

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

**Minutes of the 40<sup>th</sup> Meeting – 14<sup>th</sup> July 2020 – Via Microsoft Teams  
(10-12.15pm)**

**Attendance**

<p><b><u>Chair</u></b></p> <p>Matt Ray - Department for Business, Energy and Industrial Strategy</p> <p><b><u>UK EITI Champion</u></b></p> <p>Lord Callanan, Minister for Climate Change and Corporate Responsibility, Department for Business, Energy and Industrial Strategy</p> <p><b><u>Secretariat</u></b></p> <p>Nicola Wallace – Department for Business, Energy and Industrial Strategy</p> <p>Mike Nash - Department for Business, Energy and Industrial Strategy</p> <p><b><u>Industry</u></b></p> <p>Jacqui Akinlosotu – ENI</p> <p>Dr Patrick Foster – University of Exeter</p> <p>Aurelie Delannoy - Mineral Products Association</p> <p><b><u>Civil Society</u></b></p> <p>Miles Litvinoff – Publish What You Pay UK</p> <p>Martyn Gordon – Robert Gordon University Aberdeen</p> <p>Joe Williams – NRG</p>	<p><b><u>Government</u></b></p> <p>Mike Earp - Oil &amp; Gas Authority</p> <p>Jeff Asser – Department for Business, Energy and Industrial Strategy</p> <p>Nicola Garrod – HMRC</p> <p>Matt Edwards – Department for International Development</p> <p><b><u>Others/observers</u></b></p> <p>Mark Robinson, EITI International</p> <p>Sam Bartlett, EITI International</p> <p>Justyna Herbut, Civil Society Network</p> <p>Jim Hallam, University of Sheffield</p> <p>Tim Woodward – BDO</p> <p>Hedi Zaghouani – BDO</p> <p>Karim Limam – BDO</p> <p>Jennie Cartwright, Lord Callanan’s Office, Department for Business, Energy and Industrial Strategy</p> <p>Eleanor Sharrock – Lord Callanan’s Office, Department for Business, Energy and Industrial Strategy</p> <p><b><u>Apologies</u></b></p> <p>Dan Espie - Total</p> <p>John Bowater – Aggregate Industries</p> <p>Martin Quinn – Department for the Economy, Northern Ireland.</p> <p>Yvonne Curran – Department for the Economy, Northern Ireland.</p> <p>Raj Baisya – Home Office</p>
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## **1 – Welcome and Introductions:**

1. The Chair welcomed all to the 40<sup>th</sup> meeting of the UK EITI MSG.
2. The Chair welcomed Mark Robinson (Executive Director) and Sam Bartlett, both from the EITI International Secretariat.
3. The Chair welcomed Lord Callanan, the Minister for Climate Change and Corporate Responsibility at the Department for Business, Energy and Industrial Strategy and the new UK EITI Champion.

## **2 – UK EITI Champion introduction:**

4. As Minister for Climate Change and Corporate Responsibility, Lord Callanan recognised the importance of transparency in creating a good environment for business and ensuring that businesses and governments can be held to account.
5. The Minister welcomed the new UK EITI website ([www.ukeiti.org](http://www.ukeiti.org)), which will act as a new way to engage and inform communities and stakeholders with an interest in the UK extractives sector.
6. Lord Callanan thanked the MSG for their work over the last seven years in implementing EITI in the UK. He reaffirmed the government's commitment to EITI and shared the aspiration of achieving a "successful" rating in the revalidation against the EITI Standard taking place in late 2020.
7. The Minister asked industry members what value they saw in disclosure and how they would like EITI to evolve in the future. A member from the oil and gas side thought that disclosure allowed the "man on the street" access to information that they would otherwise not have – this was healthy for debate and made the sector accountable. EITI was now beginning to move in a different direction, focusing on other areas such as climate change, again EITI will be important to raise public awareness and stimulate debate on this issue.
8. A member from the mining and quarrying sector said that it was an exciting time for the mining industry – there are number of new projects in Scotland, Cornwall and Yorkshire. There is still a need for these resources and they will continue to have a role to play in future years.
9. The Minister asked civil society members how they saw UK EITI fitting in with their international work on extractives corruption. Civil society members highlighted the value of EITI in helping the public understand the tax regime for companies operating in the North Sea, particularly in the areas of decommissioning and repayments from government. It also allows the public the data to consider if the UK has got a good deal from the North Sea.
10. The other focus of concern for civil society was payment to government regulations. It was really important that the government continues to maintain this mandatory reporting as well as EITI.

## **3 – Agreement of minutes and action points of 20<sup>th</sup> May 2020 meeting**

11. The minutes of the 20<sup>th</sup> May meeting were agreed, with the following amendments:
  - i) Rocio Paniagua should be listed in the apologies section.

- ii) Paragraph four to be changed to reflect that CSN will seek to appoint one further full member and three further alternate members.

12. The MSG were updated on the main action points from the 20<sup>th</sup> May meeting.

- The Secretariat to follow up with TCE to look at constructive ways of taking forward and finding a middle ground and put together an informal group to co-ordinate the work going forward. **The Secretariat held a follow-up meeting with TCE on 9<sup>th</sup> July. Nicola Wallace will provide members with a full update at item 6. We have a further meeting planned on 4<sup>th</sup> August.**
- The Secretariat to continue mapping existing TCE assurance on value for money and hold follow-up meetings with HMT and NAO. **Secretariat held a follow-up meeting with HMT. They will be following this up by contacting NAO, Crown Estate Scotland and BEIS Offshore wind team. Nicola Wallace will provide a full update at agenda item 6.**
- Secretariat to ask BEIS economists to provide a short study on “auction theory” and whether there is evidence from elsewhere to suggest whether transparency over the results helps or hinders getting maximum value from those auctions? **BEIS economists have started their preliminary analysis and will be in touch with Mike Earp shortly to discuss requirements in more detail later this week.**

#### **4 – International Secretariat update**

13. This has been a challenging time for the EITI community. The Board have responded with the following options for implementing countries reporting going forward:

- i) Continue as normal. If an extension is required it will be granted.
- ii) Flexible reporting. This gives the MSG an option to report without an independent administrator or a reconciliation process.
- iii) A pilot for an alternative approach to EITI reporting.

14. The UK has a clear plan, which is largely on track. If difficulties are encountered, the UK has the option of seeking an extension.

15. The Board have also created flexibility around the validation process and countries can either go ahead with their original timetable or seek an extension. It is expected that there will be greater flexibility around outreach, although this still needs to be clarified.

16. The MSG were encouraged to stick with the current revalidation timetable, although ultimately it is their call and they will discuss in greater length at the September MSG. Sam Bartlett agreed to provide an update on the validation review and implications at the September meeting.

17. The International Secretariat shared links on “measures relating to reporting deadlines and extensions requests” <https://eiti.org/board-decision/2020-31> and the EITI Board decision on “approach to Validation during Covid-19”. <https://eiti.org/board-decision/2020-32>.

#### **5 – UK EITI Reconciliation Data update**

18. Sixty-one companies were identified as being within scope of EITI in 2019. Fifty have provided returns – 36 (out of 45) oil and gas companies and 14 (out of 16) mining and quarrying companies. Six of the eleven companies who have yet to provide returns were

identified and contacted later in the process so have been given an extended deadline beyond 30<sup>th</sup> June.

19. All government agencies, except Crown Estate Scotland, have now submitted their data.
20. It was agreed that the current reconciliation figures were very positive and BDO hoped to complete the reconciliation by the end of August. BDO agreed to keep in close contact with the UK Secretariat over the coming weeks and keep them informed of progress and involve them if any companies needed to be chased.
21. It was agreed that BDO and the Secretariat should discuss a forward timetable and look at options for publishing the data. The new website will make this process much easier and data can be uploaded quickly. Any data from companies providing late returns can be added at a later date.

#### **6– Compliance subgroup and The Crown Estate updates**

22. The compliance tracker was circulated with the papers for the meeting. Although good progress has been made in most areas on the corrective actions from the validation there are still a number of risks around awareness raising and disclosure of contracts and licences – in particular for devolved administrations, The Crown Estate (TCE) and Crown Estate Scotland (CES).
23. The Secretariat held follow-up discussions with TCE in early July and will follow these up with a further meeting in early August. BEIS economists have started work on “auction theory” and the Secretariat have also met colleagues from the Treasury to discuss existing assurances. The Secretariat will be in contact with the NAO on the back of these discussions.
24. The MSG need to discuss the corrective actions in more detail at the next meeting in September and decide whether they are in a position to be revalidated at the end of the year or will require an extension.

#### **7 – Evaluating the impact of UK EITI**

25. At the March meeting the MSG agreed the following questions to help inform the evaluation:
  - i) What has UK EITI done in its first five years?
  - ii) What has been the impact of EITI implementation in the UK on natural resource governance?
  - iii) How could the UK further leverage the EITI platform to enrich public debate on the governance and stewardship of the UK’s oil, gas and mineral resources?
26. The updated paper on evaluating impact has attempted to address these questions. It was agreed that impact analysis is difficult as the data has limited wider appeal and it is difficult to measure how much the data provided is used. NRGi offered to share their analytics on who is currently accessing data on their website.
27. It was agreed that the four new objectives should include a RAG rating to help the group focus on areas where further work was required.
28. It was agreed that the Secretariat speak to other countries, similar to the UK, who have carried out similar impact studies e.g. Germany or Netherlands, to help inform the UK report.

29. It was agreed that the website needs to explain clearly and carefully what the reconciliation data is and why it is important and unique.
30. It was agreed that the Secretariat will make some changes to the paper following PSG's comments and circulate to the Compliance Subgroup for comment.

#### **8- Mainstreaming update**

31. The mainstreaming subgroup met in June and were able to sign off a number of quick wins. There is still a substantial issue regarding the disclosure of tax payments. A paper will be presented at the September meeting setting out the pros and cons of tax disclosure for discussion and decision by the MSG.

#### **9- Comms – update**

32. The UK EITI website was launched on 28th May. A number of updates have already been made. The Comms subgroup agreed that the Sectoral subgroup should have the responsibility for ensuring the background chapters under “Extractive Industries in the UK” are updated. The Reconciliation subgroup should be responsible for “Payments data” and the “Reporting Guidance” sections. The remainder of the website should be the responsibility of the Comms subgroup.
33. It was agreed that routine updates do not require agreement by the subgroups, but notable updates should be shared with subgroups at the discretion of the Secretariat. It was agreed that the Secretariat should retain a log of any updates that could be circulated to the relevant subgroups before their meetings.
34. The first “News and Events” item on the new website will be the announcement of Lord Callanan’s appointment as the new UK EITI Champion.

#### **Action points**

- Sam Bartlett to be invited to the 16<sup>th</sup> September MSG to provide an update on the latest EITI Board thinking on flexibility on validation and to help inform discussions on whether to start the revalidation process in November.
- Secretariat to discuss timetable for final reconciliation process with BDO.
- The “auction theory” paper to be shared with the MSG before it is forwarded to TCE.
- Secretariat to arrange meeting with NAO to discuss TCE assurance procedures and how it achieves value for money for the taxpayer.
- Secretariat to chase Scottish and Welsh devolved administrations regarding licence and contract disclosure plans.
- Secretariat to draft a letter to government agencies regarding disclosure of future non-trivial deviations.
- Secretariat to arrange meetings of Compliance and Mainstreaming subgroups for August 2020.
- Secretariat to add RAG rating to the four objectives in the evaluating impact paper and make other changes requested by MSG, before sharing with the Compliance Subgroup
- Secretariat to arrange meeting with colleagues in Germany and Netherlands to discuss methods they used for evaluating the impact of EITI in their countries.
- Secretariat to chase Civic to explore ways of moving the UK EITI website further up on the Google search list.
- Pat Foster to discuss proposals for possible UK EITI virtual awareness raising events for Universities with the Secretariat.