

**UK Extractive Industries Transparency Initiative Multi-Stakeholder Group
(MSG)
Minutes of the 45th Meeting – 12^h May 2021 – Via Microsoft Teams
(10.00am-12.45pm)**

Attendance

<p><u>Chair</u></p> <p>Matt Ray - Department for Business, Energy and Industrial Strategy (BEIS)</p> <p><u>Secretariat</u></p> <p>Monica Draycott – 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>Jacqui Akinlosotu – ENI</p> <p>David Evans - OGUK</p> <p>Dan Espie – Total</p> <p>Dr Patrick Foster – University of Exeter</p> <p><u>Civil Society</u></p> <p>Martyn Gordon – Aberdeen Business School</p> <p>Miles Litvinoff – Publish What You Pay UK</p> <p>Joe Williams – NRGi</p> <p>Simon Clydesdale – Global Witness</p>	<p><u>Government</u></p> <p>Jeff Asser - Department for Business, Energy and Industrial Strategy (BEIS)</p> <p>Hugh Dorey - HMRC</p> <p>Mike Earp - Oil & Gas Authority</p> <p>Lu Ecclestone – Foreign Commonwealth and Development Office (FCDO)</p> <p>Nick Everington – The Crown Estate</p> <p>Claire Higgins – Department for the Economy Northern Ireland</p> <p>Richard Griffiths – Welsh Government</p> <p><u>Others/observers</u></p> <p>Sam Bartlett – EITI International Secretariat</p> <p>Justyna Herbut – CSN Coordinator</p> <p>Tim Woodward – BDO</p> <p>Hedi Zaghouni - BDO</p> <p>Karim Limam – BDO</p> <p>Lyndsey McCulloch – Scottish Government</p> <p><u>Apologies</u></p> <p>John Bowater – Aggregate Industries</p> <p>Aurelie Delannoy - Mineral Products Association</p>
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1 – Welcome and Introductions:

1. The Chair welcomed all to the 45th meeting of the UK EITI MSG.
2. The Chair welcomed:
 - **Lu Ecclestone**, who is the new government representative from FCDO, replacing Rob Keeling. Lu is the Senior Governance Advisor for Anti-Corruption at FCDO.

- **Lynsey McCulloch**, Assistant Economist, Oil, Gas and Energy Transition Team, Office of the Chief Economic Advisor, Scottish Government who is attending as an observer.

2 – Agreement of minutes and action points of 16th March 2021 meeting:

3. The minutes of the 16th March 2021 meeting were agreed.
4. The MSG were updated on the main action points from the 16th March meeting.
 - Mining and Quarrying representatives to discuss environmental reporting and the practicalities of including the Aggregates Levy in future reconciliations. **Initial discussions on the inclusion of Aggregates Levy for future EITI reporting took place in early April 2021. It was agreed at the Compliance subgroup meeting on 15th April 2021 that the Mining and Quarrying subgroup should discuss the issue further and provide a paper on whether or not to include the levy in the 2021 Reconciliation process. The paper would then be presented to the MSG to decide. The Mining and Quarrying subgroup is meeting on 2nd June 2021.**
 - Secretariat to arrange follow-up meetings with government agencies and Devolved Administrations in April 2021 to follow-up on contract and licence disclosure arrangements. Also include Marine Management Organisation. **Meetings took place with Welsh, Scottish, Northern Ireland colleagues and The Crown Estate, Crown Estate Scotland and DAERA in late April 2021. The validation tracker has been updated to reflect these discussions.**
 - Task Force for Climate-related Financial Disclosure (TCFD) consultation document to be circulated to MSG for comment by 5th May 2021. **Secretariat circulated consultation document details to MSG on 29th March 2021. Civil Society Network (CSN) provided a response to consultation on 5th May 2021 and published on the UK EITI website Energy Transition page.**

3 - UK EITI Reconciliation process 2020 – update:

5. Out of the original 54 companies sent templates at the beginning of April by BDO, 43 have now completed and returned reporting templates, with 11 outstanding returns. Of these 11 companies three have promised to provide their returns by the end of May.
6. Data on payments has been received from HMRC, Oil and Gas Authority (OGA) and The Crown Estate (TCE). BDO are still awaiting data from Crown Estate Scotland (CES) and will chase.
7. HMRC identified a further 11 companies as material payers for 2020 to take the total of in-scope companies up to 65. All companies were sent the templates and guidance on 4th May with a deadline of 4th June to submit returns. Eight of the new companies will also need to complete tax confidentiality waivers.
8. It was agreed that the reconciliation was in a good position with three quarters of templates having already been returned. The Chair thanked industry members and government agencies for their co-operation in ensuring that the process commenced promptly at the beginning of April.
9. Civil society and industry members agreed to chase a number of the non-compliant companies, if required. BDO agreed to draft an email to non-compliant companies and will share it with the Secretariat for comment before sending out.

10. The next Reconciliation subgroup meeting is taking place on 20th May. It was agreed that a strategy for chasing companies would be discussed as well as discussing the status of the OGA levy. This year, the OGA levy payments are being reported at licence level rather than at aggregate level as last year.

4 - UK EITI Validation:

New validation model update:

11. When completing the pre-validation templates the MSG should consider using links to information which is already available in reports or minutes. Where there are particular challenges or issues, the MSG should explain these carefully in the templates. The MSG should also clearly record any differing views of MSG members in the templates.
12. The UK Secretariat have arranged a meeting with the International Secretariat in early June to review the templates.

Corrective actions - update

13. The majority of the corrective actions have now been addressed. Progress has been made on trying to secure the appointment of local civil society representatives to the MSG. The CSN have formally invited a local representative to join the Civil Society Network (CSN), but are still awaiting a response. MSG members were asked to consider any potential candidates and pass on details to CSN.
14. The Mining and Quarrying subgroup are considering material environmental payments – specifically the Aggregates Levy, with the possibility of their inclusion in future reconciliation processes. The subgroup will meet on the 2nd June to discuss in more detail before making a formal recommendation to the Compliance subgroup and the MSG.
15. Contract transparency has been a challenging area with eleven government organisations now involved. There are some common concerns around confidentiality and commercial sensitivity. Redaction is not an option, so some organisations may need to obtain legal advice on how to proceed. Overall, good progress has however been made with the majority of government organisations. The Secretariat will be arranging further catch-up meetings in June.
16. As agreed at the March MSG, the Coal Authority (CA) are now in-scope for licence and contract transparency disclosure. A letter from Lord Callanan was sent to CA in April to encourage their compliance and a holding reply has so far been received by the Secretariat. The final response will be circulated to the MSG. These letters will now be used to update the MSG, instead of a further coal paper.
17. Devolved government officials have also raised the possibility that the increased focus and action on contract and licence transparency may lead their Ministers questioning their position on EITI, especially in light of changing constitutional arrangements since the UK joined EITI . There were also some practical barriers to disclosure, including a lack of master copies of some licences that were issued before devolution.
18. Civil society members have been involved in an Open Partnership Action Plan, where a working group are looking at open contracting and procurement. This could be a useful forum to look at the challenges facing the MSG in contract and licence transparency.

Stakeholder Engagement pre-validation template:

19. The Stakeholder Engagement template is divided into four parts covering:
 - i) MSG insight
 - ii) Government engagement
 - iii) Industry engagement
 - iv) Civil society engagement
20. The MSG insight section has initially been completed by the Secretariat and covers MSG and subgroup membership, changes in membership of the MSG, the MSG terms of reference and links to the minutes of MSG meetings.
21. The Government and Industry engagement sections need to be completed by the relevant constituencies. The Secretariat have added some text covering the appointment process but it needs significantly more input from members of both the government and industry constituencies. It was agreed that a volunteer for each constituency would co-ordinate the completion of these sections of the template, for sign-off by all constituents. The Civil Society engagement section has already been completed by CSN.

Outcomes and Impact pre-validation template:

22. The Outcomes and Impact template is divided into four areas covering:
 - i) Relevance of EITI implementation.
 - ii) Public debate.
 - iii) Sustainability and effectiveness.
 - iv) Stakeholder feedback and MSG approval.
23. The "Relevance of EITI implementation" section of the template covered the current and previous UK EITI Workplans and its objectives, the theory of change, the corrective actions from the first validation, any steps that the MSG have taken to exceed EITI requirements and their impact, any new issues covered and their impact and the MSG's efforts to strengthen the impact of EITI.
24. It was agreed that the templates need to reflect the rationale behind the UK being an EITI implementing country. This includes the UK's participation as a demonstration of leadership and solidarity in the tackling international corruption and economic crime.
25. Civil society representatives thought there should be a balanced statement that also highlights that the general populace have little to show for the exploitation of the UK's natural resources.
26. It was agreed that it was important to highlight the work that the MSG have made to address all of the corrective actions. Notably around civil society representation where a CSN coordinator is now in post, but also on awareness raising, where the pandemic has restricted options. The new UK EITI website, which is now operational and the latest report which was launched virtually by the UK EITI Champion, Lord Callanan should also be highlighted.
27. Under "Innovations and impact" it was agreed that there should be some narrative on the work the MSG has undertaken mainstreaming following the February 2019 feasibility study published. The setting up of a specific subgroup to implement the recommendations of the

study, the challenges this has posed and the amount of data that has now been mainstreamed via the UK EITI website should also be noted.

28. On “Public debate” the MSG has done a lot of work, but this has been limited by the challenge of generating public interest in sectors where there are no perceived concerns around corruption.
29. The International Secretariat confirmed that the EITI Board have agreed to take into account the restrictions placed on awareness raising by Covid-19.
30. Civil society representatives highlighted that CSN and the Secretariat were working on narrative for the “Payments Data” section of the UK EITI website with links Natural Resource Governance Institute (NRGI) data sets, the Companies House extractive service and the Financial Conduct Authority (FCA) repository. This should be completed before the validation starts.
31. Include more information on social media where the MSG is a hub for a number of networks. Highlight that MSG information and data is shared via professional networks across the sectors. It was agreed that more should be included on the use of social media to raise awareness.
32. Under “Sustainability and effectiveness” question one it was agreed to add some narrative on the MSG starting to look at energy transition and its challenges. Question two should map out the data and information that has been identified under mainstreaming, and the consensus that the reconciliation exercise was worth continuing and the value it adds. Question three should highlight the work taking place to secure local representation, including evidence from CSN.
33. Under “Shareholder feedback” the MSG need to highlight the work taking place to evolve membership, this includes ensuring representation from all devolved administrations and ensuring that The Crown Estate now have a representative on the government constituency.
34. Civil society highlighted that they not only have their core MSG members, but they are also supported by a network of other civil society organisations under the umbrella of CSN.
35. The Chair thanked all members for their input and highlighted that the MSG have a good story to tell with some key messages to include, but also there is a need to be open about challenges such as the contract transparency and local engagement.

Transparency pre-validation template:

36. The template is divided into the 25 distinct areas reflecting the individual requirements of the EITI Standard. The summary sheet sets out the status of each section as assessed against the first validation. The current status section needs to be updated to reflect where the MSG think the UK is now against each section. Not all sections are applicable to the UK.
37. The MSG agreed that all of the requirements should be assessed as “Fully met” for the purposes of completing the template with the exception of the contracts and licence requirements (2.2-2.4) which the MSG assessed to be “Mostly met”.
38. Slight concerns were raised regarding the quality and timeliness of some of the production data, which is no longer collected. It was agreed that the MSG should be open about the lack of production data for certain minerals and the reasons for this.

39. The MSG were not assessed against environmental impact (6.4) in the first validation. It was agreed that the UK has a strong and rapidly developing climate change programme and this should be reflected in this section of the template.
40. The Secretariat will update the Stakeholder Engagement and Outcomes and Impact templates with comments and re-circulate for further comment with a deadline of 28th May 2021. BDO will update the Transparency template and circulate to the MSG with the same deadline. The Secretariat will then meet the International Secretariat to consider the updated versions of the templates further.
41. The International Secretariat challenged the MSG to consider any areas where the UK has exceeded and ensure this is highlighted in the templates.

8 - AOB

42. Colleagues in the Dutch EITI Secretariat have proposed an international information exchange for later in the year. The exchange would require a member from each constituency to take part in a round table discussion with Dutch and German counterparts to discuss areas of mutual interest including energy transition and awareness raising.
43. The event would be expected to last approximately 90 minutes. The Secretariat will provide the MSG with more detailed plans when they are available and seek a volunteer from each constituency to take part.
44. The German Secretariat are also considering holding an EITI implementation event with OECD and European counterparts after the Dutch event. Further details on this event will be made available shortly.
45. The next meeting will take place on Wednesday 17th June 2021.

Action points:

- BDO to chase Crown Estate Scotland for their payments data.
- BDO to share draft letter to non-compliant companies with Secretariat (for comment) before it is issued.
- MSG members to consider any potential candidates from the local communities and pass on details to CSN.
- Government constituency to complete and sign-off the Government Engagement section of the Stakeholder Engagement template by 28th May 2021.
- Industry constituency to complete and sign-off the Industry Engagement section of the Stakeholder Engagement template by 28th May 2021.
- Civil society and Secretariat to agree the updated narrative for the "Payments Data" section of the UK EITI website, this includes links to NRGI, Companies House and FCA data.
- Secretariat to update the templates covering Stakeholder Engagement and Outcomes and Impact to reflect discussions during the meeting. These will be circulated to the MSG for comment by 28th May 2021.
- BDO to update the Transparency template and circulate to the MSG for further comments with a deadline of 28th May 2021.