

**UK Extractive Industries Transparency Initiative Multi-Stakeholder Group
(MSG)
Minutes of the 32nd Meeting – 10th January 2019 – BEIS Conference
Centre,
SW1H 0ET (10-2pm)**

Attendance

<p>Chair</p> <p>Matt Ray - Department for Business, Energy and Industrial Strategy</p> <p>Secretariat</p> <p>John Emeruwa – Department for Business, Energy and Industrial Strategy</p> <p>Mike Nash - Department for Business, Energy and Industrial Strategy</p> <p>Industry</p> <p>Jerry McLaughlin – Mineral Products Association</p> <p>Jacqui Akinlosotu – ENI</p> <p>Romina Mele-Cornish – Oil & Gas UK</p> <p>Martin Kirkham – Chevron (by phone)</p> <p>Civil Society</p> <p>Lorraine Allanson</p> <p>Government</p> <p>Mike Earp - Oil & Gas Authority</p> <p>James Marshall – HMRC</p> <p>Jeff Asser – Department for Business, Energy and Industrial Strategy</p> <p>Thomas Thornton-Kemsley - HMT</p>	<p>Experts</p> <p>Eddie Rich – EITI International Secretariat</p> <p>Tim Woodward – Moore Stephens</p> <p>Hedi Zaghouani – Moore Stephens</p> <p>Others</p> <p>Tom Bioletti - HMRC</p> <p>Suresh Rao - Department for Business, Energy and Industrial Strategy</p> <p>Apologies</p> <p>Dr Patrick Foster - Mining Association of the UK & Camborne School of Mines, University of Exeter</p> <p>John Bowater – Aggregate Industries</p> <p>Howard Forti - ExxonMobil</p> <p>Matt Landy - Statoil</p> <p>Joe Perman – Scottish Government</p>
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1 – Welcome and introductions:

1. The Chair welcomed all to the 32nd meeting of the UK EITI MSG.
2. The Chair confirmed that Lord Henley had agreed to take on the role of UK EITI Champion and had agreed to speak at any launch event for the report, subject to diary commitments.
3. The validation report is expected to be available by the end of January. It is being delayed due to the sheer volume of assessments taking place at the same time.

2 – Agreement of minutes of 27th November 2018 meeting

4. The minutes of the November meeting were agreed.

3 – Action points update from 27th November UK EITI MSG meeting

5. The MSG were updated on action points from the November meeting.
 - An email was circulated on 3rd December confirming the appointment of Lord Henley as the new UK EITI Champion.
 - Government Digital Service (GDS) have confirmed that the Industrial Strategy Council (ISC) independent website proposal has been agreed, subject to standard conditions including a high level of data continuing to be uploaded onto the Gov.uk website and the adherence to Cabinet Office spend controls and building and design principles.
 - Two papers covering proposals to exclude certain revenue streams have been drafted. The Reconciliation subgroup will review the papers before they are circulated to the MSG for comment and further discussion at the March MSG.
 - Moore Stephens locked down the final reconciliation figures on 7th December.
 - Details of an aggregates conference at the end of January were received by the Secretariat, which unfortunately Lord Henley was unable to attend. No other proposals were received.
 - Secretariat circulated an email to previous Communications subgroup members inviting them to participate in the planning of the 2017 report.
 - Further Reconciliation subgroup meetings took place on 19th December and 7th January.
 - “Revenue Allocations” will now be a fifth standalone chapter on the UK EITI website.
 - All feedback received from the MSG has now been incorporated into the standalone chapters.

- A meeting was held with a representative from the BEIS Digital team to discuss the format of documents to be uploaded onto the UK EITI website and the requirements for ensuring that the documents are accessible and include descriptions of tables etc. The Digital team were sent the Extractive Industries background chapter to convert into an HTML document.
- The first draft of the “State of Industry” chapter was discussed at the Reconciliation subgroup meeting and was ready to be approved, as part of the whole 2017 Reconciliation Report, by the MSG.
- A further meeting of the Sectoral subgroup was held on 17th December.
- The Secretariat chased The Crown Estate, Crown Estate Scotland and the Coal Authority for data below the materiality threshold. Moore Stephens received all of the information they required.
- A mock-up of the Reconciliation report and standalone chapters were discussed at the Sectoral subgroup meeting on 17th December.
- Comments received on the mainstreaming feasibility study and have been incorporated into the latest draft and circulated to the MSG. This will be discussed further during the meeting.

4 – Civil Society update

6. The Chair reported that following the MSG on 27th November a meeting was held between current MSG Civil Society representatives and the Civil Society Network to discuss taking forward nominations for the MSG in 2019.
7. The meeting was productive and all sides were keen to resolve the situation and put in place new arrangements shortly. CSN are prepared to re-engage and amend their membership principles so that local communities can continue to be represented on the MSG.
8. CSN need agreement from their members to make these changes and will be discussing further at a meeting in January.
9. The Secretariat agreed to help with any practicalities, such as facilitating the nominations process, as CSN do not have the resources.

5 – Final Reconciliation report update/Reconciliation subgroup update

10. The final 2017 Reconciliation report was nearly ready for publication. There were a couple of tweaks required to the wording to help readers of the document, including a clearer explanation of the unreconciled out of scope payment of £2.39m in the Full Summary table. It was also agreed that the unreconciled difference column in tables 1.2.1 and 1.2.2 of the Reconciliation report should be removed.

11. The Reconciliation subgroup had been looking at proposals to exclude several of the payment streams from future reporting as the payments were small and immaterial. Two draft proposals were circulated with the meeting papers.
12. The first paper proposed that payments of mainstream corporation tax, and payments to The Crown Estate and the Coal Authority should be excluded as they are not material relative to total revenues.
13. The second paper proposes exclusion of oil and gas payments to The Crown Estate and Crown Estate Scotland and Coal Authority. Again, these payments are not material in the context of total revenues.
14. There were some concerns raised regarding mining and quarrying payments and it was agreed that there needed to be further consultation within the sector.
15. In the event of excluding such payments consideration should be given to providing links to the information.
16. The Reconciliation subgroup will meet again in January to discuss further before putting their final proposals to the MSG at the March meeting.
17. It was agreed that under the Beneficial Ownership information there needed to be an explanation to make it clear that all the companies had filed information at Companies House on people with significant control (PSC) as part of their confirmation statements.
18. The timeline in the main Reconciliation report needs to be updated to reflect the publication of the report and the initial validation report and the title changed to "EITI in the UK – Timeline".

6 – UK EITI report and launch

19. It was agreed that branding of the report and standalone chapters would give it an identity that could be used for future awareness raising events and other publications. The Communications subgroup would discuss further and agree branding.
20. It was agreed to move the "Government Revenues" section in 1.2 of the extractive industries background information chapter to the oil and gas background information chapter and the text that describes the "Government Revenues from UK Oil and Gas Production" should be re-instated. Several of the Oil and Gas tables need to be updated to include the latest figures.
21. A footnote needs to be added to the "Metal Minerals" text in the Mining and Quarrying background information chapter highlighting the closure of the Drakelands mine.

22. The MSG were asked to provide any further material comments to the Secretariat by close of play on 10th January.
23. It was agreed that a soft launch should take place, with the report and background chapters published on the UK EITI website. The Secretariat agreed to speak to the BEIS Comms team to look at ways of announcing the publication of the report.
24. The Secretariat agreed to look into the possibility of using International Petroleum Week, taking place in late February 2019, as a vehicle for announcing the publication of the report.
25. Post publication the Communications subgroup will discuss a possible rolling programme of awareness raising events across the year. Further volunteers were required for the Communications subgroup. The Secretariat will write around seeking further participants.

7 – Mainstreaming Scoping Study Update

26. MSG members were thanked for their input on the initial feasibility report. There had also been a number of issues raised by the EITI International Secretariat and the validation team. Amendments had been made in the report to address these issues.
27. Concerns were raised that the draft study did not specifically address aspects of Requirement 2.2 of the Standard relating to non-trivial deviations in licence awards and transfers.
28. The study did not provide full detail of granularity of current revenue data disclosures or options for further disaggregation – particularly the lack of coverage of RFCT and SC payments from oil and gas companies.
29. The study did not address the lack of disaggregation for production and export data per individual commodity in the mining and quarrying sector – particularly the non-construction mineral output.
30. The study should be clearer on the materiality of different sub-sectors of the UK's extractive industries.
31. Text indicating the level of coverage of non-trivial deviations available in public online sources has been added. For oil and gas the OGA does not allow deviations from the prescribed licensing procedure and none of the identified sources publish details of non-trivial deviations for mining and quarrying. A footnote setting out the definition of non-trivial deviations has been added.
32. On the granularity of revenue data for oil and gas, a footnote has been added noting the difficulty of disentangling the RFCT and SC payments. No specific

amendments were made on the disaggregation of mining and quarrying production and export data as it is not captured for any of the individual commodities concerned.

33. A section has been added outlining the potential usefulness of a review of the materiality of the mining and quarrying sector.
34. A recommendation has been added related to reviewing the materiality of the mining and quarrying sector.
35. The MSG were asked to provide any feedback on the amendments by Friday 25th January.

8 – Any Other Business

36. The Secretariat are currently working on the tender for the new Independent Administrator contract. An evaluation committee will need to be set up to evaluate and score the tenders when they are received.
37. An aspiration for the March meeting is to discuss the 2018 reconciliation process, canvass views on mainstreaming and look at the initial validation report. The Chair will draft a letter to the International Secretariat with comments on the initial validation report.
38. As their contract finishes at the end of February 2019, the Chair thanked Moore Stephens for their work and contribution to UK EITI over the last four years.

Action Points

- A clearer explanation of the unreconciled, out of scope, £2.39m payment is required in the Full Summary table in the Reconciliation report.
- The unreconciled difference columns in tables 1.2.1 and 1.2.2 of the Reconciliation report should be removed.
- The Reconciliation subgroup to meet again in January to discuss the papers proposing the exclusion of certain revenue streams further, before putting forward proposals at the March MSG.
- An explanation is needed under the Beneficial Ownership information stating that all companies had filed information at Companies House on people with significant control (PSC).
- The timeline in the Reconciliation report needs to be updated to reflect publication of the report and initial validation report and the title amended to “EITI in the UK – Timeline”.
- Comms subgroup to agree a suitable branding for the publication and subsequent awareness raising events.

- The “Government Revenues” should be moved from section 1.2 from the extractive industries background information chapter to the oil and gas background information chapter, and the original text re-instated.
- Several of the Oil and Gas graphs and tables need to be updated with 2017 data.
- Footnote to be added to the “Metal Minerals” section in the Mining and Quarrying background information note highlighting the closure of the Drakelands mine.
- MSG to provide any further material comments on the Reconciliation report and standalone chapters by close of play Thursday 10th January.
- Secretariat to write to organisers of International Petroleum Week to look into the possibility of using the event as a vehicle for announcing the publication of the UK EITI report.
- Secretariat to seek volunteers for the Comms subgroup, who will look at taking forward a series of awareness raising events.
- MSG to provide further comments on the updated mainstreaming scoping study by Friday 25th January 2019.