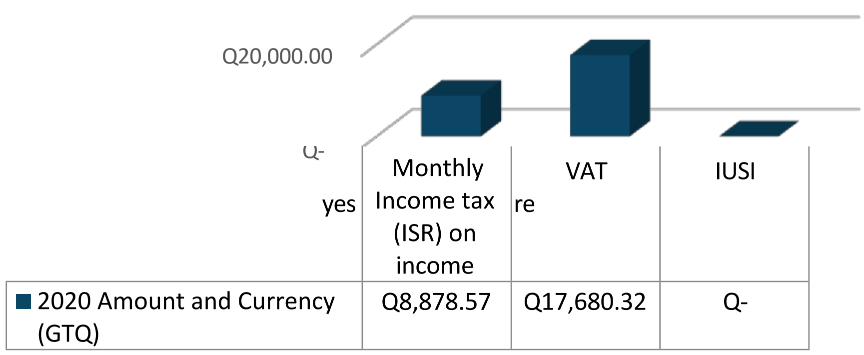
The Maria Jade Mine reports that it paid income tax and value-added tax (VAT) in the amount of Q26,558.89.

TABLE NO. 11.17 TAXES, LA MARIA MINE 2020

Revenue Flow	2020
	Amount and Currency (GTQ)
Annual Income Tax (ISR)	
Monthly Simplified income tax on income	Q 8,878.57
Monthly ISR Non-residents	
Monthly ISR Special invoices	
Monthly ISR Labor	
VAT	Q 17,680.32
VAT on imports	
VAT special invoices	
IUSI	Q -
Total Taxes 2020	Q 26,558.89

Source: Own elaboration, data Mina La María.

GRAPH NO. 8.14 TAXES, LA MARIA MINE 2020



Source: Own elaboration, data Mina La María.

G.2 Payment of Royalties

The company, La María mine reports paying royalties to the municipal government of Usumatlán Zacapa, with a total increase of Q146.00.

TABLE NO. 11.18 ROYALTIES FROM LA MARIA MINE TO MUNICIPAL GOVERNMENTS, YEARS 2020

Revenue Flow	2020	
	Amount and Currency (GTQ)	
Municipality of Usumatlán, Zacapa	Q	146.00
Total Royalties 2020	Q	146.00

Source: Own elaboration with data from Mina La María.

H- SICASA:

"This company's information is aggregated in the final summary of this report due to the confidentiality agreement."

I- Elevar Resources, S.A

Elevar Resources, S.A. reports only the payment of taxes, the data will be reflected in the overall amounts of this report.

6.4 REQUIREMENT 5. INCOME DISTRIBUTION

The EITI requires disclosure of information related to revenue distribution, which allows stakeholders to understand how revenues are recorded in national and, where appropriate, sub-national budgets, as well as to understand where corporate social expenditures end up.

6.4.1 Subnational payments

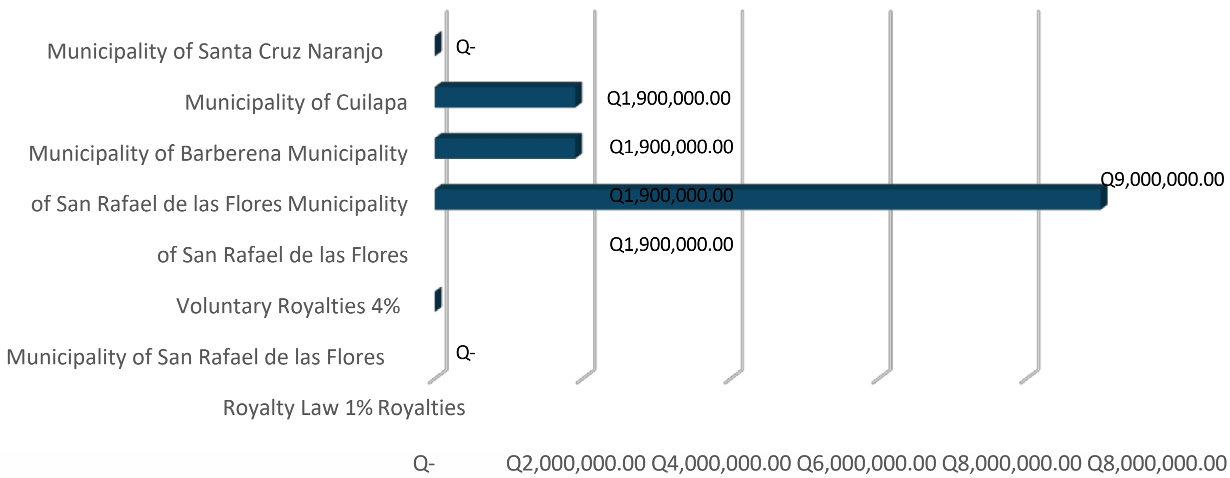
TABLE NO. 12 PAN AMERICAN SILVER GUATEMALA, S.A. ROYALTIES TO MUNICIPAL GOVERNMENTS, YEARS 2020

Revenue Flow	2020
	Amount and Currency (GTQ)
Royalties By Law 1% Royalties By Law	
Municipality of San Rafael de las Flores	Q -
Voluntary Royalties 4%.	
Municipality of San Rafael de las Flores	Q 9,000,000.00
Municipality of Barberena	Q 1,900,000.00
Municipality of Cuilapa	Q 1,900,000.00
Municipality of Santa Cruz Naranjo	Q -
Total royalties 2020	Q 12,800,000.00

Source: Own elaboration with data from Pan American Silver Guatemala, S.A.

Pan American Silver Guatemala, S.A., reports that it contributed voluntary royalties to the municipal governments of San Rafael las Flores, Barberena, Cuilapa, Santa Cruz Naranjo for a total amount of Q12,800,000.00.

GRAPH NO. 9 ROYALTIES PAN AMERICAN SILVER GUATEMALA, S.A. TO MUNICIPAL GOVERNMENTS 2020



Source: Own elaboration, data from Pan American Silver Guatemala, S.A.

B. PEÑA RUBIA, S.A.

B.1 Royalty payments to governments municipalities

Peña Rubia, S.A. reports royalty in 2020 to the municipal government of Sanarate, totaling Q252,586.97 for the two years.

TABLE NO. 12.1 ROYALTIES PEÑA RUBIA, S.A. TO MUNICIPAL GOVERNMENTS 2020

Revenue Flow	2020	
	Amount and Currency (GTQ)	
Municipality of Palencia Municipality of	Q	-
Sanarate	Q	252,586.97
Municipality of Guatemala	Q	-
Total Royalties 2020	Q	252,586.97

Source: Own preparation with data from Peña Rubia, S.A.

CGN

C.1 Payment of royalties established by law

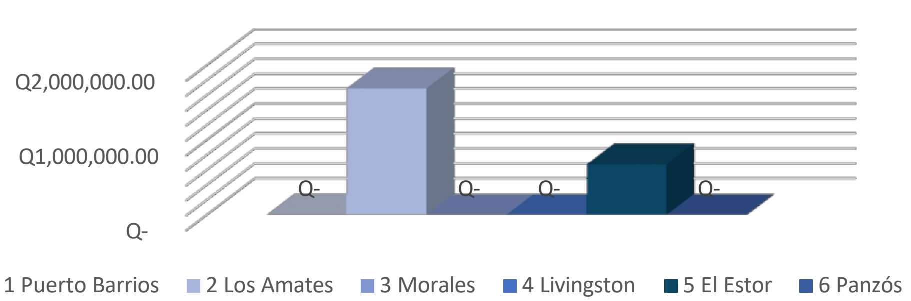
CGN reports royalty payments to the municipalities of Los Amates and El Estor. These municipalities receive these royalties because mining areas are located within their municipal boundaries.

TABLE NO. 12.2 PAYMENT OF ROYALTIES ESTABLISHED BY LAW BY CGN TO MUNICIPAL GOVERNMENTS, YEAR 2020

No.	CONCEPT	Royalties	
1	Puerto Barrios	Q	-
2	Los Amates	Q	1,687,889.42
3	Morales	Q	-
4	Livingston	Q	-
5	El Estor	Q	674,824.61
6	Panzós	Q	-
	Royalties Total 2020	Q	2,362,714.03

Source: Own elaboration, with CGN data.

GRAPH NO. 9.1 CGN ROYALTIES TO MUNICIPAL GOVERNMENTS 2020



Source: Own elaboration, with CGN data

D. EXPLORER MOUNTAIN

D.1 Royalty Payments

Montana Exploradora reports that it has not made any royalty payments due to the closure of its operations.

E. PRONICO

E.1 Payment of donations and contributions to municipal governments

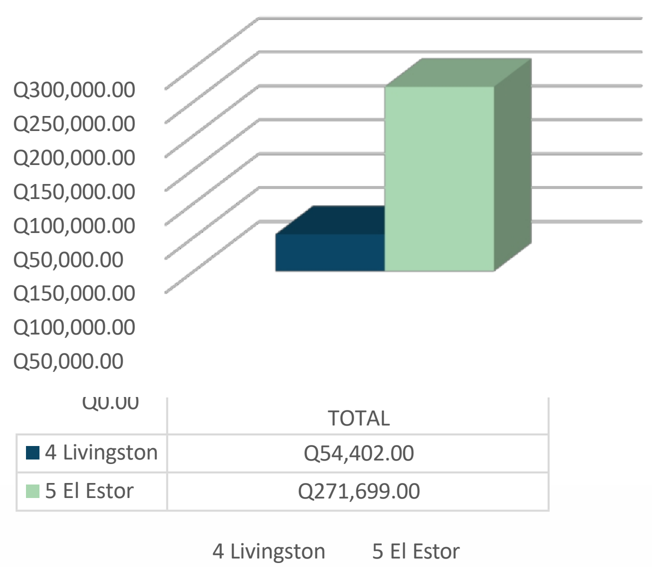
PRONICO reports payment of donations and contributions to the municipal governments of Livingston and El Estor, Izabal. These municipalities received a total amount between 2020 in the amount of Q.326,101.00.

TABLE NO. 12.4 PRONICO GRANTS AND CONTRIBUTIONS TO MUNICIPAL GOVERNMENTS 2020

Donations and PRONICO contributions to Municipalities 2020		
No.	CONCEPT	TOTAL 2020
1	Puerto Barrios	Q -
2	Los Amates	Q -
3	Morales	Q -
4	Livingston	Q 54,402.00
5	El Estor	Q 271,699.00
6	Panzós	Q -
Total Donations and PRONICO contributions to Municipalities 2020		Q 326,101.00

Source: Own elaboration, with data from PRONICO.

GRAPH NO. 9.2 PRONICO GRANTS AND CONTRIBUTIONS TO MUNICIPAL GOVERNMENTS



Source: Own elaboration, PRONICO data.

F. Maya Tradition

F.1 Payment of donations

Maya Tradición reports payment of donations to the municipalities in 2020, amounting to Q 15,825.37.

TABLE NO. 12.5 PAYMENT OF ROYALTIES, DONATIONS AND OTHER MAYA TRADICIÓN CONTRIBUTIONS TO MUNICIPAL GOVERNMENTS, YEAR 2020

CONCEPT	TOTAL 2020
Municipalities	15,825.37
Total donations and PRONICO contributions to Municipalities 2020	Q15,825.37

Source: Own elaboration, with data from Maya Tradición.

Total contributions include municipalities of San Pedro Pinula, Usumatlán and Zacapa.

La Maria Mine

G.1 Payment of Royalties

The company La María reports royalty payments to the municipality of Usumatlán Zapaca, in 2020, for a total amount of Q146.00.

TABLE NO.12.6 ROYALTIES FROM LA MARIA MINE TO MUNICIPAL GOVERNMENTS, YEAR 2020

Revenue Flow	2020	
	Amount and Currency (GTQ)	
Municipality of Usumatlán, Zacapa	Q	146.00
Total Royalties 2020	Q	146.00

Source: Own elaboration, with data from Minar La María.

H- SICASA:

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I. Elevar Resources, S.A

I.1 Royalty payments

Elevar Resources reports royalties to the Municipality of Asunción Mita, Jutiapa. The data will be reflected in the lump sum of this report.

I.- Sub National Payments reported by the Municipalities

Below are the contributions that the municipalities reported for this report, on what they received from companies in the mining industry in 2020 corresponding to royalties, voluntary royalties, and other donations, IUSI property taxes, broken down by amount in Quetzals identifying the company that gives it.

TABLE NO. 12.9 REVENUES RECEIVED FROM THE MINING SECTOR, YEAR 2020

MUNICIPALITY	Single real estate tax (IUSI)	Royalties	Other payments
	2020	2020	2020
Puerto Barrios		Q 719.49	
El Estor	Q 547,700.88	Q 420,225.11	Q 1,436,348.00
Los Amates		Q 873,976.01	
Asunción Mita	Q 48,858.84	Q 48,858.54	Q 111,520.00
Barberena		Q 1,900,000.00	
Cuilapa		Q 1,900,000.00	
San Rafael Las Flowers	Q 1,427,688.89	Q -	
Total 2020	Q 2,024,248.61	Q 5,143,779 .15	Q 1,547,868.00

Source: Own elaboration, with data reported by beneficiary municipal governments.

GRAPH NO. 9.3 REVENUES RECEIVED FROM THE MINING SECTOR, YEAR 2020

Source: Own elaboration, with data reported by municipal governments.

6.5 SOCIAL, ECONOMIC AND ENVIRONMENTAL EXPENDITURE REQUIREMENT 6.

EITI encourages the disclosure of information related to revenue and expenditure management, which helps stakeholders assess whether the extractive sector, in this case mining, is generating economic, social and environmental impacts and outcomes.

A.1 Social Development Contributions

Pan American Silver Guatemala, S.A., reports payments of contributions for community development totaling Q755,318.16 for 2020.

TABLE NO. 13 COMMUNITY DEVELOPMENT CONTRIBUTIONS PAN AMERICAN SILVER GUATEMALA, S.A. YEAR 2020

Revenue Flow	2020
	Amount and Currency (GTQ)
Contributions to community development	Q 755,318.16
Total contributions 2020	Q 755,318.16

Source: Own elaboration, with data from Pan American Silver Guatemala, S.A.

A.2 Social Security Payment IGSS, IRTRA, INTECAP

The company reports payments to the Instituto Guatemalteco de Seguro Social (IGSS), the Instituto de Recreación de los Trabajadores de la Empresa Privada de Guatemala (IRTRA) and the Instituto Técnico de Capacitación y Productividad (INTECAP) for 2020, totaling Q4,955,694.47.

TABLE NO. 13.1 IGSS, IRTRA, INTECAP PAN AMERICAN SILVER GUATEMALA, S.A. YEAR 2020

Revenue Flow	2020
	Amount and Currency (GTQ)
IGSS IRTRA and INTECAP	Q 4,955,694.47
Total IGSS, IRTRA, INTECAP 2020	Q 4,955,694.47

Source: Own elaboration, with data from Pan American Silver Guatemala, S.A.

B. PEÑA RUBIA, S.A.

B.1 Payment of IGSS, IRTRA, INTECAP

Peña Rubia S.A. reports to IGSS, IRTRA and INTECAP; for 2020, for a total amount of Q207,418.26.

TABLE NO. 13.2 IGSS, IRTRA, INTECAP. PEÑA RUBIA, S.A. YEAR 2020

Revenue Flow	2020
	Amount and Currency (GTQ)
IGSS	Q 174,676.62
IRTRA and INTECAP	Q 32,741.64
Total IGSS, IRTRA, INTECAP 2020	Q 207,418.26

Source: Own elaboration, with data from Peña Rubia, S.A.

C. CGN

C.1 Payment of IGSS, IRTRA, INTECAP

CGN reports payments to IGSS, IRTRA and INTECAP for 2020, for a total amount of Q3,423,176.00.

TABLE NO. 13.4 IGSS, IRTRA, INTECAP CGN 2020

Revenue Flow	2020 Amount and Currency (GTQ)	
IGSS	Q	2,882,817.00
IRTRA and INTECAP	Q	540,359.00
Total IGSS, IRTRA, INTECAP 2020	Q	3,423,176.00

Source: Own elaboration, with CGN data.

C.2 Environmental payments and production

CGN reports environmental payments of Q298,910.60, corresponding to 2020.

Environmental payments to the Ministry of Environment and Natural Resources (GTQ)	
2020 Amount	TOTAL 2020
298,910.60	298,910.60

Source: Own elaboration with CGN data.

D. EXPLORER MOUNTAIN

D.1 Payment of IGSS, IRTRA, INTECAP

Montana Exploradora reports payments to Social Security (IGSS), Instituto de Recreación para el Trabajador (IRTRA) and Instituto Técnico de Capacitación y Productividad (INTECAP) in 2020, totaling Q 2,508,329.22.

TABLE NO. 13.6 IGSS, IRTRA, INTECAP MONTANA EXPLORADORA, YEAR 2020

Revenue Flow	2020 Amount and Currency (GTQ)
IGSS	Q 2,221,663.02
IRTRA and INTECAP	Q 286,666.20
Total IGSS, IRTRA, INTECAP 2020	Q 2,508,329.22

Source: Own elaboration with data from Montana Exploradora.

E. PRONICO

E.1 Payment of contributions to development

PRONICO reports payments to the development contribution in 2020 for a total amount of Q 23,585,238.

TABLE NO. 13.7 DEVELOPMENT CONTRIBUTIONS TO THE PRONICO 2020 COMMUNITY

Revenue Flow	2020 Amount and Currency (GTQ)
Community Development Contributions by COVID	Q 23,585,238.00
Total contributions 2020	Q 23,585,238.00

Source: Own elaboration with data from PRONICO.

E.2 Payment of IGSS, IRTRA, INTECAP

PRONICO reports payments to Social Security (IGSS), Instituto de Recreación para el Trabajador (IRTRA) and Instituto Técnico de Capacitación y Productividad (INTECAP) in 2020 totaling Q 19,098,155.

TABLE NO. 13.8 IGSS, IRTRA, INTECAP PRONICO 2020

Revenue Flow	2020
	Amount and Currency (GTQ)
IGSS	Q 16,082,127.00
IRTRA and INTECAP	Q 3,016,028.00
Total IGSS, IRTRA, INTECAP 2020	Q 19,098,155.00

Source: Own elaboration with data from PRONICO.

E.3 Environmental and production payments

PRONICO reports environmental payments to the Ministry of Environment and Natural Resources for 2020 in the amount of Q119,526.19.

F. Maya Tradition

F.2 Environmental payments

The Maya Tradition Company reports production payments in the amount of Q546,572.00 corresponding to 2020.

TABLE NO. 13.9 AMOUNTS IN NATIONAL CURRENCY, OF PRODUCTION AND ENVIRONMENTAL PAYMENTS MADE TO THE MARN. MAYA TRADITION 2020

No.	CONCEPT		Environmental payments to the Ministry of Environment and Natural Resources (GTQ)
		TOTAL 2020	TOTAL 2020
1	National Level	546,572.00	0.00

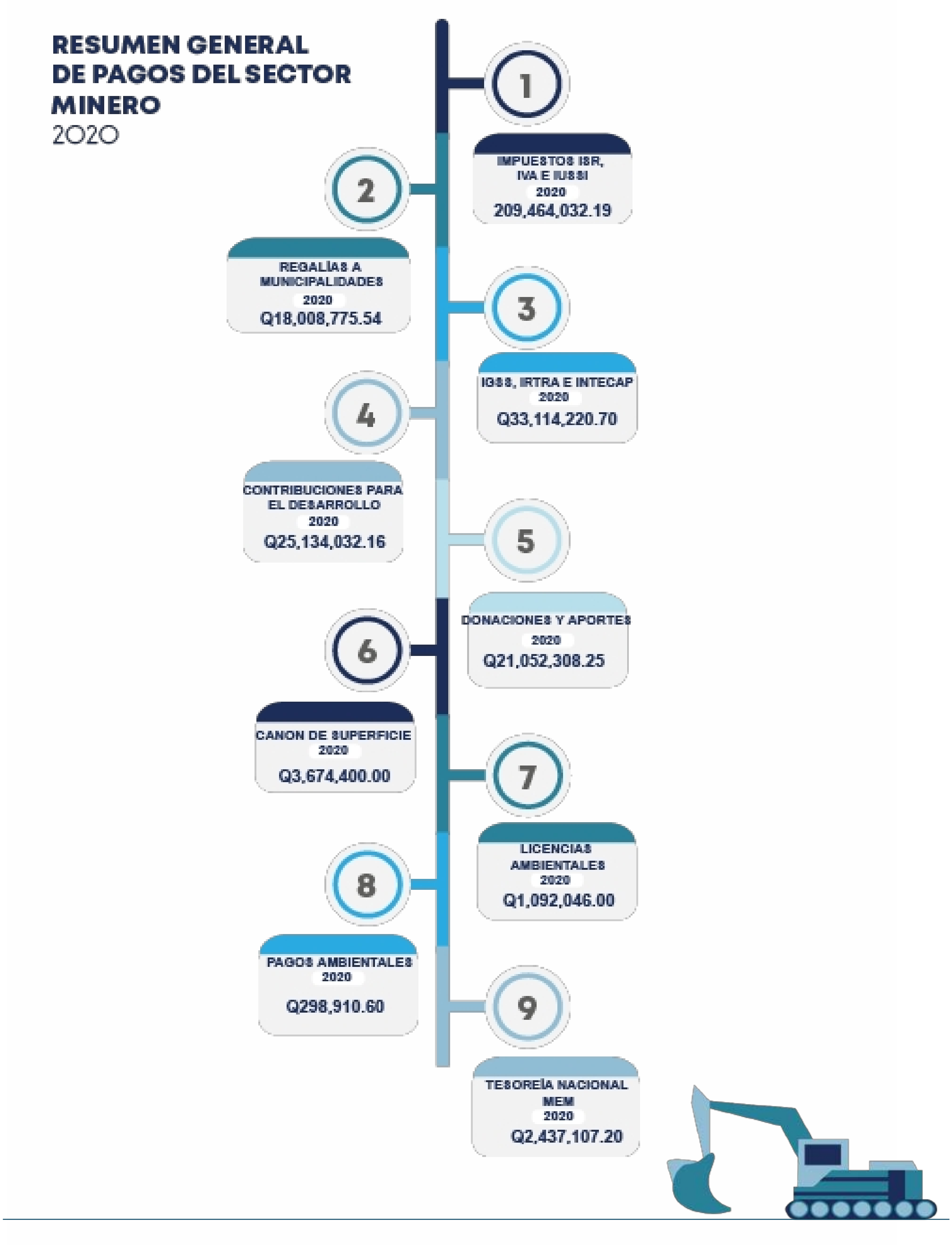
Source: Own elaboration, with data from Maya Tradición.

H- SICASA:

"This company's information is aggregated in the final summary of this report due to the confidentiality agreement."

I. Elevar Resources, S.A

Elevar Resources, S.A. reports payments to social security (IGSS) and environmental licenses, which at the end of this report will show the company's contributions.



Source: Own preparation. Information provided by participating companies.

6.6 REQUIREMENT

7. RESULTS AND IMPACT

Debate public

EITI Guatemala has a web page where it publishes publicly from the first reconciliation report to the fourth report, as well as minutes, work plans and other activities carried out by the EITI Guatemala initiative. The address is: https://EITIguatemala.org.gt

The page has helped to generate public debate among civil society organizations, academia, think tanks and social organizations, where some types of studies, alternative reports and news analysis have been generated, which help to bring the different reports to public scrutiny.

During 2020 there has also been a greater rapprochement of civil society organizations that are part of the EITI with other organizations in the interior of the Republic, to raise awareness of the initiative. Also the civil society organizations within EITI Guatemala, which are part of the Open Government Initiative, are preparing some commitments and milestones that will be presented in the next Open Government national action plan for the period 2021-2023.

With respect to the Accessibility and openness of data within the work plan for the coming years, it is contemplated to generate a database that allows entering data from upcoming reports for better analysis and transparency of data, to comply with the open data policy of Guatemala and with the new policy that the Ministry of Energy and Mines is developing with 5 axes which : 1. On Competitive and Sustainable Mining, 2-Social Mining that supports socio-economic development, 3.- Environmental. Improvement of performance, 4.- Normative Strengthening of institutionalism, 5.- Conflict governance to development opportunities.

IX. CONCLUSIONS

For the preparation of this report, which covers fiscal years 2018, 2019 and 2020, 11 companies representing the extractive industries in Guatemala participated. The following conclusions are presented below.

- ✓ The environmental legal framework and/or existing procedures make very difficult to comply with the contractual deadlines established for exploration and development activities. hydrocarbon exploitation. Although the companies carry out environmental impact studies, the approval process is extremely long.

- ✓ It is necessary to review and update the current legislation related to the hydrocarbons sector. Since, at present, this legislation refers only to liquid hydrocarbons, and not to gaseous hydrocarbons.

- ✓ The suspension of mining projects has discouraged foreign direct investment in addition to domestic investment. This directly affects community development, eliminating sources of employment. This situation makes it more difficult to comply with contracts and commitments with suppliers and customers.

- ✓ Much remains to be done in the implementation of the Law on Access to Public Information by some municipal governments. In spite of the efforts made to request the information and the respective follow-up; there were cases in which the information was never obtained.

- ✓ Some of the municipal governments that stood out for sending all the requested information, including documentation regarding income, were the Municipality of Fray Bartolomé de las Casas, Department of Alta Verapaz and the Municipality of San Francisco, Department of Petén,

- ✓ For the oil exploitation phase, between 2018 and 2019 no contract was authorized; there are five contracts in force, the closest one expires in 2025. The other four expire between 2028 and 2031.

- ✓ There is a clear downward trend in oil production and exports, due to the natural decline of the producing areas and the non-awarding of new contracts.

- ✓ A reform to the Hydrocarbons Law should be promoted so that the expiration of oil operation contracts should be linked to the economic limit of the field. and not for years.

- ✓ PERENCO Guatemala Limited is the most representative company in the hydrocarbon . For this report, it provided its information in a disaggregated manner, which shows its willingness to contribute to transparency in its payments to the State.

- ✓ Despite the difficulties, the extractive industry in general has continued to provide support through corporate social responsibility programs, with a primary focus on health and education sectors, in coordination with local authorities and within the area of influence of the projects.

- ✓ The COVID-19 situation aggravated the situation of the mining industry, together with the legal actions to suspend activities and therefore production levels.

- ✓ The Guatemalan Army's Jungle Battalion is another recipient of contributions from PERENCO Guatemala Limited. These contributions are used to preserve natural areas protected, especially from jungle predators and drug trafficking groups that build clandestine airstrips.

- ✓ Another contribution to the environment is made by PERENCO Guatemala Limited for the preservation of Laguna del Tigre National Park. These revenues are received by the National Council of Protected Areas (CONAP).

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Javier Zepeda

EXECUTIVE DIRECTOR OF THE CHAMBER OF INDUSTRY

What have been your biggest challenges in the last 3 years?

Undoubtedly, the extractive sector. The biggest challenge has been the lack of legal certainty in the country in certain resolutions of the institutions in charge of the justice sector, which have clearly affected the extractive sector. This is one of the main challenges we have, since it is precisely the lack of legal certainty, the ideologization of the justice system and certain measures taken by the State institutions to close projects due to the general fact of unemployment that generates poverty. Another challenge that we have had during the last three years are some constant situations or attacks to extractive projects that in many cases are really attacks that have been made through manipulations in certain communities.

How has Covid-19 affected the implementation of activities in the extractive sector?

Being the extractive sector an area in which it operates in open places, there is not such a close contact between collaborators, definitely the protocols and biosafety measures have been respected, but where it operates as such are really very open spaces. In the administrative areas of the companies, teleworking has been adapted to comply with the same protocols, so I would say that in their operation as such the impact has not been so strong, due to the very nature of the extractive activity.

What do you propose to improve conditions in the sector?

Strengthening the issue of legal certainty is the most important thing, as well as granting new licenses, implementing consultations where the ILO Convention 169 should be regulated. If the implementation and strengthening of the aforementioned is achieved, it will definitely be attractive for new companies to come and invest in a country that has a lot of potential in the extractive sector.

How do you see the future of the sector in our country?

The future may be much more provisional since Guatemala is a country that due to its topographic nature and its geographic location, has the potential to develop an excellent extractive industry, but if in the future there is no legal certainty, implementation and setting of ILO Convention 169 with its respective consultations, and likewise there is no promotion of new licenses, it really will not be possible to develop what we believe Guatemala's potential can . The more projects come and the more licenses there are, the more companies there will be, the more companies there will be, the more formal employment, the less poverty and incentives to migrate from the country there will be.

What do you think of the regulation and legal framework of the sector in our country?

We believe that this is very much based on ILO Convention 169 and therefore it is very important to regulate this convention so that the consultations derived from this convention are made on the basis of a regulation that is not specifically for the extractive sector but applies to many other development projects, which is why, in order for the country's development to be sustainable in the coming years, we must have this regulation so that it can be implemented without major problems for the communities and the development companies and for the State.

What is your opinion about EITI Guatemala and what do you expect with the implementation of this initiative?

EITI generates certain international standards for the extractive industry and, above all, it generates standards that, although are issues related to transparency, they can make transparent, communicate and share with different actors the good practices that the industry has in many areas. In this opportunity we believe that a very important actor is that it is no longer only a study or a quantitative analysis, but also allows both industries and civil society to express their points of view and give this report some other attributes, so we believe that this year this initiative will be of great value for companies and communities in the country.

Anything else you would like to comment on regarding this topic?

The EITI Initiative should continue to make these types of reports in the country, as it is a way to share with the different actors what this industry does in many ways, not only in the generation of taxes and employment, but also in generation of wellbeing in the communities.

Licensed

Carmen Urizar

DIRECTOR OF EIA CENTER

What have been your biggest challenges in the last 3 years?

It is an activity that in Guatemala has not had a long-term vision. What we see is a drop in the contribution to the productive activity, an activity that perhaps has generated a lot of legal uncertainty for the entrepreneurs of the same and that without a doubt there are almost all the projects that we can count by hand, that are active, that are in operation, projects that some have been important and that have lowered their contribution as a consequence also of the international sector of the prices and of the governmental decisions that we have counted.

How has Covid-19 affected the implementation of activities in the extractive sector?

All productive activity has deteriorated because the way of life has changed. As a result of the pandemic, decisions in some aspects have been stopped, decisions for example on the provision of some new licenses, artisanal mining activities, large mining activities that go, for example, to construction. Construction was perhaps one of the hardest hit sectors and obviously because with the pandemic, the entire employment sector was affected, so in the end the mining sector is a primary sector, which is a supplier of raw material for what is really today all our day to day activity.

What do you propose to improve conditions in the sector?

The country must have a long-term vision, where there is a clarity of what objectives we want for an important activity and that really disassociates it from political decisions that obviously generate a lot of uncertainty for business decisions. Likewise, elements must be introduced to ensure that the activity is developed in a sustainable manner, which will motivate the attraction of investments, but these investments only come when there is legal certainty.

What do you think about the regulations and legal framework in the country?

The Constitution speaks of how natural resources and state assets should used for the common good, the development of Guatemalans.

We should think about how we really choose the intermediate point where we want that development, I believe that we have to be respectful of our regulations, if these regulations can be improved with good practices, I believe that the country would also do very well. Likewise, there may be an opportunity for the authorities to review good practices and adopt regulations that will help the mining law to be a much more updated and feasible law.

What do you expect with the implementation of this initiative?

It is a very positive initiative in which all the mining countries are participating. I undoubtedly believe that this transparency helps the activity to be better seen, for the people of this same sector to see what the activity contributes and also the qualitative improvements that are made, because is not only what is contributed in taxes, but also what the activity contributes in qualitative terms to development, employment, attraction of investments, royalties and attraction of foreign direct investment. Therefore, I believe that there are a series of elements that must be addressed in a comprehensive manner, so that if we really want the activity to contribute, it can be developed.

Engineer

Mario Orellana

GENERAL MANAGER OF THE CEMENT AND CONSTRUCTION MATERIALS DIVISION OF CEMENTOS PROGRESO

What have been your biggest challenges in the last 3 years?

The last three years have been dotted with a series of events, starting with changes of presidents and the whole issue of how to improve the activities of the State, how to avoid corruption, etc. Unfortunately this has not allowed Guatemala to create the conditions for the growth that we need so much, since there is no stability. But these last three years have brought us a little closer to reach a better stability of the country, since we have gone through a series of events that I believe that hopefully we are moving in the right direction.

How has Covid-19 affected the implementation of activities?

In general, Guatemala was one of the countries that suffered the least economically, since the economic shutdown was not as drastic as in other countries in Central America and the world, which meant that the Gross Domestic Product did not fall as much. In our case, we did have to make many changes, to make changes on how to operate the plants and all the production systems with time restrictions, to obtain permits from the Government, since it was more complicated to stop the entire production of an important product, which is basic for the economy, for the country and for its growth. But in spite of all the difficulties, it was managed quite wisely.

What do you propose to improve conditions in the sector?

The best way to create the ideal conditions is to have stability, to have clear rules in the legal, budgetary and financial aspects. The law must be applied equally to everyone, there must be a justice system that enforces contracts, because in the end all this can be summed up in one sentence and that is to have the rule of law.

What do you think about the regulations and legal framework in the country?

I am of the opinion that the law that governs us is good. We only have to make some small modifications as a union, not to try to change it, to raise the royalties to an amount that would be frightening and that would not attract attention, because if we simply raise it, we will have the law with the highest royalties, a prize for the Government, but zero mines.

How do you see the future of this sector in our country?

I see it a little better, since we are seeing progress. All this because conditions were created to advance in the consultation process, the Ministry of Energy and Mines already has a department of sustainable development that is taking steps to carry out this consultation. We have seen that progress has already been made in Izabal and in Santa Rosa and well, this gives me optimism that, if the consultation process is completed, it allow these mines to reopen, to start generating taxes and bringing in new investment.

What do you expect with the implementation of this initiative?

This is a very good initiative, which will eliminate some of the doubts that exist about mining, which normally works on the basis of bribes, or that there is money under the table and that there is no money under the table.

Well, in the end, what we want is that first of all, there are companies that are upright in their actions, ethical, and that is why we have created the mining guild to attract all these types of companies that can adhere to these codes of values, ethics and conduct.

Therefore, it is necessary find a balance where transparency and the great contribution that this industry provides to the country are evident.

Licensed

Arturo Matheu

FOUNDER IN 1986 OF THE NATURAL RESOURCES TRADE ASSOCIATION

What have been your biggest challenges in the last 3 years?

In our country, mining has generally not been recognized by most of the population as a well regarded activity, for several reasons, the main one I would say, is the ignorance of the people of what a mineral is, likewise those of us who are dedicated to these activities, try to give some encouragement of instruction and education to the population so that they know the importance it has in life of the human being.

How has Covid-19 affected the implementation of activities?

We have had to take additional precautionary measures at a higher cost on a permanent basis in order to avoid the cost of human lives or the loss of personnel for not protecting them in their entirety. And human carelessness happens, so those carelessnesses for a company are extremely costly because immediately there is a bad image or a news that will impact the public, we do not want to have that, that is the last thing we want to have, so we have companies that have had to close for many months or not allow visitors to arrive, nor some workers, and some that have to arrive with a lot of precautionary measures and care.

What do you propose to improve conditions in the sector?

In the mining sector there are several factors that are extremely important, one is precisely to be able to frame what are the scopes of the Government sector through legislation and regulations, those scopes must facilitate that the companies can carry out their work in a correct and orderly manner. The Government must also give minimum indications in order to have the security and legal certainty of the permanence that, if it has a license, a concession, it will hold it for a certain number of years, under certain regulations that it must have complied with.

What do you think about the regulations and legal framework in the country?

Guatemala has an extraordinary amount of mineral resources resources, Those deposits that have a potential to be industrialized correctly, must be worked in a way that the legislation provides a general framework, framed within what is going to be a long term activity with the assurance of its long term application and that later the Government itself can also facilitate, the guide for a due compliance of the private activities in that sense that due compliance goes from the qualification that you can have a record where it shows that where it is doing its work, it is truly under the best regulations of survival and good life.

How do you see the future of this sector in our country?

Positive under the premise that the current legislation and regulations must be improved to make them clear, fair, well defined and that it is known exactly what has to be complied with. Likewise, the whole issue of community relations with neighbors at the municipal, departmental and regional levels, due to the use of public roads for transportation, should also have its corresponding relationship of agreements and the understanding with the neighbors of what is being done, since it is clearly extremely important so that there are no conflicts.

What do you expect with the implementation of this initiative?

The focus should be on improving the common good, to report correctly and with certainty, what is being done, for what purpose, but with the aim of improving any future activity, that should be the fundamental purpose and then channel those efforts where, for some reason, due compliance has not been achieved, to provide guidance and advice to the countries or the corresponding entities, so that they can be channeled and facilitate a better operation, better compliance and can make a good benefit, for the common good of the countries.

Licensed

Paulo de Leon

CENTRAL AMERICAN BUSINESS INTELLIGENCE

What have been your biggest challenges in the last 3 years?

It is a sector that is off, because its main investment, which is a large company, was suspended by a resolution of the Constitutional Court. So, when a sector has such a large company that weighs so much within the sector, it falls. The sector is going through its worst moments in 20 years, in terms of production.

How has Covid-19 affected the implementation of activities?

The economic activity in general in Guatemala is quite normalized within what can be called, within a pandemic, compared to other countries, we see that the activity here is relatively normal taking into account all safety and prevention protocols.

What do you propose to improve conditions in the sector?

We must take the path of establishing a dialogue as a society, but it must be an extended society, not NGOs that represent people. I believe that we must do it right and determine whether as a country we want mining or not. We must move towards a new model that is more sustainable.

What do you think about the regulations and legal framework in the country?

In general terms, the problem does not come from there, it comes from outside, from the system, from the sector, because inside, the companies complied well, they complied with the rules, the regulations, the things of the law, they paid their taxes, etcetera. And there was an agreement that was signed before by some deputies which is broad, which is not only dedicated to them and the CC took it and on that basis they knocked down the company.

How do you see the future of this sector in our country?

Yes, there can be a future, but not mineral. Something very strong has to happen against it and unfortunately one of the losers is the State, because since the mine was closed, the State has stopped receiving 500 Quetzals a year. Today the people of the places that lived off the mine are the ones who are paying for the broken plate and they themselves must surely remember now how it was, how they were doing well and now they are not.

What do you expect with the implementation of this initiative?

It is a good initiative, as well as all the others, I see it as a certification like ISO9001, ISO9002. And we are moving towards a world that certification is required and it's a better world. And this report is going in that direction, then.

It would be enough to say that an EITI report that says that everything is fine in a mining operation, so that there would be confidence that what is happening is good and that it is certified, so I see it well, it is a global trend and it is good that it is happening in Guatemala, but as I said, the activity has been decimated.

Doctor

Alfredo Galvez

GENERAL MANAGER OF MONTANA EXPLORADORA GUATEMALA

What have been your biggest challenges in the last 3 years?

Three years ago the company belonged to another global mining group, Wolcott. In both Wolcott and Newmont, one of the values of these companies is to take care of people, so from the beginning we see safety first, we always put the issue of safety that should be extended not only from the point of view of the workplace, but extend it to all the actions that we develop, and that includes the home.

How has Covid-19 affected the implementation of activities?

The rest of the economic activities in Guatemala had to be reduced for the size of the operations. This meant that some contractors had to stop working and that impacts not only the person working, but their families as well.

What do you propose to improve conditions in the sector?

The first step is education. Education in the country must be reformulated to avoid the manipulation of these sectors that are opposed at a global level. Because this is not their particular movement in Guatemala, this is a worldwide movement where we have people who opposes the state of things because he is paid for it, that's why. So the State create an information campaign. What is mining? What is mining really about? How exploration activities can be seen from the point of view that they are studies carried out in order to be able to determine

What is it? What kind of minerals exist or do not exist in a given territory? But when here we have different conceptions of what a territory is, whose resources belong to whom, then it is going to be very difficult. So we have to start educating from the basics, to the concept of nation. We are all Guatemala, not just a small group.

How do you see the future of this sector in our country?

From the union we are working and trying to promote actions that can change this situation, we have been under this regime for almost ten years, so this implies a delay of ten more years for future operations. If there has been no exploration, then those five and seven years that are necessary to study and develop a project are running out of time. These are opportunities that we are postponing into the future. So we have to create the optimal conditions for that investment to come, to generate the necessary studies, if the resources exist, they will be developed and then they will go ahead.

What do you think about the regulations and legal framework in the country?

The State must update the laws and regulations that govern both the oil industry and the mining industry. Two laws were made, the mining law and the hydrocarbons law, but the mining law was eradicated from that legal framework and one was made to the measure of Guatemala, which did not work either. So, the law we currently have is a law that seeks the development of the country, it is a law that was made in the 90's specifically enacted by the Congress of the Republic in 1997, together with the Telecommunications Law and the General Electricity Law.

This law has been attacked almost since its inception by the same group that has always been bothering us, those groups that oppose the development of the country and the promotion of wealth.

What do you expect with the implementation of this initiative?

EITI being an international organization for auditing and transparency gives us the endorsement that companies need to say that we do comply with the law. That we do comply with our tax obligations before the State and before the Central and Local Governments. So that is what I expect, that EIT collaborates with the State audit.

Engineer

Juan Carlos Galindo

GENERAL MANAGER OF CASA BLANCA FLOORS

What have been your biggest challenges in the last 3 years?

It is really certainty, that is to say, it is necessary that, let us say that we have been living in a time of great uncertainty for many years with the issue of this de facto moratorium that we have, this takes away and reduces the competitiveness of the companies, because in the end we have many companies that are competing with illegal mining, which is really affecting this type of companies such as ours, where everything is done in an honest way.

How has Covid-19 affected the implementation of activities?

The first big impact was on our people, because we at the plant started to have the first cases about a month later, obviously they were treated, we have already formed all our safety committees, in occupational health and safety, fortunately with backup people, a doctor, clinics and we started to provide support, obviously it was not our obligation to do so because this is the obligation of the State, but we have had a shortcoming and we decided to solve it better. There was a moment when sales were 30%, so we had to make decisions about people, about shifts, how to locate ourselves, obviously we had to stop for three weeks to reorganize ourselves and since then things have improved substantially and I believe that the discipline of this committee has been essential.

What do you propose to improve conditions in the sector?

Well, we have to provide certainty, that is to say, any company that works or works, plans with political, economic, legal certainty, obviously has a much easier time to flourish, for us it is very complicated, as I was saying, to have to compete against someone who is not there, who does not exist, we have also tried to subcontract because we see that we cannot do everything, impossible, that is to say there is a culture of non-compliance that is fostered over , because it is the way of life of these people.

How do you see the future of this sector in our country?

I am positive, I am one of those people who always invests, indeed in these times of crisis we continue investing, we believe in the growth of the country, the only way for the country to get out of poverty is for there to be investments and for those investments to generate employment, the state is not a generator of employment, on the contrary it should be at its minimum expression, giving support, support and certainty which is what I always indicated, I see it well, obviously difficult times are coming but I believe that people who are dedicated to business are already accustomed to difficult times.

What do you think about the regulations and legal framework in the country?

There has to be legal certainty, it has to be clear, transparent and everything very agile, let's say, the Ministry of Energy and Mines has not solved the issue of mining licenses for a long time, so that gives uncertainty to anyone and is an invitation for people to go to the illegal sector, then anyone you them look let's produce and generate income for the country, because in the end my obligation is to pay taxes and what they do with taxes is another story, but people do not is invited to do that, then the invitation is better behave badly.

What do you expect with the implementation of this initiative?

Everything that generates certainty and transparency adds up. It is important that people like us who are dedicated to business know about it. I would like to be able to go deeper and see in what way we can collaborate to give the country a better potential, because that is what we have to do, we have to generate more employment.

Engineer

Felix Morataya

GENERAL MANAGER OF CITY PETÉN

What have been your biggest challenges in the last 3 years?

We have had two main challenges, one is the oil industry market that has had ups and downs in recent years prior to the pandemic there was a crisis in 2015 and 2016 and after that crisis the international price of hydrocarbons has been quite low, it has had a very gradual recovery until 2019 and finally when the pandemic enters we have crisis again, then this market behavior has definitely affected the companies in our line of business. being a fairly important challenge.

The other issue, which has been difficult for us as a company in recent , has been the approval of the declaration of commerciality of one of the fields we have here in the country.

How has Covid-19 affected the implementation of activities?

Directly the operations of the company were not so severely impacted, since it is an essential industry, the State took the necessary measures so that we could continue with our operations, we obviously took precautionary measures and some changes in our logistics and aspects of sanitary management in terms of field operations, so as not to have problems and fortunately we managed to maintain our operations without major setbacks. Also, the first three months of the pandemic were very difficult because hydrocarbon prices fell to extremely low values, the lowest in history, but fortunately this was resolved and today we have much higher prices.

What do you propose to improve conditions in the sector?

One aspect that we believe is fundamental so that the companies that already owners in the country can continue working, is that there is legal certainty, and that there are some changes to the current legislation, so that the activities can be developed in the best possible way, also to encourage more companies to come and make investments and that with this there can be a new boom or the industry can grow in the country.

How do you see the future of this sector in our country?

We are a small association and that is why I believe that it is important to update some of the current legislation, both in the hydrocarbon and environmental fields, so that more companies can come and give continuity to their activities. Most of the current contracts have a limited validity, and if new investments are not attracted, perhaps in the next 10 years the industry could be having some problem or losing what it has today, and I believe that this is an important challenge.

What do you think about the regulations and legal framework in the country?

There must be very good inter-institutional coordination so that, together with the Ministry of Energy and Mines and the Ministry of the Environment, the necessary changes to the environmental legislation are established, so that the activities in the area of exploration and exploitation of hydrocarbons can be developed in the best way and in reasonable times.

What do you expect with the implementation of this initiative?

EITI is important for the industry and for all industries, in particular for the oil industry. or hydrocarbons, we see the need for information on all the benefits that the industry generates in the country, not only the income that the State receives from royalties or participation in production, but also other contributions that we as a company make in the country and also all the support and social responsibility programs that we have, which is a direct benefit for the communities where we carry out our activities and also for the local authorities.

Licensed

Fredy Gudiel

PERENCO'S PRINCIPAL REPRESENTATIVE

What have been your biggest challenges in the last 3 years?

Mainly the issue of institutionality, because from the institutional point of view. The oil operation contracts in Guatemala are originated by a public bidding , and after the awarding of the contract, what we call a typical oil operation contract is signed and initiated.

How has Covid-19 affected the implementation of activities?

For the hydrocarbon sector and for Perenco in particular, this affected it from the operational point of view and from the income point of view, Perenco is a company that operates in 13 countries, in 4 continents, and there was no exception in any of the subsidiaries of the Perenco group that was not affected by the pandemic issue, for what reason, because somehow the oil production in the world suffered what we call, one of the biggest crisis there has ever been, due to the world paralysis. Oil was not so necessary for the

The consequence of all this is an extremely terrible price crisis.

Have you put forward any proposal or the creation of any inter-institutional space to regulate or regulate the performance of the institutional framework in relation to the investment requirements of the sector in the country?

Perenco has been operating in Guatemala for 20 years, in fact, this year we are celebrating our 20th anniversary. Somehow in the meetings that we have had and that we have held with different instances, this problem has been raised and we have also requested that in some way this inter-institutional communication exists, it would be good in the future that it is done. I understand that some years ago a cooperation agreement was signed between the Ministry of Energy and Mines and the Ministry of the Environment through the administrations that have existed, some more, some less, but in the current administration I believe that there is a good will on the part of the authorities of the ministry to make this coordination work.

To what extent is there an environment of possibilities for expansion of the sector in Guatemala and in the rest of the post-Covid economy? Do you think it is feasible or are some conditions required for that to happen?

From the point of view of the industry in general, we believe that production is stabilizing by little, prices are stabilizing and this has helped companies to somehow recover the investments they may be making, and for the future, of course, yes. The Government, in order to be congruent with interests of the companies to participate in this economic reactivation, also has to provide the necessary facilities so that the companies feel interested and attractive to invest, since in Guatemala there is still an unexplored potential and that is what we want to do, but if the contract expires in 4 years, obviously significant investments cannot be made, because there is no recovery, there is no certainty of continuity.

Are there any issues, any experiences, any lessons learned that you have with respect to how the State applies what it receives from companies or local authorities?

We have seen everything; the oil industry in Guatemala has tax payments, which are those that are paid to the Treasury, and non-tax payments derived from oil contracts.

The State of Guatemala does not take a penny out of its pocket for oil operations, the royalty and participation are funds that come to the state, now in the case of voluntary transfers we as Perenco in the oil industry do not exist since that is a concept that is used only in the mining sector.

Regarding the MEM's private fund, for example, there is a lack of information; many people do not know the amount of contributions made by the companies.

This is due to the law, that is to say that everything that is done is by law, and there are two main payments that are made in all oil contracts, one is called training, why? The law contemplates that the companies can allocate a fund according to the production they have, then it will vary and from this fund, the Ministry of Energy and Mines receives it and must use it to train its personnel, the personnel of the Ministry of Energy and Mines in order for them to be in conditions, in knowledge of all that is the industry. In the past, these funds were used to give scholarships to many Guatemalan students in universities in the United States and that is why today in Guatemala we have many professionals in the oil area, that is one issue, the other is the private funds that the ministry receives, is for the use of what we are talking about, the use of the land, of the surface, a fee is paid, we call it administrative, per hectare, to charge per hectare, those funds are used by the Ministry of Energy and Mines, also in the work of supervision, those are the two main private funds that the Ministry receives. This does not go to the common fund. It is a private fund only for the ministry. They are the activities and also for the local authorities.

What are the main proposals, if you were to sit down, as an example, with the President of the Republic, with the President of the Congress and with the President of the Supreme Court of Justice, what are the demands of the sector to transform itself and become a strategic source of tax generation, employment and others?

Central Government, I believe that it can support the extractive and hydrocarbon sector by providing it with something that is the most important, legal certainty, legal certainty appealed this moment that there are clear rules, those clear rules are the ones that are going to be fulfilled and executed, we cannot have an institution saying one thing, and then that comes

I believe that there must be an inter-institutional policy, where the institutions involved in the hydrocarbon sector are involved and unified, delimit this policy of facilitating investment in the hydrocarbon sector.

When we talk about the legislative body we know that there are laws, such as the hydrocarbons law that should have a transformation today. This law dates back to 1983, the current one originated much earlier with the famous oil code and other previous laws, but this one dates back to 1983, we believe that some things should be changed, we also know the difficulties that the government has faced many times, with some companies that perhaps have difficulties to fulfill their commitments, But all this can be solved through legal reforms, which give the state the certainty of being the controlling entity of oil operations, but also give certainty to the companies that their investment is guaranteed, through regulations that allow them to do so.

What do you expect with the implementation of this initiative?

The EITI, as an international institution that has been adopted in several countries, its acronym indicates it, the transparency of the extractive industries. I believe and I am fully convinced that this EITI mechanism is useful both for the State and the companies that participate in it, and obviously also for civil society. Likewise, perhaps it can become a little more involved with all the sectors that this represents, have more contact with government entities, with local governments and other civil organizations. I would think that in the EITI issue there has been a lack of a little more dissemination and what the EITI consists of, efforts were made in the past, but I think it has not been enough. And finally, there should be more involvement of the whole initiative, of those of us who are part of it, to disseminate the results a little more and make people understand what they mean.

Licensed

Bernardo López Rojas

TECHNICAL SECRETARY EITI GUATEMALA

You, as the first technical secretary of EITI Guatemala, being the second country to implement the initiative in Latin America after Peru, how do you envision the future of the initiative in the country?

Guatemala was formally admitted to the EITI implementation process 10 years ago, however, its foundations were created beforehand by initiating the access request process through its public and unequivocal declaration of its intention to implement EITI.

These actions were generated in a very important historical moment of political and legal evolution for Guatemala. In 2009, the "Law of Access to Public Information" came into force, such event was generated within a dynamic that proposed an opening of data, thus guaranteeing the right to request and have access to public information in possession of the subjects bound by it, in order to promote transparency in the state administration and promote accountability.

This milestone is important because it generated awareness and social participation aimed at promoting changes to combat the long years of obscurantism and opacity regarding information and access to it by citizens, in order to audit and influence public administration.

At this moment, the doors are open to implementation of initiatives such as Open Government, EITI, COST, among others.

These seeds can now be seen to have developed to some extent and are bearing some of their expected fruits. In the case of EITI, its Multi-Stakeholder Group (MSG), through its voluntary participation and constant commitment, has fostered an open dialogue among its members for an adequate implementation. However, the good will shown, the implementation of the initiative has suffered from some of the shortcomings of our society and governmental administrative system.

The future of EITI in Guatemala will be conditioned by being able to continue with the proactive and committed participation of the GMP, as well as the generation of some conditions that generate an appropriate environment for the maturation of EITI so that society can enjoy its fruits to have an informed and serious debate on the extractive industry in Guatemala.

I consider it necessary to visualize the EITI an element of public policy, formed in a public-private-social alliance in the symbiotic interaction of its three elements, government, civil society and industry, in a dynamic of cooperation and continuous development of means of dissemination of data available to society in accessible and understandable formats to nurture social dialogue.

The implementation of EITI has never been free of hurdles that sometimes seem insurmountable, therefore, the creation of adequate conditions for its healthy development and adherence to the guidelines of the current EITI standard is necessary without losing sight that *EITI is not only a tool for generating numerical reports, but an open field for interaction and multisectoral dialogue.*

with the purpose of generating a broad and informed social participation on important issues regarding the extractive industry, the use of natural resources, their governance and the management of territories, among others.

I see in the future a consolidation of these elements, both within the GMP and in the formulation, follow-up, monitoring and evaluation of plans, programs or projects resulting from the consensus of its members, thus giving elements of greater value and relevance to the joint work, surpassing even the minimum expected and contemplated in the current international EITI standard.

What do you see as the main challenges for EITI at the national and international level?

At the national level, the structure and shortcomings of implementation must be addressed. I believe that there must be a process to strengthen the GMP, its members and technical bodies in several ways, such as, for example, the provision of financial resources from various sources, promoting institutional strengthening that can be reflected initially in the technical secretariat so that it can have a more effective and efficient management of the GMP, own multidisciplinary team of professionals dedicated to the direct assessment of GMP, the generation of solutions to the basic implementation problems, as well as to the challenges that constantly arise due to events or elements outside GMP.

In addition, it is extremely important the inter-institutional coordination of GMP to improve its current capabilities in terms of the generation, compilation, synchronization and constant publication of relevant information related to the extractive industry, in a logic of open data materially adequate for the implementation of the EITI standard, which is of benefit to the inhabitants of the Republic of Guatemala and nurtures an informed social debate based on accurate and verifiable data.

In the international framework, it is evident that the EITI Board and its Secretariat are constantly working to adapt the implementation rules to the changing times and the evolution of the industry worldwide; a clear evidence of this is the decision to allow implementing countries to deviate slightly from some requirements of the EITI Standard.

2019 to go for a flexible reporting modality, this decision was born as a response to the health crisis experienced during 2020 worldwide.

In this sense, it will be vital to maintain this logic of flexibility and adaptation with respect to the reporting and validation processes, in order to that the initial and progressive effects of the health crisis on the States, their society, their standards of living, as well as micro and macro economic elements do not lose the momentum to work for transparency and keep alive the unequivocal will to develop the EITI in the implementing countries.

Likewise, the continuity in the continuous training that EITI international provides through talks, webinars and debates related to the extractive industry, its context, particularities and elements of change, should continue to be taken into account especially in terms of addressing and forming national capacities in the face of issues such as the energy transition, the challenges and opportunities of the extractive industry and the socio-environmental transparency of relevant information related to the extractive industry, in a logic of open data that is materially adequate for the implementation of the EITI standard, opportunities of the extractive industry and the socio-environmental transparency of relevant information related to the extractive industry, in a logic of open data materially suitable for the implementation of the EITI standard, which are of benefit to the inhabitants of the Republic of Guatemala and nurture an informed social debate based on accurate and verifiable data.

In the international framework, it is evident that the EITI Board and its Secretariat are constantly working on adapting the implementation rules to the changing times and the evolution of the industry worldwide; a clear evidence of this is the decision to allow implementing countries to slightly deviate from some requirements of the EITI 2019 standard to go for a flexible reporting modality, this decision was born as a response to the health crisis experienced during 2020 worldwide.

In this , it will be vital to maintain this logic of flexibility and adaptation with respect to the reporting and validation processes, in order to ensure that the initial and progressive effects generated by the health crisis on the States, their society, their standards of living, as well as micro and macro economic elements so that the momentum to work for transparency is not lost and the unequivocal will to develop EITI in the implementing countries remains alive.

Likewise, the continuity in the continuous training that EITI international provides through talks, webinars and debates related to the extractive industry, its context, particularities and elements of change must continue to be taken into account, especially in terms of addressing and building national capacities in the face of issues such as energy transition, challenges, opportunities for the extractive industry and socio-environmental transparency.

What recommendations and suggestions do you have based on your experience to add value to the initiative in Guatemala?

I believe that the implementation of EITI in Guatemala should be addressed and developed as a transversal element of public policy or as a policy in itself. In this sense, it is essential the conceptualization and adequate praxis of EITI implementation in Guatemala as a dynamic activity based on the voluntary, free and equal participation of GMP members.

To this end, we must ensure that the interaction reflected in the GMP for the development, implementation, monitoring and follow-up of these policy actions is based on public, private and social collaboration in a healthy manner and understood as a set of decisions and strategies adopted to address problems of a certain complexity, such as the transparency of the extractive industries and the prospecting thereof within the parameters provided by the application of the EITI standard.

As a result, it should be understood as consequent, necessary and appropriate a process of creation of rules for such purposes, as well as the modification of some current regulations.

On the other hand, the development of informed social dialogue through the work of EITI in Guatemala is beneficial because, in order to conceive a greater

In this way, society must consider the issues inherent to the initiative as a priority, placing them on the public agenda, and the state apparatus must include them in its management agenda. This implies the coordinated action of different public agencies, associated with shared goals, with multiple responsible parties, and in such a way that this cooperative and proactive spirit of the GMP members is manifested once again. I believe that, in order to provide greater value to the work of EITI in Guatemala, the integrated actions of the GMP should be designed, interpreted and implemented with the participation of public, private and social actors, taking advantage of the benefits of having a tripartite GMP, in alliance regimes, through modifications to the legal and regulatory framework in their areas of influence.

This would imply a set of plans, programs, projects and activities derived from the activity of the GMP with the objective of forging, nurturing and stimulating a suitable social dialogue, as well as, a concatenation actions that nurture the general economic development of Guatemala in all its extension, including improvements in the living conditions of rural communities, especially in those where extractive activities are developed and a palpable and sensitive economic reactivation for the industries of this productive sector.

X. RECOMMENDATIONS

Below are some recommendations for better compliance with the requirements of the Standard in Guatemala.

- It is necessary to continue with the development and complementarity of the regulations that support legal certainty and security for all those to whom the public administration must issue permits, licenses or authorizations that may be considered as administrative measures of ILO Convention 169.

- Improve the compliance of municipal governments and community organizations with the legal framework on access to public information and accountability.
  The exact income they receive from the extractive industries (legal payments, fees, taxes, excise taxes, donations, etc.) must be known. It is necessary to deepen the transparency with respect to the investment of the funds that these entities receive from the companies.

- Generate an outreach campaign on the income that the different institutions and governmental entities receive from the extractive industry, since, as shown in the following table, this is the only way to increase the income of the extractive industry.
  In this report, the companies pay their legal taxes and make additional payments voluntarily; therefore, disclosing this information will help transparency and knowledge on the part of all the actors involved, about the contribution of the extractive industries to the country and the impulse that it represents for the local and national economy.

- Suggest that the companies and/or guilds of the sector be more proactive in the disclosure of information, since they are obligated by the Law of Access to Public Information. Therefore
  The company believes that they could create a disclosure area on their web portals on compliance with the standards, which would also avoid having to enter into confidentiality agreements at the time of preparing the reports for the EITI.

- Generate a Manual for the preparation of Ordinary and Extraordinary Reports of Guatemala, so that the mechanisms for their generation are established,
  transfer, analysis and dissemination of information, with more effective standards and protocols.

- Design and implement an information campaign on the origin, functions and importance of the Extractive Industries Transparency Initiative in Guatemala, EITI with the following objectives
  the municipal governments, public institutions and civil society organizations, especially those located in the impact areas of the projects, join and participate proactively in the development of the sector and its benefits.

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