

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

**Minutes of the 61st Meeting – 20th March 2024 – Via Microsoft Teams
(10.00am – 12.05pm)**

Attendance

<p><u>Chair</u></p> <p>Sophia Brecknell - Foreign and Commonwealth Development Office (FCDO)</p> <p><u>Secretariat</u></p> <p>Joel Watson –Foreign and Commonwealth Development Office (FCDO)</p> <p>Mike Nash - Department for Energy Security & Net Zero (DESNZ)</p> <p><u>Industry</u></p> <p>Jacqui Akinlosotu – ENI</p> <p>Kirsty Benham – Critical Minerals Association</p> <p>John Bowater – Aggregate Industries</p> <p>Aurelie Delannoy – Mineral Products Association (MPA)</p> <p>Dr Pat Foster – Camborne School of Mines at the University of Exeter</p> <p><u>Government</u></p> <p>Jeff Asser - Department for Energy Security & Net Zero (DESNZ)</p> <p>Mike Earp – North Sea Transition Authority</p> <p>Leo Kellaway - HMRC</p> <p>Johann MacDougall – Scottish Government</p>	<p><u>Civil Society</u></p> <p>Prof Aziz Islam – University of Aberdeen</p> <p>Martyn Gordon – Robert Gordon University</p> <p>Tilly Prior – Transparency International</p> <p><u>Guests/observers</u></p> <p>Stephen Abbott Pugh – Open Ownership</p> <p>Mike Ashby – Department for Business and Trade (DBT)</p> <p>Mark Burnett – EITI International Secretariat</p> <p>Helmi Ben Rhouma – BDO</p> <p>Helen Day – Coal Authority</p> <p>Mark Henderson – BDO</p> <p>Ed Moore – DBT</p> <p>Irina Pehkonen - DBT</p> <p>Seb Salha – EITI International Secretariat</p> <p>Tamsin Timbrell - DBT</p> <p>Tim Vickery – Independent Advisor</p> <p>Hedi Zaghouani - BDO</p> <p><u>Apologies</u></p> <p>Prof Hafez Abdo – University of Nottingham</p> <p>Nick Everington – The Crown Estate (TCE)</p> <p>Mark Wilson – Department for the Economy Northern Ireland</p> <p>Madeline Young - University of Northampton of London</p>
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1 – Welcome and Introductions:

1. All were welcomed to the 61st meeting of the UK EITI MSG.
2. The following guests were welcomed:
 - **Stephen Abbott Pugh**, Head of Technology at Open Ownership, who will be providing a presentation of their work in the UK on Beneficial Ownership.
 - **Ed Moore, Mike Ashby, Tamsin Timbrell and Irina Pehkonen** from DBT to provide an update on the Payments to Governments Regulations 2014 Post Implementation Review (PIR).
 - **Seb Salha**, Policy Manager at EITI International.

2 – Agreement of minutes and action points of 11th January 2024 meeting:

3. The minutes of the MSG meeting on 11th January 2024 were agreed.
4. The MSG were updated on the main action points from the meeting on 11th January 2024.
 - The list of new provisions for reporting in the 2023 EITI Standard drafted by BDO should be circulated for further comment. ***Draft recirculated on 11th January 2024 and approved on 29th January 2024.***
 - Open Ownership should be invited to a future MSG meeting to provide a presentation of their work on Beneficial Ownership. ***Secretariat met with Open Ownership on 26th February 2024. Open Ownership agreed to present at MSG meeting today.***
 - Add activity around the expectations and encouragements from the 2023 Standard to the UK EITI Workplan and circulate for further comment. ***Draft recirculated on 11th January 2024 and approved on 29th January 2024.***

3 – UK EITI Reconciliation 2023 update and agreement of 2023 process

5. The reconciliation scope will remain the same as for 2022. BDO will reconcile payments or repayments at group level that total £86,000 or more for HMRC, The Crown Estate (TCE) and Crown Estate Scotland (CES). The North Sea Transition Authority (NSTA) will unilaterally disclose petroleum licence fees and the OGA levy. Companies will be asked to unilaterally disclose S.106 payments or similar.
6. The initial scope will include the 33 oil and gas companies and 14 mining and quarrying companies that participated in the 2022 process. Seven companies did not provide returns last year, none were material payers and the overall scope of payments for the UK was 99%.
7. For non-compliant companies it was agreed that BDO could check the Payments to Governments data to see if financial figures were available under these regulations.
8. Diverted Profits Tax (DPT) data will still be requested, despite no companies reporting in 2022. Thresholds for Beneficial Ownership (BO) and Politically Exposed Persons (PEP) data will be reduced from 25% to 10% and 5% to zero respectively.
9. Companies will be asked for additional information on their anti-corruption policies, ownership structure, financial statements, Environmental, Social and Governance (ESG) information and gender pay gap data.
10. The full reconciliation of the data will take place in May, with BDO providing weekly update reports. During June BDO will follow-up any discrepancies and chase any non-compliant companies. In late June it is expected that the MSG be will asked to approve the payments report with the plan to publish data for 2023 in early July.

11. Concerns were raised about the amount of new and additional information being requested from in-scope companies this year. There were fears that there may be pushback from companies.
12. It was agreed that careful comms were required to highlight these new requests in the covering email to companies with a more detailed explanation of what is being requested and the rationale behind these new requests. It was agreed that the covering email should be revisited and amended to reflect these concerns and then circulated to the MSG for final approval.
13. It was agreed that a paper on the new provisions of the EITI Standard should be drafted for use by MSG members and should be aimed at senior colleagues and Ministers.
14. Subject to the MSG approval of the comms around the additional asks of companies the 2023 process will start on 28th March, with a deadline for completion by companies of 26th April. At the end of April BDO will provide an initial reconciliation report. A formal review date should be added to the timeline to monitor responses to the new provisions by in-scope companies.

4 - UK EITI Compliance subgroup – update on 2023 EITI Standard discussions and progress

15. The Compliance subgroup have met in February and March since the last meeting in January.
16. BDO have updated the Compliance tracker and included every requirement of the EITI Standard with an indication of current progress in terms of implementation.
17. The Compliance subgroup is now in the process of working through the tracker, with particular focus on the new requirements. Consideration will be given to a robust timeframe for implementation and ownership for the progression of each new requirement.
18. There are 51 new requirements, expectations and encouragements in the 2023 Standard, with 38 provisions refined. The main changes from the 2019 EITI Standard cover anti-corruption, ESG, energy transition and revenue collection.
19. It was agreed that the new Standard was a fundamental change in direction and any comms should highlight and explain this new direction of travel to UK companies taking part in the process.

5- EITI International update – systematic disclosure

20. The routine systematic disclosure of data by governments and companies and open data reporting is the desired and ultimate endgame for EITI. This will provide more time for analysis of and public debate around the data. Norway is a good example of mainstreaming of reporting data, where the data is routinely disclosed online each year without the need for an Independent Administrator to reconcile the data.
21. The EITI International Secretariat have recently launched a tool that monitors country-level progress on systematic disclosure, which enables users to track how countries are performing in mainstreaming specific disclosure requirements of the EITI Standard. The UK currently has a 50% systematic disclosure rate.
22. The data on the systematic disclosure tools is updated via the Summary Data Files that the Independent Administrator's provide each year.
23. Germany have recently developed a reporting portal and the Netherlands have just launched an open data portal which looks at trends and results across time.

6– Open Ownership

24. Open Ownership are currently working with several implementing countries to help them improve their performance under requirement 2.5 of the EITI Standard.
25. The Opening Extractives programme is in the fourth year of five. The objectives are as follows:
 - i) Enable governments to disclose and use high quality beneficial ownership data.
 - ii) Build the capacity of government and local stakeholders to use and analyse data to improve natural resource governance.
 - iii) Develop and communicate relevant insights on the impact of beneficial ownership transparency in the extractive industries.
26. Beneficial ownership is important across the value chain as it:
 - i) Prevents conflicts of interest in the allocation of licences.
 - ii) Ensures compliance with ownership prohibitions for PEPs.
 - iii) Supports government oversight of operators.
 - iv) Improves due diligence of supply chain.
 - v) Reduces corruption and increases competition in procurement.
 - vi) Exposes shell companies and schemes used in tax evasion.
 - vii) Curbs money laundering.
 - viii) Prevents and detects conflicts of interest.
 - ix) Improves revenue collection and increases domestic resources available for citizen services.
27. Currently 78 countries have live BO registers, with a further 21 implementing registers and another 52 planning to implement a register. Over 30 EITI countries report beneficial owners through registers or EITI reports.
28. The 2023 EITI Standard has several updated beneficial ownership requirements including:
 - i) Lowering of thresholds for reporting beneficial owners.
 - ii) Ensuring reporting of PEPs to detect conflicts of interest.
 - iii) Linking to the licensing process.
 - iv) Disclosing legal ownership and ownership chains.
29. Open Ownership's Beneficial Ownership Data Standard is an open data standard for collecting and sharing high quality beneficial ownership data. It allows for the capture of data on all types of entities (companies, trusts, state-owned enterprises etc.) and is an open-source tool to support implementers of EITI.
30. The data available on the Data Standard is more detailed than that available from Companies House and could provide an excellent source to check the reliability of UK data in the future.

7– Payments to Governments Regulations – Post Implementation Review

31. The Department for Business and Trade carried out a post implementation review of the Payments to Governments Regulations 2014. The review looked at whether the objectives of the regulations to increase in transparency and improve governance have been achieved.
32. Stakeholder engagement with the regulations has been reviewed and analysed. The review found that there was little awareness of the regulations and the data available. The regulations have not been used to hold companies to account and there is little evidence that corruption has been reduced as a result of the regulations.

33. ~~Based on consultation with stakeholders and analysis the review is likely to recommend that the regulations should be revoked.~~ The Department will consult other Government Departments on its PIR recommendation and will publish or consult on that recommendation in due course.
34. It is expected that the post implementation review findings and recommendation will be published later in 2024 and will be shared with the MSG when it is made publicly available.

8 – Renewables paper

35. The UK EITI Renewables paper was circulated to the MSG in late February. The paper outlines the case for renewables to be brought into scope of UK EITI.
36. The paper highlights the significant role EITI can play in these new areas and how renewables can be a potential way of encouraging public engagement on EITI issues.
37. Recommendations include the formation of a renewables/energy transition subgroup and the inclusion of additional data and material on the EITI website.
38. It was agreed that this could be a major change in direction for the MSG and there may be the need to review membership of the group.
39. It was agreed that the paper should be re-circulated for further comment. Renewables and UK EITI should be included as an item at a future agenda once the paper has been commented on and considered further by the MSG.
40. It was agreed that there needs to be careful consideration around the implications for the MSG and around the timing of discussions, particularly given the volume of work in progress in preparation for the validation in 2025.

9 – AOB

41. The next meeting will take place on Wednesday 22nd May 2024.

Action points:

- Update the covering note for companies to include more details on the reasons and rationale behind the request for extra information. This then needs to be circulated to the MSG for final approval. **(Action: BDO, Tim Vickery and UK Secretariat).**
- Paper on the new provisions of the EITI Standard to be drafted for use in briefing senior colleagues and Ministers. **(Action: Tim Vickery and UK Secretariat).**
- BDO to check Payments to Governments data for non-compliant companies. **(Action: BDO).**
- BDO to add formal review date in timeframe to monitor responses by in-scope companies to the additional requests in the templates. **(Action: BDO).**
- UK Secretariat to provide EITI update on reconciliation process at Mining Association of the UK meeting in April 2024. **(Action: UK Secretariat).**
- Include mainstreaming and systematic disclosure on the agenda at a future meeting. **(Action: UK EITI Secretariat).**
- Post Implementation Review results to be shared with the MSG once they are published. **(Action: DBT and UK Secretariat).**
- UK EITI Renewables paper to be re-circulated to the MSG for further comment and consideration to be given to next steps, including further discussions at a future MSG. **(Action: UK Secretariat, Tim Vickery and UK EITI MSG civil society constituency).**