

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

**Minutes of the 35th Meeting – 2nd September 2019 – BEIS Conference Centre,
SW1H 0ET (10-2.00pm)**

Attendance

<p><u>Chair</u></p> <p>Matt Ray - Department for Business, Energy and Industrial Strategy</p> <p><u>Secretariat</u></p> <p>Nicola Risbridger – 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>Jerry McLaughlin – Mineral Products Association</p> <p>Jacqui Akinlosotu – ENI</p> <p>Romina Mele-Cornish – OGUK</p> <p><u>Interim Civil Society</u></p> <p>Miles Litvinoff – Publish What You Pay UK</p> <p>Martyn Gordon – Robert Gordon University Aberdeen (by phone)</p> <p>Simon Clydesdale – Global Witness (by phone)</p>	<p><u>Government</u></p> <p>Mike Earp - Oil & Gas Authority</p> <p>Nicola Garrod – HMRC</p> <p>Joe Perman – Scottish Government</p> <p><u>Others</u></p> <p>Hedi Zaghouani – BDO</p> <p>Tim Woodward - BDO</p> <p><u>Apologies</u></p> <p>John Bowater – Aggregate Industries</p> <p>Jeff Asser – Department for Business, Energy and Industrial Strategy</p> <p>Joe Williams – National Resource Governance Institute (Interim Civil Society)</p> <p>Lorraine Allanson - (Interim Civil Society)</p> <p>Rocio Paniagua – Transparency International (Interim Civil Society)</p> <p>Martin Quinn – Department for the Economy Northern Ireland</p>
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1 – Welcome and introductions:

1. The Chair welcomed all to the 35th meeting of the UK EITI MSG.
2. The Chair announced that Howard Forti and Matt Landy had decided to step down from the MSG and thanked them for their contribution to the UK EITI process over the last few years. OGUK are in the process of identifying replacements. There are also discussions with Martin Kirkham regarding his tenure on the MSG.
3. Romina Mele-Cornish announced that she was moving on from her post at OGUK and Tom Evans would be taking over the alternate member role until a replacement has been identified. The Chair thanked Romina for her considerable contribution to the work of the MSG.

4. Jerry McLaughlin announced that he would be retiring at the end of the year and the MPA are currently looking for a suitable candidate to cover the MSG role.

2 – UK EITI Updates:

Civil Society representation

5. The recruitment process to identify a co-ordinator has started. It is hoped that the process will be completed by mid to late October, followed by the selection of representatives for appointment to the MSG can take place.
6. It was agreed that civil society have a key contribution to make to the MSG and their participation on subgroups was welcomed.

3 – Agreement of minutes of 16th July 2019 meeting

7. The minutes of the 16th July meeting were agreed subject to the removal of “and circulate” which appears in error within the UK EITI Validation action point.

4 – Action points update from 16th July 2019 UK EITI MSG meeting

8. The MSG were updated on action points from the 16th July meeting.

MSG and subgroups:

- Secretariat to update minutes from 22nd May MSG to reflect the “Interim Civil Society” and correct the misspelling of the name of an attendee and upload onto the UK EITI website. **Minutes updated to reflect these changes and uploaded onto the UK EITI website.**
- Secretariat to circulate Jeff Asser’s note on shale payments. This will be discussed in more detail by the reconciliation subgroup. **Note circulated. To be considered further by Sectoral subgroup for inclusion in background information for 2018 report.**
- Secretariat to arrange for the 2018 Annual Progress report to be uploaded onto UK EITI website and update and improve the presentation of UK EITI workplan. **Annual Progress report uploaded onto UK EITI website. Workplan to be updated in line with Comms strategy, mainstreaming and independent website action plans.**
- Secretariat to seek further volunteers for mainstreaming subgroup. **Secretariat to arrange mainstreaming subgroup meeting to discuss scoping study recommendations in more detail. First meeting held on 20th August (note circulated).**
- Secretariat to seek further volunteers for Comms subgroup. Civil Society agreed to provide a representative and the Secretariat will approach Jeff Asser. **Further volunteers were identified.**
- Secretariat to arrange Comms subgroup meeting for August. **Comms subgroup meeting held on 27th August 2019 (note to be circulated).**

Mainstreaming

- Secretariat to arrange meeting with The Crown Estate and Crown Estate Scotland to discuss disclosure of the value of their licences and their position on transparency. MSG members wishing to take part should contact the Secretariat. **A meeting has been arranged with TCE for 24th September. A meeting will also be arranged with CES. If any further MSG members would like to be involved in the**

meetings please let the Secretariat know. (Mike Earp and Joe Perman have already agreed to take part).

- Secretariat to discuss with the Coal Authority and BEIS coal team the data currently available that could be linked to the new website. **Secretariat have made initial contact with both Coal Authority and BEIS coal team.**

Awareness raising

- Secretariat to discuss the possibility of using Offshore Europe and Prospex as vehicles for raising awareness of EITI with Oil and Gas UK. **Secretariat met with Oil and Gas UK representatives and are considering options for using Prospex 2019 to announce the launch of the 2018 report.**

2018 Reconciliation process

- Secretariat and BDO to discuss strategy for chasing companies post the 2nd August deadline (or 4-week deadline for companies identified at a late stage). **A strategy has been agreed and the Secretariat have started chasing non-compliant companies. A follow-up letter will then be sent by the Chair and finally via the relevant Minister, if considered necessary.**
- BDO to remove coal companies from the in-scope mining and quarrying list. **Companies were removed by BDO.**
- BDO to provide Oil and Gas UK and MPA with a list of companies that have been included in previous reconciliation reports (but not 2018), to identify further material companies. **BDO provided the list to both OGUK and MPA on 23rd July.**
- BDO to provide a note on the background work they carry out that the MSG may not be aware of. **BDO have provided a note, which was circulated with the second set of papers.**

5 – UK EITI Validation

9. The MSG have now received a reply from the independent validator to their response to the UK validation recommendations.

The overview of Independent Validator response is:

- The assessment of **Inadequate Progress** in engagement with **civil society remains**. The Board still has the discretion to take into account any further progress on addressing this issue.
 - The assessment on the absence of an explicit government policy on the **disclosure of contracts** and licences has been **upgraded to Meaningful Progress** after communications with the International Secretariat.
 - The **Production Data** requirement **remains at Meaningful Progress**, but the Board have the discretion to upgrade, taking into account subsequent new information provided in the MSG response in July.
 - The validator has recommended that the **export data** requirement be **upgraded to Satisfactory Progress** due to the non-materiality of individual construction and industrial materials.
 - The Validator has also acknowledged the commitment by the MSG to increase UK EITI's impact on **public debate**, which **remains at Meaningful Progress**.
10. The Secretariat will be speaking directly to the International Secretariat on 4th September with the aim of updating them on the latest developments on civil society engagement that they can put to the Validation Committee for them to consider before making their final recommendation on validation to the EITI Board. There has been considerable progress in

this area since the initial validation took place last Summer, which has not been reflected in the final validation.

11. There were concerns raised that the inadequate rating for civil society engagement will impact the overall assessment of the UK.
12. Civil society were willing to contact the International Secretariat to confirm that significant engagement has taken place and Civil Society Network fully support the UK EITI MSG, with attendance and participation in both the main and subgroup meetings.
13. The current UK EITI website lists the names of all current interim civil society members, it was agreed that the names of each members' organisation should be added.
14. The EITI Board is likely to make its final decision on progress in October and the MSG agreed to a re-validation as soon as possible after this date. Secretariat to discuss realistic timetable with the International Secretariat.
15. There are some areas of inconsistency in the validation process. An example being that although three in-scope companies supplied no data Germany still achieved a Satisfactory Progress rating. The tax rates for the UK have not been updated in the final report, despite being highlighted in the MSG response in July. The Secretariat agreed to bring this point to the attention of the International Secretariat.

6 – Reconciliation process

16. 50 of 57 companies have now provided templates for 2018. This is an overall figure of 88%. It was agreed a percentage value, based on government figures, should also be provided by BDO. The overall percentage value figure has been around 95% in previous years, which is deemed above average. The Secretariat agreed to contact the International Secretariat regarding the effect on validation a total of less than 100% would have.
17. 15 oil and gas companies have been fully reconciled and 8 mining and quarrying companies.
18. Five in-scope companies have not provided a waiver. It was agreed that HMRC should check whether any of the companies made or received any significant payments or repayments in 2018.
19. The Secretariat have started to chase a number of non-compliant companies. This will be followed by a letter from the Chair, via BDO to the non-compliant companies that have not provided a waiver. There will be a possible follow-up letter from the relevant Minister or a general message to industry. A cut-off date will be agreed between the Secretariat and BDO.
20. There were concerns that companies that have provided a waiver would be named and shamed if they did not provide templates. This would not be an incentive for companies to provide waivers in the future.

7 – Oil and Gas Authority (OGA) material payments

21. Mike Earp tabled a paper recommending that to increase the coverage of payments to the OGA to more than 90%, the reconciliation should include, in addition to those companies which HMRC, The Crown Estate and Crown Estate Scotland have identified as material payers in 2018, companies which paid in excess of £1 million to the OGA in 2018.
22. There are currently five companies that make payments of over £1 million to the OGA. Waivers are not required as they are not tax payments.

23. It was agreed in the interests of being transparent a bespoke letter, if required, would be sent to companies requesting this information and the requirement will be included in the guidance for the 2019 process.

8 – Mainstreaming subgroup

24. The mainstreaming subgroup held its first meeting on 20th August. It was agreed that an action plan would be drafted to nominate specific pieces of work with timeframes to members. There are several areas which can be mainstreamed fairly quickly and easily.
25. Civil Society agreed to circulate a comparative study of 2016 data from EITI and the EU Directive.

9 – EITI Standard 2019

26. The reconciliation subgroup had initial look at the updates in the Standard. The three new areas cover:
- New Requirement – mandatory for compliance with EITI Standard
 - New Expectation – MSG to consider the issue and document discussions. Considered in validation.
 - New Encouragement – optional for MSG and not taken into account in overall validation.

Gender

The MSG are required to consider gender balance in their representation to progress towards gender parity (New Requirement).

27. Both industry and civil society agreed to include gender considerations in their nominations processes and agreed that this approach should be evidenced and documented.

EITI reporting should provide employment figures disaggregated by project and gender where available (New Requirement).

28. OGUK and MPA agreed to provide the employment figures for their sectors (where available) to the Secretariat.
29. Some company level employment data is already submitted on a voluntary basis to the Independent Administrator as part of the reconciliation process. The MSG need to decide if this is a proportional approach.

MSGs should consider information access challenges and information needs of different genders and sub-groups of citizens (New Encouragement).

30. It was agreed that this encouragement is primarily aimed at challenges to literacy and accessibility in other countries. However, the accessibility of the new independent website should be a consideration under this requirement.

MSGs are encouraged to document efforts to improve gender equality and social inclusion in their annual review of impacts and outcomes ((New Encouragement).

31. It was agreed that a paragraph documenting the efforts to improve gender equality and social inclusion should be included in the annual progress report.

Environmental reporting

Material environmental payments by companies to government that are mandated by law, regulation or contract that governs the extractive investment must be disclosed (New Requirement)

32. The Office of National Statistics (ONS) report environmental taxes by sector. Although the totals are not at project or company level a link and caveat could be added to the background information.

Disclosure of information related to environmental impact and monitoring is encouraged (New Encouragement).

33. It was agreed to include narrative on environmental impact in the background information of the report.

Contract transparency

Contracts entered into, signed or amended from 1 January 2021 are required to be made public (New Requirement).

MSGs are expected to agree and publish plans for disclosing contracts in workplans covering 2020 onwards (New Expectation)

EITI reporting should describe the different types of contract that exist

EITI reporting should describe the government's policy and actual practice on disclosure of contracts

34. It was agreed that more detailed discussions on contract transparency and the implications of the new Standard should take place at the November MSG. The Secretariat are due The Crown Estate and Crown Estate Scotland. The OGA agreed to consider the transparency of historical licences.

Comms and UK EITI independent website

35. The Comms subgroup met in August to discuss a paper tabled by the Secretariat that will help inform an updated UK EITI comms strategy. This will be timely in the context of the validation report recommendation that the MSG need to do more to raise awareness of UK EITI.
36. The strategy will include a calendar of events and comms opportunities. The 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. OGUK agreed to ask the editorial team of their "Wireline" online magazine to contact the Secretariat about featuring EITI in a future edition.
37. Consideration was being given to possible tie-ins with the launch of the 5th UK EITI report in December. These are; Prospex (11-12 December) an oil and gas event; and Anti-Corruption Day (being organised by the Joint Anti-Corruption Unit at the Home Office on 9 December).
38. The Comms subgroup also discussed the requirements for the independent UK EITI website. It was agreed that it should be visually engaging, contain significant, interesting and up-to-date data, preferably include a data portal and be accessible to all potential users.
39. The process for procuring a supplier will start shortly, with the Comms subgroup taking part in the evaluation of bids and selection of the supplier.

40. In discussions around updating the information it was proposed that the Comms subgroup manage this aspect of the website, with input from the sectoral subgroup.

Sectoral subgroup

41. Work has started on updating the 2018 report. It was agreed that the background information needs to be made more understandable to the casual reader and a glossary of terms should be included. There will be further meetings in September.

AOB

42. BDO agreed to provide the inception report in time for the November MSG.

Action points

- 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.
- Secretariat to ensure current list of interim Civil Society members on the UK EITI website includes their organisations.
- The Secretariat agreed to contact the International Secretariat regarding the effect on validation a total of less than 100% would have.
- 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.
- 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.
- Civil Society to circulate comparative study of 2016 data from EITI and EU Directive.
- Contract transparency to be added as an agenda item for the November MSG.
- 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.
- OGUK to ask “Wireline” editorial team to contact Secretariat to discuss an article on EITI for the online magazine.
- BDO to draft inception report in time for the November MSG.