

**UK Extractive Industries Transparency Initiative Multi-Stakeholder Group
(MSG)**

**Minutes of the 36th Meeting – 6th November 2019 – BEIS Conference Centre,
SW1H 0ET (10-1.00pm)**

Attendance

<p><u>Chair</u></p> <p>Matt Ray - Department for Business, Energy and Industrial Strategy</p> <p><u>Secretariat</u></p> <p>Nicola Wallace – Department for Business, Energy and Industrial Strategy</p> <p>Mike Nash - Department for Business, Energy and Industrial Strategy</p> <p><u>Industry</u></p> <p>John Bowater – Aggregate Industries</p> <p>Dan Espie – Total (by phone)</p> <p>Jerry McLaughlin – Mineral Products Association</p> <p>Jacqui Akinlosotu – ENI</p> <p><u>Interim Civil Society</u></p> <p>Joe Williams – National Resource Governance Institute (by phone)</p> <p>Miles Litvinoff – Publish What You Pay UK (by phone)</p> <p>Martyn Gordon – Robert Gordon University Aberdeen (by phone)</p> <p>Simon Clydesdale – Global Witness (by phone)</p> <p>Norbert Mbu Mputu</p>	<p><u>Government</u></p> <p>Mike Earp - Oil & Gas Authority</p> <p>Nicola Garrod – HMRC</p> <p>Jeff Asser – Department for Business, Energy and Industrial Strategy</p> <p>Rhona Birchall – DFID</p> <p>Raj Baisya – Home Office (Joint Anti-Corruption Unit)</p> <p><u>Others</u></p> <p>Sam Bartlett – EITI International</p> <p>Aurelie Delannoy – Mineral Products Association</p> <p>Tim Woodward – BDO</p> <p>Georgina Grant - Department for International Trade</p> <p><u>Apologies</u></p> <p>Lorraine Allanson - Interim Civil Society</p> <p>Joe Perman - Scottish Government</p> <p>Dr Patrick Foster - Mining Association of the UK & Camborne School of Mines, University of Exeter</p>
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1 – Welcome and introductions:

1. The Chair welcomed all to the 36th meeting of the UK EITI MSG.
2. The Chair welcomed new MSG members Dan Espie from Total, who has taken up the vacant industry member post and Raj Baisya from the Joint Anti-Corruption Unit at the Home Office, who has taken over the vacant alternate government member post. The Secretariat will arrange a catch-up with Dan over the next few weeks.

3. The Chair also welcomed Aurelie Delannoy from the Mineral Products Association (MPA), who will be replacing Jerry McLaughlin (MPA) as an alternate industry member. The Chair thanked Jerry McLaughlin for his considerable input and time over the last six years.
4. The Chair also welcomed Sam Bartlett from the EITI International Secretariat.

2 – UK EITI Updates:

Civil Society representation

5. The recruitment process to identify a coordinator is nearly complete. Interviews are due to take place in the next few days, with the appointment to be announced shortly afterwards.
6. The coordinators first task will be to undertake a selection process for Civil Society MSG membership. It is hoped that full members will be in place by the next MSG meeting on 9th January 2020.

3 – Agreement of minutes of 2nd September 2019 meeting

7. The minutes of the 2nd September meeting were agreed, subject to the removal of “(by phone)” in the attendance list against Miles Litvinoff’s name.

4 – Action points update from 2nd September 2019 UK EITI MSG meeting

8. The MSG were updated on action points from the 2nd September meeting.

Validation

- Secretariat to call International Secretariat to discuss concerns raised by the MSG concerning the “inadequate” assessment for civil society engagement and the need for the considerable progress made since the validation started to be taken into account. Secretariat also to discuss possible timeline for a quick revalidation and highlight the inaccurate tax rates for the Supplementary Charge and Petroleum Revenue Tax. **The Secretariat held a dial-in meeting with Sam Bartlett on 4th September. This was followed up with discussions with DFID. Letter on behalf of MSG raising their concerns was sent to the Validation Committee on 11 October.**
- The Secretariat agreed to contact the International Secretariat regarding the effect on validation a total of less than 100% would have. **Secretariat wrote to Sam Bartlett who confirmed that there is no requirement regarding reconciliation coverage. 95% coverage is not necessarily better than 90% coverage. The key point is whether any material payments were not covered (e.g., whether a company making payments representing 5% refused to participate). In several countries, there are a large number of small companies. Increasing reconciliation coverage from 95% to 98% would require adding 100s of small companies. This is not necessary or desirable.**

MSG

- Secretariat to ensure current list of interim Civil Society members on the UK EITI website includes their organisations. **UK EITI website updated to include civil society organisations.**
- Civil Society to circulate comparative study of 2016 data from EITI and EU Directive. **Circulated to the MSG by Miles Litvinoff on 2nd September 2019.**
- Contract transparency to be added as an agenda item for the November MSG. **Contract transparency added as agenda item 7 of today’s meeting.**

Reconciliation

- HMRC should establish whether any of the five in-scope companies that have not provided a waiver made or received any significant payments or repayments in 2018. **HMRC looked at the numbers for the five companies. One company was not in-scope as their activities were not upstream extraction activities so were removed. For the remaining four companies, their total tax payment/repayments represent less than 1% of the total reported under EITI.** The MSG agreed at the meeting that as the combined total for the four companies concerned was less than 1% of the total reported under EITI they no longer needed to be chased.
- Chaser letter to be sent to non-compliant companies with waivers from the Chair by the Secretariat and via BDO for the companies that have not yet provided a waiver. Cut-off date to be agreed between Secretariat and BDO. **Chaser letters sent to the non-compliant companies from Chair and BDO on 6th September. Cut-off date for process agreed for 30th September.**
- BDO to draft inception report in time for the November MSG. **BDO provided inception report. It was circulated with the papers on 30th October.**

Awareness raising

- MSG were asked to provide details of any possible outreach events that could be used as a vehicle to promote EITI and consider publications or websites that could be used. **Ideas discussed at Comms subgroup, but still happy to receive details from MSG representatives if they have any further ideas.**
- OGUK to ask "Wireline" editorial team to contact Secretariat to discuss an article on EITI for the online magazine. **Article drafted and agreed with BEIS Comms for "Wireline". The article has now been published and the Secretariat will circulate a link to members.**

5 – UK EITI Validation update

9. There is no formal decision yet on the UK's final assessment and corrective actions, but an announcement is expected by the EITI Board during the week beginning 11th November.
10. The validation committee welcomed the update on civil society engagement and the progress on production data highlighted by the MSG. Although there were a number of challenges and unique issues, the UK still achieved one of the best first-time validation reports among all of the countries that had undergone validation.
11. Re-validation can take place in early 2020, if required. However, the MSG were advised not to rush into an early re-validation until there was agreement that sufficient progress had been made on each of the corrective actions. This can be done via a pre-validation exercise, where evidence is gathered, discussed and agreed by the MSG. A request can then be sent to the Board for a re-validation. The International Secretariat will then carry out a review of the corrective actions only and provide a draft report for the MSG for comment. The report will then be sent to the validation committee for final assessment. The whole re-validation process should take 4-6 weeks.
12. It was agreed that re-validation and the follow-up on corrective actions should remain an agenda item for the 9th January 2020 meeting, with a fuller discussion pencilled-in for the 18th March 2020 MSG.
13. It was agreed that in future the MSG should look wider than just complying with the EITI Standard and should start to look at areas of interest in the extractive industries from the public and media point of view. The MSG agreed to include an agenda item in the new year to

look at areas of public interest in the extractive industries that the MSG can consider addressing within the framework of the Standard.

6 – 2019 EITI Standard - Contracts

14. The 2019 EITI Standard now requires countries to disclose details of any contracts and licences that are granted, entered into or amended that relate to the exploitation of oil, gas and minerals, from 1st January 2021. Any licences awarded or amended before this date are out of scope.
15. The MSG were encouraged to think about the best approach to take on the disclosure of contracts, ensuring that any actions are appropriate and relevant and also consider and decide if there are any areas where the flexibility of adapted implementation may need to be applied.
16. Interim Civil Society had shared the paper on contract and licence disclosure with colleagues and agreed to share any feedback or comments.
17. The MSG were invited to comment on the table listing the different bodies that issue licences, the purposes of the licences and the current level of disclosure.

Oil and Gas Authority (OGA)

18. Only current OGA licences are available online. Licences are awarded for both exploration and production. It was agreed that the current text needs to be reviewed.

The Crown Estate (TCE)

19. The Marine Management Organisation issues the licences before TCE go out to tender. TCE tender every two years. TCE do not disclose contract information relating to minerals where they include commercially confidential information. This is to prevent competing companies calculating royalty rates which could provide them with an unfair commercial advantage.
20. It was agreed that a note on the TCE contract and licence process, from tendering to the award of the licence would be useful to provide an understanding of their concerns and to formulate an approach for taking forward this issue.
21. It was agreed that the Secretariat should work with the government constituency (plus HMT) to map an approach on contract transparency. What is the government policy on contract disclosure and transparency and how does this apply to organisations such as TCE?

Coal Authority (CA)

22. The CA grant licences for coal and underground coal gasification. The public register of licences is offline and only available on request. The International Secretariat agreed to check whether the licence data needs to be online or can be requested.
23. The Secretariat agreed to contact the CA to ask about the availability of licence information and whether there are any plans to publish the information online in the future.

Department for the Economy Northern Ireland (DFENI)

24. Current licence applications are awarded on a “first come first served” basis. Current licences are published online.

Scotland and Wales

25. Secretariat to contact devolved administrations to ascertain their approach to issuing licences and the current level of disclosure.
26. The International Secretariat advised that the MSG should look at current practice, map where the gaps are and look at ways to address these gaps. Are there any legal or practical barriers? Other MSGs are having similar issues with this requirement. It was re-iterated that the requirement only applies to contracts entered into or amended from 1st January 2021.
27. The Secretariat agreed to contact implementing country colleagues within their network to find out their approaches to this requirement and share any best practice and obstacles. Also discuss further with MSG industry colleagues.

7 – 2018 Reconciliation process and launch of the 5th UK EITI report

28. 46 out of 55 companies have now been fully reconciled. The reconciliation is almost complete, although one company are not responding and BDO are still awaiting a response from Crown Estate Scotland (CES). The Secretariat and industry agreed to help in chasing up.
29. The background chapters for the 5th UK EITI report have been circulated for comment. It was agreed that the deadline for comments should be extended to midday on Wednesday 13th November.
30. Originally the Secretariat looked at linking the launch with Prospex 2019, but it was decided that this was not the right event or audience. Plans were in place to launch during JACU's Anti-Corruption Day (9th December), but due to the General Election and the restrictions brought about by Purdah this has now been postponed. The MSG agreed that the launch should take place in the week beginning 16th December, after the election. This will be a soft launch, with an awareness raising event following in early 2020. The Secretariat agreed to check who the report needs to be cleared by within BEIS.
31. Civil Society will be writing to the leaders of all the major political parties urging them to continue the UK's commitment to anti-corruption policies. They agreed to share their correspondence with the MSG.
32. The International Secretariat reminded the meeting that the MSG need to advise them when the report has been approved and the publication date has been agreed.

8 – Comms updates

33. Six companies were identified as possible candidates to carry out the development of the independent UK EITI website. One company responded and have provided a strong proposal. The proposal is currently being evaluated and scored by the Comms subgroup and the BEIS Digital team. An invitation for further volunteers to take part in the development process was put to the MSG.
34. The Comms strategy has been updated to include conversations from the last MSG. The Comms subgroup has now agreed the strategy. Two new annexes have been added, covering the future engagement of the target audience and a forward look at possible awareness-raising events over the next year. The strategy will be published online without the annexes.

35. The idea of a quarterly newsletter was put forward. It was agreed that the Comms subgroup would consider this at their next meeting.
36. The Chair stressed the need for all constituencies to buy into the strategy. It was agreed that each future MSG should include a Comms update as an agenda item.
37. The International Secretariat have appointed a new Comms Director, Jo Jones, who will be mainly based in London, and could be usefully involved in Comms matters and the development of the independent website.

Action points

- Secretariat to arrange catch-up meeting with Dan Espie.
- Secretariat to amend the minutes of 2nd September MSG by the removal of “(by phone)” in the attendance list against Miles Litvinoff’s name.
- Secretariat to ensure that a future meeting agenda should include a discussion of areas of the extractive industries that are of interest to the public.
- Secretariat to ensure there is an agenda item covering re-validation and updates on corrective actions at the 9th January 2020 meeting and a fuller agenda item at the 18th March MSG.
- Mike Earp to review text in Annex 1 of the “UK EITI Contract and Licence Disclosure” paper for the OGA.
- MPA to provide paper on the exact sequence of how TCE tender and award licences.
- Secretariat to work with government constituency to look at the government policy on contract transparency and how it is applied in bodies such as TCE. Particularly involve HMT and get their view.
- EITI International Secretariat to clarify the requirement of whether licences need to be available online or can they be available on request?
- Secretariat to discuss the current availability of licence data for the Coal Authority (CA) (is it free of charge?) and the possibility of CA publishing licences online in the future.
- Secretariat to contact devolved administrations to ask them to update on contract disclosure procedures for Wales and Scotland.
- Secretariat to discuss contract disclosure further with colleagues from other implementing countries and UK industry colleagues.
- BDO to contact Secretariat to follow-up CES if they haven’t responded to the reconciliation queries by 11th November.
- Secretariat to follow up with OGUK on current status of the non-responsive company.
- Secretariat to revise deadline for comments on Sectoral chapter to midday 13th November.
- Secretariat to check who needs to clear report in BEIS before it is published.
- CSN to share copies of their letters to the major political parties urging them to continue the UK’s commitment to anti-corruption policies.
- Secretariat to inform the International Secretariat of the publication date of the UK report, once it has been approved by the MSG.
- Any MSG members wishing to be involved in the work developing the independent UK EITI website should contact the Secretariat.
- MSG members to provide Secretariat with comments on the Annexes A and B of the Comms strategy.
- Secretariat to upload Comms strategy onto UK EITI website.
- Secretariat to add discussion on possible quarterly newsletter or case studies to the next Comms subgroup meeting agenda.
- Secretariat to add Comms as an agenda item on all future MSG meetings.
- Secretariat to contact Jo Jones, the new EITI International Secretariat Comms Director.