

**UK Extractive Industries Transparency Initiative Multi-Stakeholder Group  
(MSG)  
Minutes of the 42<sup>nd</sup> Meeting – 18<sup>th</sup> November 2020 – Via Microsoft Teams  
(10-12.00pm)**

**Attendance**

<p><b><u>Chair</u></b></p> <p>Matt Ray - 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>John Bowater – Aggregate Industries</p> <p>Aurelie Delannoy - Mineral Products Association</p> <p>Dan Espie – Total</p> <p>Dr Patrick Foster – University of Exeter</p> <p><b><u>Civil Society</u></b></p> <p>Martyn Gordon – Robert Gordon University Aberdeen</p> <p>Miles Litvinoff – Publish What You Pay UK</p> <p>Joe Williams – NRG</p>	<p><b><u>Government</u></b></p> <p>Jeff Asser – Department for Business, Energy and Industrial Strategy</p> <p>Mike Earp - Oil &amp; Gas Authority</p> <p>Nicola Garrod – HMRC</p> <p>Richard Griffiths – Welsh Government</p> <p>Rob Keeling - Foreign Commonwealth and Development Office</p> <p><b><u>Others/observers</u></b></p> <p>Sam Bartlett, EITI International</p> <p>Justyna Herbut, Civil Society Network</p> <p>Tim Woodward – BDO</p> <p>Karim Limam – BDO</p> <p><b><u>Apologies</u></b></p> <p>Joe Perman – Scottish Government</p>
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**1 – Welcome and Introductions:**

1. The Chair welcomed all to the 42<sup>nd</sup> meeting of the UK EITI MSG.
2. The Chair welcomed Richard Griffiths from the Welsh Government, who has joined the government constituency as an alternate member. Richard is the Fossil Fuel and Carbon Capture and Storage Licensing Manager at the Welsh Government and has worked closely with the Secretariat on disclosure of Welsh licences.

3. The Chair thanked Martin Quinn, from the Department for the Economy Northern Ireland, who is retiring and Raj Baisya from the Joint Anti-Corruption Unit at the Home Office, who is moving to a new post.

## **2 – Agreement of minutes and action points of 16<sup>th</sup> September 2020 meeting:**

4. The minutes of the 16<sup>th</sup> September 2020 meeting were agreed.
5. The MSG were updated on the main action points from the 16<sup>th</sup> September meeting.
  - Secretariat to draft letters on behalf of the Chair to late reporting companies and consider further chaser from UK EITI Champion, if required. **Chaser letters sent on 25th September to four companies. One company has since provided their template. It was agreed a further chaser was not necessary.**
  - Secretariat agreed to draft narrative on the overall government policy on disclosure of contracts and licences for the website. **The Compliance subgroup agreed a paragraph for the website. The Secretariat will upload onto website once the new section on “Contract and licence transparency” has been added to the website.**
  - MSG, Secretariat and BDO to proceed with plans for revalidation in December 2020 and publication of 2019 report in October/November 2020. **MSG to make decision on revalidation date at MSG on 18th November 2020. Publication of report planned for 9th December.**

## **3 – UK EITI State of Industry and Reconciliation Report 2019:**

### **Review of 2019 process and lessons learned**

6. Fifty-four companies took part in the 2019 process (37 oil and gas and 17 mining and quarrying companies). Three companies did not respond, despite being chased on several occasions.
7. A total of £1,503.14 million was reported by government and a total of £1,503.13 million reported by UK in-scope companies. The final reconciliation showed an unreconciled difference of £0.01 million, which works out at 0.001% of the total, highlighting the transparency of the UK sector.
8. BDO, the Independent Administrator, proposed four recommendations for the MSG.
  - i) Update the templates and guidance notes to indicate that Petroleum Licence Fees paid to the OGA are out of scope. (This recommendation has since been omitted).
  - ii) Update the templates and guidance for The Crown Estate (TCE) to include payments made to TCE and collected by the agents acting on their behalf.
  - iii) A number of participating companies are subsidiaries of publicly listed companies of multinational groups. For Beneficial Ownership reporting the disclosure form should include a request for participating companies to identify the stock exchange on which they/their parent companies are listed.
  - iv) MSG should explore alternative ways to convince companies to participate. This may include visiting them, arranging a virtual meeting with them or their parent entity, etc. Otherwise, the MSG is encouraged to agree to drop them at an earlier stage (e.g. after two or three chasers) to speed up the reconciliation period.
9. The Chair thanked the BDO team and industry representatives for encouraging their industry networks to participate, despite the obvious difficulties.

10. Civil Society members proposed that all non-participating companies should be named in the report in future. The reconciliation subgroup will consider this, along with the BDO recommendations before making recommendations for the MSG to agree.
11. An industry representative asked how the guidance will ask companies to specify where they are listed if they are jointly owned and also how R&D Expenditure Credit (RDEC) should be treated. BDO said that companies could register both listings. BDO and the reconciliation subgroup should consider how RDEC will be treated for the 2020 process.

#### **4- Publication of reconciliation data on website and launch of the UK EITI Annual Review 2020**

12. The reconciliation data will be published directly onto the website by the end of November. It will still form part of the usual EITI report, but will be made available at an earlier stage in the interests of making the data as timely as possible.
13. The secretariat are proposing to publish an annual review which includes the state of industry chapter, the reconciled payments data as well as a look back at the MSG activities in 2020. A draft of the review has been circulated to the MSG with the meeting papers. Any comments on the report should be sent directly to the secretariat by 20<sup>th</sup> November 2020.
14. The launch of the UK EITI Annual Review 2020 will take place on Wednesday 9<sup>th</sup> December, the keynote speech will be made by Lord Callanan the UK EITI Champion. The launch is timed to take place on World Anti-corruption Day.
15. All speakers have now been identified and an invite will be sent to all participating companies and stakeholders shortly. The MSG were asked to ensure that the event was advertised widely via their usual networks.

#### **5 – Compliance update:**

16. At the EITI Board meeting in October a series of measures in light of the global pandemic were agreed. These included the opportunity for countries to apply for an extension to reporting deadlines, more flexibility on mainstreaming by considering the best ways to get the data into the public domain and also flexibility in the timing of validation where countries can continue with their validation as planned or request a delay.
17. The Board have also agreed a number of key changes to the validation process. Each requirement will be evaluated on a scale with five categories, with a corresponding numerical score: “not met” (0 points), “partly met” (30 points), “mostly met” (60 points), “met” (90 points) and “exceeded” (100 points).
18. Countries will also be assessed against three components: transparency, stakeholder engagement and outcomes and impact and will also receive a numerical score for each of these. Points will be combined to determine an overall validation score, with additional points awarded for effectiveness and sustainability.
19. At their September meeting the MSG agreed to a short extension of the revalidation until December 2020. The reform of the validation model will bring greater flexibility and will reduce the focus on compliance, which could lead to better outcome for the UK in validation. Even if the UK are not fully compliant against every requirement there could still be a good overall outcome.
20. The MSG was asked to consider two options for the revalidation. These were:
  - i) Beginning validation in 2020 under the current validation model.
  - ii) Beginning validation in mid-2021 under the new validation model, with the first validations under the new model are expected to begin April 2021.

21. When making their decision the MSG was asked to consider the reforms of the validation process, progress on the validation corrective actions and progress on the new requirements of the 2019 Standard.
22. Progress on most of the corrective actions has been good, however the actions covering the disclosure of licences and contracts have been slower than anticipated. There were still some obstacles to disclosure that would make it unlikely that the UK achieves "Satisfactory Progress" if validated under the existing model.
23. Concerns were raised over whether Coal Authority licences would be in scope for the disclosure of licences and contracts corrective action. The UK Secretariat agreed to check with the International Secretariat. If required, this will be added to the agenda of the next Compliance subgroup meeting for discussion.
24. The UK is compliant in all areas of the 2019 Standard apart from the requirement for disclosure of contracts and licences from 1 January 2021. The Secretariat are working with Government Agencies on this requirement and will consider plans for collecting and publishing the data required directly on the UK EITI website.
25. The MSG were asked to consider the following questions:
  - i) Does the MSG believe it is in the public interest to disclose all contracts and licences?
  - ii) What are the significant legal and practical barriers to disclosing?
  - iii) Does the MSG want to apply the letter of the requirement to publish or look at a modified approach?
26. Civil society representatives were keen to comply with this requirement and although industry raised concerns around commercial confidentiality it was agreed that the MSG should try and comply as far as possible with this requirement.
27. The International Secretariat confirmed that redactions were permitted for information of a personal nature or intellectual property reasons and informed the MSG that they could consider adapted implementation, but this would need to be agreed in advance and not retrospectively.
28. The Secretariat said that the Compliance subgroup would make the requirement to disclose contracts and licences their priority and would work closely with all Government Agencies to fulfil the requirement.
29. After agreeing the approach to publishing licences and contracts the MSG unanimously agreed the option of starting the validation in the Spring of 2021. It was agreed that a self-assessment with the International Secretariat in May 2021, before the formal validation, would be beneficial. The EITI Board will decide on the date of the revalidation, but the MSG have the option of seeking an extension to this date, if required.

#### **6– UK EITI Workplan and priorities for 2021 - update:**

30. The workplan covering 2020 activities has been updated and will be uploaded onto the website. The MSG were asked to provide comments on the 2021 workplan by 27<sup>th</sup> November 2020. An updated version will then be circulated for final approval before being added to the website.
31. The 2021 workplan includes actions around validation, the mechanics of the MSG, including the civil society constituency seeking representation from local communities, mainstreaming and plans to increase public awareness and understanding of EITI and its objectives.

## **7– Any Other Business:**

32. The next meeting will take place on 14<sup>th</sup> January 2021.

### **Action points:**

- BDO to provide Secretariat with recommendations paper to circulate to the MSG.
- Reconciliation Subgroup to consider BDO recommendations for 2020 process.
- Reconciliation Subgroup to consider whether to name non-participating companies in the future.
- BDO and Reconciliation Subgroup to consider treatment of RDEC for future years.
- MSG to provide any comments on the UK EITI Annual Review 2020 by close of play on Friday 20<sup>th</sup> November.
- Secretariat to contact International Secretariat regarding the status of Coal Authority licences, which for UK EITI are currently out-of-scope, but would they be required to be disclosed for the purpose of addressing the validation corrective actions.
- Compliance Subgroup to discuss and agree proposals for the MSG for the new requirement from 2019 Standard on publication of contracts and licences from 1 January 2021.
- Secretariat to upload updated version of 2020 workplan onto website and circulate revised 2021 workplan for final approval.