

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

**Minutes of the 47th Meeting – 21st July 2021 – Via Microsoft Teams
(10.00am-12.15pm)**

Attendance

<u>Chair</u>	<u>Guests/observers</u>
Matt Ray - Department for Business, Energy and Industrial Strategy (BEIS)	Alex Gordy – EITI International Secretariat
<u>Secretariat</u>	Mark Burnett – EITI International Secretariat
Monica Draycott – Department for Business, Energy and Industrial Strategy	Hedi Zaghouani - BDO
Mike Nash - Department for Business, Energy and Industrial Strategy	Justyna Herbut – Civil Society Network (CSN)
<u>Industry</u>	Tim Vickery – Independent Advisor
Jacqui Akinlosotu – ENI	Simon Taylor – Global Witness
Aurelie Delannoy – Mineral Products Association	Steve Webster - Department for Business, Energy and Industrial Strategy (BEIS)
Dan Espie – TotalEnergies	Mark Campanale – Carbon Tracker
David Evans - OGUK	Rebecca Byrnes – Carbon Tracker
Dr Patrick Foster – University of Exeter	Richard Folland – Carbon Tracker
<u>Civil Society</u>	Johnny West – Carbon Tracker
Miles Litvinoff – Publish What You Pay UK	<u>Apologies</u>
Joe Williams – NRGI	John Bowater – Aggregate Industries
<u>Government</u>	Nick Everington – The Crown Estate
Jeff Asser - Department for Business, Energy and Industrial Strategy (BEIS)	Lu Ecclestone - Foreign Commonwealth and Development Office (FCDO)
Mike Earp - Oil & Gas Authority	Mark Henderson - BDO
Nicola Garrod – HMRC	
Johann MacDougall – Scottish Government	

1 – Welcome and Introductions:

1. The Chair welcomed all to the 47th meeting of the UK EITI MSG.
2. The Chair welcomed and thanked:

- New Government MSG member **Johann MacDougall**, who will be representing the **Scottish Government** and replacing **Joe Perman**. Thanks were extended to Joe for his contribution to UK EITI over the last few years.
- **Alex Gordy** from the **EITI International Secretariat**. Alex is leading the validation of the UK that started on 1st July 2021. Alex will be providing an update on the process later in the meeting.
- Guests from the **Carbon Tracker Team**; **Mark Campanale, Rebecca Byrnes, Richard Folland** and **Johnny West** who will be providing a presentation on the Global Registry of Fossil Fuels.
- **Simon Taylor (Global Witness)** attending as an observer.

2 – Agreement of minutes and action points of 17th June 2021 meeting:

3. The minutes of the 17th June 2021 meeting were agreed.
4. The MSG were updated on the main action points from the 17th June meeting.
 - Secretariat to update validation templates with comments from MSG members and recirculate on 18th June 2021. **All templates updated and re-circulated for further comment on 18th June 2021.**
 - Secretariat to circulate updated Mainstreaming Tax paper for final comment and approval by 25th June 2021. **Mainstreaming paper circulated to MSG on 18th June 2021, no further comments were received so it was taken as approved on 25th June 2021.**
 - Secretariat to add item on Global Registry of Fossil Fuels to 21st July 2021 MSG meeting. **Item on the Global Registry of Fossil Fuels added to the agenda of the today's meeting.**

3 - UK EITI Reconciliation 2020:

5. The draft final UK EITI Payments Report 2020 was circulated with the meeting papers. The reconciliation covered 56 companies (39 oil and gas and 17 mining and quarrying) and in terms of value of covers 96% of overall payments.
6. The scope of the reconciliation remained the same as the 2019 exercise. The overall results show companies paid £255m to Government, with just £4k unreconciled with Government receipts. This amounts to 0.002% of the monies paid.
7. One s.106 payment has been disclosed and has now been disaggregated as required by one of the corrective actions of the first validation.
8. A new section has been added to the report to provide an explanation for the decrease in extractives revenues. This is mainly due to the decrease in Ring Fenced Corporation Tax and Supplementary Charge, which are in turn due to the reduction in the price of oil and gas as well as a fall in production.
9. The Beneficial Ownership section of the report now provides a list of links to each publicly listed company's stock exchange site. For each private company there is a link to their Companies House data (the PSC Registry).
10. BDO are still chasing four companies, and if successful, any payments data can be added to the overall figures at a later date.

4 - UK EITI Validation:

11. The scope of the validation will cover the 8 corrective actions from the first validation and a review of progress against the requirements of the 2019 EITI Standard. The validation will also take into account any improvements made against any of the requirements, for example publishing the 2020 data before the end of July 2021.
12. The consultation meetings between stakeholders and the validation team have begun and are expected to be concluded by the end of July. A meeting between the oil and gas industry members and validation team still needs to be arranged.
13. The draft validation assessment should be available in mid-August. The MSG will have a 4 week period in which to provide comments and highlight any new developments since 1st July. The MSG can ask for an extension of a further 4 weeks to respond if they think it is required, but this would lead to a subsequent delay to the UK's final validation outcome.
14. The validation will be finalised after the MSG comments have been received and it is expected that the validation result will be agreed at the EITI International Board meeting in October 2021.
15. International Secretariat would be happy to discuss the preliminary findings with the MSG, if required.

5 – Beneficial Ownership

16. As part of requirement 2.5 of the EITI Standard, the MSG are advised to publish 'an assessment of the comprehensiveness and reliability of beneficial ownership disclosures to date from all companies holding or applying for extractive licenses'.
17. The MSG have started to improve the comprehensiveness of the Beneficial Ownership (BO) data disclosed, including links to the Stock Exchange for publicly listed companies and links to Companies House for private companies via the PSC Register.
18. One possible solution could be to produce a master list of extractive companies compiled from data from the OGA and other regulators to be cross-referenced against Companies House data. For petroleum licences a new requirement could be added to the application process, requiring companies to provide BO information.
19. The MSG noted the comprehensiveness of BO disclosures within the UK and EU, despite some concerns over the reliability of this data. The MSG also noted the UK Government's plans to legislate on corporate transparency and register reform, which would introduce steps to address this.
20. Concern was raised that in the 7 years of UK EITI payments reports, there have never been any disclosures of Politically Exposed Person's (PEPs). It may now be time for the MSG to revisit its approach to PEP reporting under its BO requirements.

6– Carbon Tracker presentation of the Global Registry of Fossil Fuels

21. The Global Registry of Fossil Fuels (GRFF), currently under development by a team led by Carbon Tracker, aims to be a comprehensive source of data on fossil fuel reserves, production and projected carbon emissions for every country in the world. Analysis shows that future planned production of fossil fuels is 120% more than is compatible with meeting the Paris target of keeping global heating within the relatively safe temperature limit of 1.5 degrees C.¹
22. The Registry will provide a comprehensive, robust and public source of information at the project level and be a tool to enable policy makers, investors, companies, civil society and others to better assess climate risks. The Registry will provide data on CO₂-equivalent (CO₂E) embedded in reserves and on rates of emission represented in current and potential future production paths.
23. The Registry is designed to help inform private sector investment decisions, government policy decisions and the public. It will make governments more accountable for hydrocarbons exploration and production within their territories and support the management of a global carbon budget necessary to keep global heating within the 1.5 degrees C Paris target.
24. Carbon Tracker is working with Global Energy Monitor on the Registry's technical development. They are also leading the diplomatic approach to encourage "first mover" and producer countries to publicly support the Registry. The Registry is intended for initial public launch at COP26 in November 2021 with, it is hoped, public endorsement for the initiative by at least 10 national governments.

7– COP26

25. Discussions have taken place between BEIS and Foreign Commonwealth and Development Office (FCDO) to discuss the future use of EITI data for policy development, particularly with regard to energy transition and the preparedness of resource rich countries for this.
26. The focus is on improving access to reliable data and determining what energy transition means to EITI member countries going forward.
27. For COP26, the International Secretariat are still hoping to run a roundtable event around how natural resource governance will change with energy transition and also a datathon. They are currently looking at the possibility of working with Chatham House who have a pavilion at the event.

8– Comms

28. A concept paper was circulated with the MSG papers outlining plans for a benchmarking survey to identify stakeholder priorities and also to highlight the plans for a more ambitious Comms and Engagement strategy.
29. The MSG approved this approach and were asked to consider possible candidates who could sit on the Comms subgroup from their organisations.
30. The website also needs to be developed and any views on posting news items relevant to stakeholders, particularly on energy transition would be welcome.

¹ UN Environment Programme and others, https://productiongap.org/wp-content/uploads/2020/12/PGR2020_FullRprt_web.pdf

9– AOB

31. The Secretariat have started to draft a timetable for the UK EITI Annual Review 2021. The review will look slightly different this year as the payments data has already been published. It will also need to cover the validation and any subsequent recommendations or corrective actions.
32. The potential timeline includes drafting the review during November/December and publication at the end of December or in January 2022. Proposals include a new working group to agree and draft the content. Further discussions are proposed for the MSG meeting on 2nd September 2021.

Action points:

- BDO to ensure that the narrative before Table 1 clarifies how the net figure of £266m is reached.
- Tim Vickery and Secretariat to prepare text for lay readers summarising the payments data for the news item on the website and ensure that it is cleared by the MSG.
- Secretariat to contact oil and gas members to arrange meeting with validation team.
- Secretariat to write to relevant organisations and agencies to establish whether there were any non-trivial deviations in the award or transfer of licences in 2020.
- Secretariat to maintain a list of updates or new developments to highlight in the MSG response to the initial validation assessment in August.
- Mike Earp to explore the possibility of including a requirement for companies to disclose BO information in their licence applications.
- Secretariat to arrange meeting with Joe Williams to discuss concerns about PEP information.
- Carbon Tracker to circulate slides and provide further links and information for the MSG.
- Secretariat to write to International Secretariat regarding the Carbon Tracker research paper.
- Mark Burnett to invite Sian Bradley, author of the Chatham House article “Transparency in Transition: Climate Change, Energy Transition and the EITI” to an MSG meeting later in the year.
- MSG to provide names to Secretariat of possible candidates for the Comms subgroup from their organisations. Also provide views on posting news items relevant to stakeholders on Energy Transition on the website.