

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

Minutes of the 48<sup>th</sup> Meeting – 2<sup>nd</sup> September 2021 – Via Microsoft Teams (10.00am-12.10pm)

## Attendance

<p><b><u>Chair</u></b></p> <p>Matt Ray - Department for Business, Energy and Industrial Strategy (BEIS)</p> <p><b><u>Secretariat</u></b></p> <p>Monica Draycott – 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>Dan Espie – TotalEnergies</p> <p>David Evans - OGUK</p> <p>Dr Patrick Foster – University of Exeter</p> <p><b><u>Civil Society</u></b></p> <p>Martyn Gordon – Robert Gordon University</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 (BEIS)</p> <p>Mike Earp - Oil &amp; Gas Authority (OGA)</p> <p>Lu Ecclestone - Foreign Commonwealth and Development Office (FCDO)</p> <p>Nicola Garrod – HMRC</p> <p>Richard Griffiths – Welsh Government</p> <p>Johann MacDougall – Scottish Government</p> <p><b><u>Guests/observers</u></b></p> <p>Justyna Herbut – Civil Society Network (CSN)</p> <p>Simon Taylor – Global Witness</p> <p>Mark Wrigley – The Crown Estate</p> <p>Hedi Zaghouni - BDO</p> <p><b><u>Apologies</u></b></p> <p>Mark Burnett – EITI International</p> <p>Aurelie Delannoy – Mineral Products Association</p> <p>Nick Everington – The Crown Estate</p> <p>Mark Henderson – BDO</p>
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## **1 – Welcome and Introductions:**

1. The Chair welcomed all to the 48<sup>th</sup> meeting of the UK EITI MSG.
2. The Chair thanked and welcomed:
  - Thanked **Joe Williams** for his significant input into UK EITI over the last few years. Joe is moving on from from NRG to a renewables governance post.
  - **Mark Wrigley** from The Crown Estate, who is attending on behalf of Nick Everington.
  - **Simon Taylor** from Global Witness is attending as an observer.

## **2 – Agreement of minutes and action points of 21<sup>st</sup> July 2021 meeting:**

3. The minutes of the meeting on 21<sup>st</sup> July 2021 were agreed.
4. The MSG were updated on the main action points from the meeting on 21<sup>st</sup> July.
  - BDO to ensure that the narrative before Table 1 of the payments report clarifies how the net figure of £266m is reached. **The UK EITI Payments Report 2020 was published on 27th July 2021. The report included an explanation of the net figure.**
  - Secretariat to arrange meeting with Joe Williams to discuss concerns about PEP information. **Secretariat met Joe Williams on 4th August. Agreed to raise lack of PEP data as part of the Lessons Learned agenda item 4.**
  - Secretariat to maintain a list of updates or new developments to highlight in the MSG response to the initial validation assessment in August. **Secretariat have continued to maintain a table of updates and actions that have taken place since 1st July.**
5. The Secretariat agreed to follow-up their email of 21<sup>st</sup> July 2021 to the EITI International Secretariat regarding the sharing of details of the Carbon Tracker research paper to EITI implementing countries, copying-in Simon Taylor.

## **3 - UK EITI Validation – MSG Response:**

6. The timetable for comment, final approval and response for the draft validation are as follows:
  - i) Circulated for further comments with a deadline of close of play 8<sup>th</sup> September.
  - ii) Final version to be agreed by 10<sup>th</sup> September.
  - iii) Final response sent to EITI International on 13<sup>th</sup> September.
7. The headline messages from the draft validation assessment are encouraging. Overall the UK has exceeded on two EITI requirements, fully met 19, and mostly met four requirements. The report suggests the following scores, with the caveat that they are subject to change before the report is finalised.
  - i) Stakeholder engagement: 90/100 (High)
  - ii) Transparency: 87/100 (High)
  - iii) Outcomes and impact: 91/100 (High)
  - iv) Overall score: 89/100 (High)
8. The key UK achievements highlighted in the draft assessment are:
  - i) The UK now leads all EITI implementing countries in terms of timeliness of the disclosure of their payments data.
  - ii) Conflicts within the civil society constituency have now been fully resolved.
  - iii) Almost all non-payments information is now systematically disclosed via the UK EITI website.
  - iv) Substantial progress has been made on the contract and licence transparency requirements, in collaboration with 11 licensing authorities.
9. Areas for development highlighted under outcomes and impact include the EITI workplan, which has recently focused primarily on the corrective actions from the first validation and the reconciliation process. The focus of the workplan will broaden from next year and it is hoped it will strengthen and allow us to build links between work planning, monitoring and evaluation to strengthen the relevance of public debate and policy making.
10. The impact study carried out in 2020 identified several areas in which the MSG may seek to increase UK EITI's impact, including increased MSG capacity to address national priority issues.

11. The MSG were asked to consider whether the UK EITI's objectives should be more aligned with energy transition including oil and gas decommissioning and prospecting for strategic minerals.
12. Civil society representatives highlighted that the validation contained several references to the energy transition and they were keen to recognise there was more work needed to be done in this area over the coming months.
13. Civil society put forward a proposal that the MSG endorse the Global Registry of Fossil Fuels before the start of COP26. Industry representatives wanted to understand the full implications of supporting the registry before making a decision, especially as they have not consulted their colleagues in their sector yet.
14. The MSG agreed that it was important to reassert their desire to have a value-added role in the energy transition debate, but recognised that their priority should be the continuing role of leading by example on issues of transparency.
15. Issues raised on the UK EITI open data policy will be discussed in greater detail by the Compliance subgroup, this includes the extent of demand and resource required to provide machine-readable data and ensuring the website indicated that the underlying data on many of the tables and figures was available on request.
16. The MSG also agreed that it still values the annual reconciliation exercise and does not believe that alternative approaches would save resources and was mindful of placing additional burdens on industry.
17. The MSG agreed that the assessment on transparency was a fair reflection of the current position, but big strides had been made in most areas, including licence and contract transparency. The MSG were aware that there was still some progress to be made to ensure that the UK was fully compliant with these requirements.
18. There is still a low level of demand in the UK for much of this licence and contract information and there may also be possible legal barriers to disclosure. The MSG agreed to consider discussing further at a future meeting whether what is being asked by the requirement is proportionate compared with actual public demand in the UK.
19. Despite the disappointing Beneficial Ownership (BO) assessment score the MSG felt that their discussions at their meeting on 21<sup>st</sup> July 2021 addressed the issue of assessing the comprehensiveness and reliability of BO data. A link to Stock Exchange filings by listed companies has also been added to the payments data that was published on 27<sup>th</sup> July 2021. These points will be highlighted in the final response to the validation team.
20. The MSG also identified that a couple areas within the draft assessment that needed correcting. The validators stated that the MSG planned to review the Companies House (CH) register and that CH staff attended the July 2021 MSG meeting, both are incorrect. These corrections will be included in the MSG response.
21. It was agreed that the UK Secretariat would update the response document with the latest MSG comments and circulate for further comment by the MSG by 8<sup>th</sup> September. A further update would be circulated on 9<sup>th</sup> September for final approval by 10<sup>th</sup> September. The final version will be sent to the International Secretariat on 13<sup>th</sup> September.

#### **4 – UK EITI Reconciliation 2020 – IA Recommendations and Lessons Learned**

22. The Independent Administrator proposed three new recommendations for the MSG to consider. These were:
- i) Review of the scope of the reconciliation with a view to capturing all revenue streams.
  - ii) Maintain a contacts database for extractive companies and government agencies.
  - iii) There has been a lack of any PEP data disclosed in the seven years of UK EITI reporting. BDO recommend that the MSG considers updating the guidance notes and reduce the level of 5% shareholding or more in the reporting entity.
23. It was agreed that both the reconciliation subgroup should take away these recommendations for further discussion and return to the MSG with their conclusions at meeting on 25<sup>th</sup> November.
24. The mining and quarrying subgroup will continue to consider the case for the inclusion of the Aggregates Levy as a revenue stream and how to identify any new in-scope companies within their sector that are not currently being picked up by HMRC.

#### **5 – UK EITI Annual Review 2021 plans**

25. The Annual Review 2021 will be a standalone report as the payments data has already been published.
26. The MSG agreed that the annual review did not require a formal launch this year and should be published directly on the website. This could possibly be accompanied by tweet from the UK EITI Champion, which could also highlight the final UK validation outcome.
27. It was agreed that the format of the annual review should follow the template of the 2020 publication and a working group should be set up to draft the report. Each constituency agreed to provide names of two volunteers to participate on the working group.
28. It is anticipated that work will start on the review in October and will be completed in late December, with publication in late January 2022. The MSG endorsed this draft timetable.

#### **6 – Update of UK EITI MSG Terms of Reference**

29. The Terms of Reference were last updated in August 2020 and are due for their annual review.
30. The MSG agreed that the current Terms of Reference adequately meet the current requirement under the 2019 EITI Standard and do not require any additional details and remain sufficiently flexible to meet future MSG needs.

#### **7 – Comms update**

31. The Comms subgroup have agreed an initial list of objectives which will drive the updated comms strategy. These include:
- Raise the UK EITI profile using a range of comms channels.
  - Inform and increase public understanding of the impact and contribution of the extractives industry on the UK.
  - Present information in a useful way, taking advantage of existing data to encourage debate and enhance accountability.

- Co-ordinate and document MSG members' outreach to their constituencies to promote UK EITI.
- Develop the communications plan
- Detail how the MSG will communicate with stakeholders and members of the public.
- Raise awareness within industry, civil society, government and other audiences and the role they can play in the process.

## **8 – AOB**

32. The next UK EITI MSG meeting will take place on Thursday 25<sup>th</sup> November 2021:

### **Action points:**

- The Secretariat agreed to follow-up their email of 21<sup>st</sup> July 2021 to EITI International Secretariat regarding the Carbon Tracker research paper, copying-in Simon Taylor.
- The Secretariat to ensure that the 2022 Workplan builds on the links between work planning, monitoring and evaluation.
- Secretariat to arrange meeting of Compliance subgroup look at updating the UK EITI open data policy. (Meeting arranged for 22<sup>nd</sup> September 2021).
- Secretariat to consider including 2019 EITI Standard contract and licence transparency disclosures and the public demand for this information as a future MSG agenda item.
- Secretariat to consider options for maintaining contacts database with BDO.
- Mining and quarrying subgroup to meet to discuss ongoing work on the inclusion of the Aggregates Levy as an in-scope payment for future reconciliations and how to identify and capture new mining and quarrying companies for future reconciliation exercises.
- Secretariat to update response document and circulate to the MSG for further comment by 8<sup>th</sup> September. Re-circulate for final approval by 10<sup>th</sup> September and send final version to International Secretariat by 13<sup>th</sup> September.
- Secretariat to arrange Reconciliation subgroup meeting to look at the IA recommendations. (Meeting arranged for 28<sup>th</sup> October 2021).
- Each MSG constituency to provide two volunteers for the working group to look at providing text and input for the annual review.
- Government constituency agreed to organise a catch-up meeting.