**Reconciliation subgroup meeting, Thursday 1st February 2024 via Microsoft Teams**

**Attendees:**

Leo Kellaway (Chair) Mike Earp Jacqui Akinlosotu

Aurelie Delannoy Pat Foster Hedi Zaghouani

Mike Nash

**UK EITI Reconciliation 2023 timetable**

* The draft timetable was agreed by the subgroup with the plan to publish the payments data in late June/early July 2024, dependent on the agreed reporting Terms of Reference that will be agreed by the EITI Board in March 2024.

**New provisions of the 2023 EITI Standard**

* The subgroup discussed in detail the new provisions around reporting from the 2023 EITI Standard. **The agreed actions are included in Annex A below.**

**Scope**

* It was agreed that the current scope adequately covers the relevant taxes and there were no additional new taxes that need to be added.

**Guidance and templates**

* It was agreed that BDO and the UK Secretariat would meet separately to update both the guidance and templates in time for the next meeting. **(Action: UK Secretariat and BDO to meet to discuss updates).**

**AOB**

* The next meeting to be arranged for two weeks’ time. **(Action: UK Secretariat have arranged the next meeting for 15th February 2024).**

**Annex A**

**List of agreed actions**

| **N°** | **Requirement Ref** | **Type of requirement** | **Description** | **Type of text** | **Agreed actions** |
| --- | --- | --- | --- | --- | --- |
| **Information that could be collected from in-scope companies through the reporting process** | | | | | |
| 1 | 1.2.b Company engagement | Expected | Reporting companies are **expected** to publish an anti-corruption policy setting out how the company manages corruption risk, including their use of BO data. | New | Insert a new tab in the reporting templates to collect this information. |
| 2 | 2.5.f Beneficial ownership | Encouraged | Implementing countries are **encouraged** to adopt an ownership threshold of 10% or lower for BO reporting. | New | Reduce the materiality threshold from 25% to 10% and update the BO form and guidance accordingly. |
| 3 | 2.5.f Beneficial ownership | Mandatory | The definition must also specify reporting obligations for PEPs. ICs are **required** to request full disclosure of PEP’s BO regardless of their level of ownership. | Refined | Reduce the materiality threshold from 5% to 0% and update the BO form and guidance accordingly. |
| 4 | 2.5.g Beneficial ownership | Encouraged | Companies are **encouraged** to disclose their ownership structure, including the full chain of legal entities leading to the beneficial owner. | New | Insert a new tab in the reporting templates to collect this information. |
| 5 | 4.1.e Comprehensive disclosure of taxes and revenues | Expected | Companies are **expected** to publicly disclose their audited FS, or the main items (i.e. balance sheet, profit/loss statement, cash flows and effective tax rates) where FS are not available at country level. | Refined | Insert a new tab in the reporting templates to collect this information.  Add a note in the Payments Report to mention 1) that the reporting period may not correspond to the calendar year (i.e. EITI reporting period) and 2) to direct readers to the Companies House web page to view the latest FS.  BDO should perform further checks regarding all available information from companies established outside the UK. |
| 6 | 6.4.b Environmental and social impact of extractive activities | Mandatory | ICs and reporting companies are **required** to ensure that public environmental, social and gender impact assessments, monitoring reports, permits, and licenses that are mandated by law or contract, are publicly accessible in practice. | New | Insert a new tab in the reporting templates to collect this information. |
| 7 | 6.4.c Environmental and social impact of extractive activities | Encouraged | Companies are **encouraged** to disclose further information about their social, gender and environmental management and impact. | New | Same as above. |
| 8 | 6.3.a Contribution of the extractive sector to the economy | Encouraged | Companies are **encouraged** to disclose the gender pay gap. | New | Same as above. |
| **Information that could be collected from NSTA for oil and gas sector** | | | | | |
| 9 | 3.1.b Exploration activities | Encouraged | ICs and companies are **encouraged** to disclose data on proven economic oil, gas or mineral reserves, where available. | New | NSTA to provide this information.  DESNZ to update the UK EITI website. |
| 10 | 3.2.d Production data | Encouraged | Companies are **encouraged** to disclose realised sales volumes and values by project. | New | NSTA to provide this information.  DESNZ to update the UK EITI website. |
| 11 | 3.4.a Greenhouse gas emissions | Encouraged | Companies are **encouraged** to disclose GHG emissions in alignment with existing leading disclosure standards. Where feasible, the MSG is **encouraged** to request disaggregated disclosures. | New | NSTA to provide this information.  DESNZ to update the UK EITI website. |
| **Information that needs further insights from the EITI IS** | | | | | |
| 12 | 1.2.b Company engagement | Expected | In addition, companies on the MSG are **expected** to engage in rigorous due diligence processes. | New | BDO to contact the EITI IS to understand further the DD process. |
| 13 | 1.2.b Company engagement | Encouraged | Other reporting companies are also **encouraged** to engage in rigorous due diligence processes. | New | Same as above. |
| **Information that needs further discussion to avoid either increasing burden on companies or disclosing commercial sensitive information** | | | | | |
| 14 | 4.1.e Comprehensive disclosure of taxes and revenues | Encouraged | Companies are **encouraged** to disclose tax deductions and incentives in the period under review. | New | This is commercially sensitive information.  Some companies are also members of other tax transparency initiatives. EITI should not be confused with them.  Better to wait for further guidance from the EITI IS before further discussing this new encouragement. |
| 15 | 4.10.c Project costs | Encouraged | Companies and ICs are **encouraged** to disclose declared costs disaggregated by project, and by costs related to operating and capital expenditures. Operating expenditures declared in the reporting year may include amortisation or depreciation of costs incurred in prior years. Companies and ICs are **encouraged** to disclose costs incurred since the commencement of the project. | New | Same as above. |
| 16 | 5.3.c Additional information on revenue management and expenditures | Encouraged | When requested by the MSG, oil, gas and mining companies are **encouraged** to disclose projected project production levels, and estimated timelines related to cost recovery. | New | Same as above.  BDO to contact the EITI IS to understand further the wording for each provision. |