

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

**Minutes of the 31st Meeting – 27th November 2018 – BEIS Conference Centre,
SW1H 0ET (10-2pm)**

Attendance

<p><u>Chair</u></p> <p>Matt Ray - Department for Business, Energy and Industrial Strategy</p> <p><u>Secretariat</u></p> <p>David Leitch - Department for Business, Energy and Industrial Strategy</p> <p>John Emeruwa – 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><u>Civil Society</u></p> <p>Lorraine Allanson</p> <p>Norbert Mbu Mputu</p> <p><u>Government</u></p> <p>Mike Earp - Oil & Gas Authority</p> <p>James Marshall – HMRC</p> <p>Rhona Birchall – Department for International Development (by phone)</p> <p>Joe Perman – Scottish Government (by phone)</p>	<p><u>Experts</u></p> <p>Eddie Rich – EITI International Secretariat</p> <p>Tim Woodward – Moore Stephens</p> <p>Hedi Zaghouani – Moore Stephens</p> <p><u>Others</u></p> <p>Tom Bioletti - HMRC</p> <p>Suresh Rao - Department for Business, Energy and Industrial Strategy</p> <p><u>Apologies</u></p> <p>Dr Patrick Foster - Mining Association of the UK & Camborne School of Mines, University of Exeter</p> <p>Romina Mele-Cornish – Oil & Gas UK</p> <p>John Bowater – Aggregate Industries</p> <p>Eddie Holmes – Extractive Industries Civil Society</p> <p>Martin Quinn – Department for the Economy Northern Ireland</p> <p>Jeff Asser – Department for Business, Energy and Industrial Strategy</p> <p>Tom Evans – Oil & Gas UK</p>
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1 – Welcome and introductions:

1. The Chair welcomed all to the 31st meeting of the UK EITI MSG.
2. The Chair introduced John Emeruwa who is taking over from David Leitch as UK EITI National Co-ordinator and head of the UK EITI Secretariat. The Chair thanked David for all of his hard work over the last 18 months.

3. The Chair apologised that a new UK EITI Champion had yet to be appointed. The Secretariat had been in dialogue with Ministers and were optimistic that the appointment would be made imminently. The Chair will provide members with an update on progress in the next week.
4. The late appointment of a Champion will have a knock-on effect on the launch date because diaries for December will be full and the extended Christmas break. The Chair suggested that the launch be deferred to January 2019. Industry members said that January can be a busy month, but they would discuss further with their colleagues.
5. Immediately following the MSG meeting the current UK EITI Civil Society representatives, the Chair and Secretariat will meet with colleagues from the Civil Society Network with a view to moving forward with an agreed approach to Civil Society membership for the MSG in 2019.

2 – Agreement of minutes of 26th September 2018 meeting

6. The minutes of the September meeting were agreed.

3 – Action points update from 25th September UK EITI MSG meeting

7. The MSG were updated on actions from the September meeting. The updates were:
 - The BEIS Digital Team have advised the Secretariat that the Government Digital Service (GDS) has recently tightened its rules. The Digital Team are awaiting guidance from GDS on a request by the Industrial Strategy Council (ISC) to set up a similar independent website. The Digital Team have advised the Secretariat to await the GDS response before taking the UK EITI independent website proposal further. The Secretariat will chase up the GDS decision and provide an update at the January MSG.
 - A paper proposing the exclusion of certain reporting streams from UK EITI reporting is being drafted and will need to be endorsed by the Reconciliation subgroup before being circulated to the wider MSG for approval. It was agreed that that the draft should include any relevant findings from the initial Validation report in time for approval by the MSG at the January meeting.
 - The Chair wrote personally to two of the non-compliant in-scope companies that had confidentiality waivers in place. One company has now provided a return. The Chair also wrote (via Moore Stephens) to three companies that had not provided waivers. Another MSG member wrote to a further in-scope company personally to ask them to participate. The company have provided a template but no waiver (the company have subsequently provided the waiver). Moore Stephens were thanked for their efforts in chasing the non-compliant companies.
 - The 2016 report has been updated to include the missing material licence fee payment of £519k and uploaded onto the UK EITI website with a note to highlight the update.
 - Three further sectoral subgroup meetings took place during October and November.
 - The MSG were invited to provide any further thoughts and comments to the Validation team.

4 – EITI International Conference, Dakar, 31 October – 2 November 2018

8. The Chair attended the EITI International Conference that took place in Dakar. This included attending a meeting of the EITI Board as well as the other events around the Conference. The Board has the same structure and constituencies as the UK MSG. The meeting was focused mainly on discussion of the validation markings of several countries that had recently taken part in the process.
9. In the margins the Chair spoke to the Validation team, who commented that UK EITI was in good shape and was likely to receive a “Meaningful Progress” grading. There were a few areas where action was required, they particularly highlighted Civil Society issues, which are not exclusive to the UK. Overall it was hoped these issues could be corrected to allow the MSG to seek an early re-validation in 2019.
10. An invitation to attend any future EITI Board meetings was extended to MSG representatives by the EITI International Secretariat. This includes the EITI Conference and Board meeting planned for Paris in early July 2019.
11. The Chair felt that the EITI process was coming to a crucial phase where failing countries have no further chances left to undergo the validation process and are told by the Board that they are no longer an EITI member.

5 – Data Collection and Reconciliation Update

12. Moore Stephens reported that 57 of the 62 companies have now submitted EITI returns. All have now been reconciled. Two of the non-compliant companies are from the oil and gas sector and three are from the mining and quarrying sector. (The figure has risen to 58 companies as the company that had just provided the template subsequently provided a signed confidentiality waiver).
13. Moore Stephens are still awaiting data below the materiality threshold from The Crown Estate, Crown Estate Scotland and the Coal Authority.
14. It was agreed by the MSG that the final reconciliation figures should be locked down by Friday 7th December and non-compliant companies should no longer be chased.

6 – Reconciliation subgroup feedback

15. The Reconciliation subgroup have discussed issues around the exclusion of some of the smaller payment streams for future UK EITI reporting. A paper has been drafted and will be discussed further in the New Year in light of the initial validation findings, which are expected in December.
16. The subgroup should also consider the fact that Corporation Tax is reported as a whole for each enterprise and the extractives element is not disaggregated from the total.
17. A further Reconciliation subgroup meeting will be held in January to enable a report back with the updated paper to the MSG at the March 2019 meeting.

7 – Sectoral subgroup feedback including update on progress of the 4th UK EITI report

18. The Sectoral subgroup have been working on the new format for the 4th UK EITI report, which will consist of the core Reconciliation report with a “State of Industry” chapter adding context to the Reconciliation report.
19. The background material will be broken down into four separate standalone chapters covering a general section on the Extractive Industries, Oil and Gas, Mining and Quarrying and Approach and Methodology. These will be housed on the existing UK EITI website. It was agreed by the subgroup that retaining the tables and charts was important and that the documents should be live so that data can be updated on a regular basis.
20. The majority of the tables and charts have already been updated. The text on “Revenue Allocations” within the Mining and Quarrying chapter needs to be included in the more general information chapter (It has subsequently been agreed to make the “Revenue Allocations” section a further chapter). Comments were sought from the MSG on the chapters.
21. The Secretariat will contact the BEIS Digital team to discuss requirements for publishing the report, including uploading the standalone chapters as separate webpages with hyperlinks.
22. Industry representatives will provide a draft of the “State of Industry” chapter for circulation to the Sectoral subgroup for comment. A further meeting of the Sectoral subgroup is required in early December to have a final look at the report before circulating to the MSG for approval.
23. The Secretariat, with the help of industry, will chase up the Government Agencies that have not yet supplied data below the materiality threshold – The Crown Estate, Crown Estate Scotland and the Coal Authority.
24. The regularity of updating the standalone chapters each year has not yet been formally agreed, but it will be something that the sectoral subgroup will have to discuss and decide upon.
25. The aspiration was still to have a launch with a Minister, if possible. If a BEIS Minister is not available consideration should be given to inviting the relevant Minister from the Department for International Development to attend.
26. If a Ministerial launch was not viable, industry put forward the idea of having a soft launch of the report with a press notice followed by separate launch events for oil and gas and mining and quarrying organised around existing industry events in January/February.
27. A communications subgroup will need to be set up to discuss publication and launch plans.
28. The Secretariat agreed to provide a mock-up on how the report would be presented on the website for the sectoral subgroup to consider.

8 – Mainstreaming scoping study update

29. The mainstreaming feasibility study update explained the approach, key findings and recommendations for mainstreaming both non-revenue and revenue data.

30. The study undertook an assessment of the disclosures required by the EITI Standard, catalogued public sources of the required data and assessed accessibility of that data. It also looked at the quality and timeliness of available disclosures. The study was carried out in consultation with the MSG and other key stakeholders.
31. Most non-revenue information is already disclosed, but there are a number of limitations to mainstreaming related to requirements on licence allocations, registers of licences and revenue management and expenditure.
32. Some revenue data is already routinely disclosed, but again there are some limitations to mainstreaming for profits tax, payments to TCE and CES, and OGA Levy and petroleum licence fees.
33. Recommendations include review of the existing UK EITI website on the gov.uk data portal, consultation with relevant parties on making missing data available, and consideration of the ongoing role of reconciliation as a measure of quality and accuracy in reporting.
34. There will be further discussion of the main study at the January meeting and if the MSG agrees, a Mainstreaming subgroup will be set up to take the work forward.

9 – Any Other Business

35. The Secretariat are in the process of drafting tender documents for the new contract for the role of UK EITI Independent Administrator. There will be a report back on progress at the meeting in January. It is expected that a working group will need to be created to look at the scope of the work and to take part in the selection process.

Action Points

- Chair to write to the MSG updating them on the appointment of the UK EITI Champion.
- Secretariat to follow-up with the BEIS Digital Team on the proposal for an independent UK EITI website.
- Draft paper on exclusion of certain reporting streams to incorporate any of the relevant initial findings of the Validation team. The paper needs to be endorsed by the Reconciliation subgroup before being circulated to MSG for final approval.
- The agreed cut-off date to lock-down the final reconciliation figures is 7th December.
- Industry to provide Secretariat with key events for their sector in January/February that could be used as
- Secretariat to set up a Communication subgroup for planning the publication and launch of 4th UK EITI report.
- A further Reconciliation subgroup meeting to be arranged for January 2019.
- Secretariat to move the “Revenue Allocations” text currently within the mining and quarrying chapter to be made into a new chapter.
- MSG members to provide feedback on the four standalone UK EITI report chapters.
- Secretariat to meet with the BEIS Digital team to discuss requirements and timetable for the new UK EITI report and website.
- Industry to provide draft “State of Industry” chapter for the UK EITI report.
- Secretariat to arrange a further Sectoral subgroup meeting in early December.
- Secretariat and industry to chase TCE, CES and CA regarding data below the materiality threshold.
- Secretariat to provide mock-up of how the report will be presented on the website for the Sectoral subgroup.
- MSG to provide comments on the mainstreaming feasibility study by 10th December.
- Secretariat to include an agenda item for the January MSG to discuss the feasibility study in more detail.