

Attendance

<p><u>Chair</u> Marie-Anne Mackenzie- Department for Business Innovation & Skills</p> <p><u>Secretariat</u> Margaret Sutherland- Department for Business Innovation & Skills Vina Krishnarajah - Department for Business Innovation & Skills</p> <p><u>International Secretariat</u> Eddie Rich-International Secretariat- <i>Teleconference</i></p> <p><u>Industry</u> Dr Patrick Foster- Mining Association of the UK /Camborne School of Mines-University of Exeter- <i>Teleconference</i> John Bowater- Aggregate Industries Stephen Blythe- Independent Consultant Roger Salomone- Exxon Mobil</p> <p><u>Civil society</u> Miles Litvinoff-Publish What You Pay UK Brendan O Donnell- Global Witness Eric Joyce- UK Civil Society Representative Danielle Foe- UK Civil Society Representative</p>	<p><u>Government</u> Mike Earp- Oil & Gas Authority Natalie Reeder- HM Treasury Victoria Molho- Department for Business Innovation & Skills Alan Tume- HM Revenue & Customs</p> <p><u>Observers</u> Claire Ralph-Oil & Gas UK Joe Williams- Natural Resource Governance Institute Eddie Holmes- UK Civil Society Representative- <i>Teleconference</i></p> <p><u>Nominated People</u> Luke Balleny- International Council on Mining & Metals</p> <p><u>Experts</u> Tim Woodward-Moore Stephens</p> <p><u>Apologies</u> Andrew Enever- Shell Jerry McLaughlin-Mineral Products Association Carolinn Booth - HM Revenue & Customs Robert Le Clerc- CBI Minerals Group Martin Brown- UK Civil society Representative</p>
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Summary of proceedings

1. Following introductions the minutes for the July MSG meeting were agreed.
2. The Chair welcomed a new full member for the Government constituency from the Department for Business, Innovation & Skills.

Update from Moore Stephens

Oil & Gas

3. Moore Stephens provided a breakdown of the response rates for oil and gas companies as follows:
Of the 181 oil and gas companies who had been sent templates:
 - 74 had returned reporting templates (of these 7 had not returned waivers).
 - 76 companies had not yet responded.
 - 20 companies had stated they were below the materiality threshold.
 - 4 companies stated they were outside the scope of EITI (non-extractive).
 - 1 company stated it would not be participating.
 - 6 companies had no email contact details- however Moore Stephens had contacting them via their website and telephoned them but there had been no response.
4. BIS Secretariat confirmed that the deadline for the 47 companies who were omitted from the original list was Tuesday 15 September.
5. They went on to explain that an evaluation had been done against the companies who were sent reporting templates on the 29th June using the companies house website to look at 2014 accounts and it appeared that some of the companies who had failed to respond were making a loss.
6. Oil & gas representatives highlighted that the number of outstanding reporting templates from offshore companies was small. There were a handful of companies who were in the exploration phase and not making material payments.
7. They also confirmed that there was one company in the production phase that they were liaising with to ask about their outstanding EITI return.
8. Government representatives suggested that the number of reporting templates received could account for the majority of oil and gas companies making material payments on the North Sea as there were several fields which were not producing.
9. They went on to explain that once all waivers had been received, HMRC could let Moore Stephens know if the percentage of returns was reasonable for the oil and gas sector.
10. Oil & gas representatives asked Government officials whether they had a schedule of the companies who had paid for licences in 2014; this would be needed early to inform the MSG which companies would need chasing.
11. After some discussion Government representatives confirmed that they would put the request to the relevant team and the list would take a couple of weeks to collate.

12. HMRC confirmed that they had figures which were ready to be passed to Moore Stephens once waivers had been received, this would take place in batches to make it easier.

Mining & Aggregates

13. Moore Stephens confirmed that of the 40 companies who had been sent the reporting package only 12 companies had responded.
14. 27 companies had failed to respond and 1 company had chosen not to respond.
15. Mining representatives confirmed that they had started to contact some of the minerals companies to chase returns and would pass on the reporting package if it had not been received.
16. Mining representatives asked Moore Stephens to confirm the email addresses for some of the companies where reporting templates were issued.
17. Aggregate representatives explained that they would also be contacting outstanding companies to chase returns and encourage companies to participate under UK EITI.

18. Moore Stephens confirmed that they have figures from Crown Estates and were waiting for the Coal Authority.
19. Mining representatives confirmed it was unlikely that a response would be received from some of the coal companies as some of them were going through receivership and were due to close.
20. The International Secretariat confirmed that if a company failed to return reporting templates, an explanation would need to be provided in the EITI report. This included if a company was going through receivership.
21. Civil society representatives explained that if a company in scope of UK EITI chose not to respond and the compliance rates were similar in year 2, the UK would not pass validation.
22. International Secretariat confirmed that to pass validation 100% of disclosable payments would be needed.
23. Oil & gas representatives explained that this percentage may have already been reached, which was supported by Government representatives.
24. Civil society explained that the MSG had a collective responsibility to pass validation therefore additional pressure may be needed on companies in year 2. They went on to thank industry representatives who were doing further communications with companies to increase response rates.

25. Mining representatives expected response rates to be higher in year two as companies would be reporting under the Payment to Government Regulations 2014.
26. Civil society confirmed that part of the problem was that there was no legal obligation for companies to report under UK EITI.
27. Aggregates representatives explained that some of the companies were foreign owned entities so may not be obliged to report under the regulations next year if there is no mandatory reporting requirements in the country they are incorporated or listed in.
28. They also explained that the low response rate for mining and aggregates was embarrassing for the sector.
29. Secretariat highlighted that this was the first year for issuing reporting templates, therefore for the second report which the UK would be validated on learning from the first year would be essential and putting information out early would be paramount rather than having deadlines for returns in the summer break.
30. Moore Stephens were stretching the deadline as much as possible to include more companies in the first report. They explained that there would need to be a final cut-off date for returns which they would communicate to the MSG. They are willing to be flexible for the first year report but would be unlikely to be flexible in year two.
31. Civil society explained that the first report will be in the public domain, therefore, if a large well known company chose not to respond, it would not be difficult for the public to work out who they were. A strategy will be needed to deal with this issue.
32. Government representatives confirmed that companies may have chosen not to return waivers if no material payments were made as this was communicated late. The reporting templates would be amended for year two, to include a simple tick box for companies who were not making material payments.
33. Oil & gas representatives explained that the MSG would need to evaluate implementation in the first year and make it easier for companies not in scope to respond easily. It was recommended that this should be taken forward by the reconciliation sub group.
34. Moore Stephens explained that they would undertake an evaluation of the first year's implementation and make recommendations to the MSG.
35. The Chair summarised that the UK should be aiming for 100% of returns for companies above the materiality threshold. The Chair also thanked industry representatives for chasing up companies and explained the MSG would need to consider the reasons for companies not returning templates at a future MSG.

36. Oil & gas representatives suggested that the final EITI report should provide a percentage breakdown divided between the oil and gas response rate and mining and aggregates response rate. A further request was made that the oil and gas response rate should be split between the onshore and offshore sector.
37. Government representatives explained that there would be some overlap if percentages were split between the onshore and offshore sector.
38. Secretariat and oil and gas representatives agreed to do some further analysis to differentiate the onshore and offshore companies using the list of companies that were reporting.

Reconciliation

39. HMRC confirmed that the reconciliation sub group had met twice since the last MSG meeting to mainly discuss some of the queries that were raised in the company workshops.
40. Following this recommendations were made to the MSG which were agreed electronically on the 29th July which led to a further Q&A being issued to companies.

Assurance

41. Secretariat explained that during the last MSG meeting there was a discussion about whether the quality of information submitted to the independent administrator from the various participants is satisfactory for EITI purposes. It was agreed that the MSG would consider whether there is a need for additional assurance on the figures provided from both companies and government bodies.
42. Secretariat confirmed that this was related to the 5th EITI requirement to ensure the UK has a credible assurance process applying international standards.
43. This issue had been discussed further in the reconciliation sub group. Various members of the reconciliation group had written papers about the assurance requirements of HMRC, The Crown Estate and the Coal Authority. This also included the Oil & Gas Authority. These had been circulated with the other MSG papers.
44. Secretariat confirmed that government bodies have been delegated their role through legislation, which includes statutory requirements on accounting and audit. Common requirements apply:
 - The government bodies report on accruals basis and in accordance with international reporting standards.

- The principal accounting officer for each government body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.
- The comptroller and Auditor General from the National Audit Office audits and reports on the financial statements in accordance with the relevant legislation.

45. The reconciliation sub-group recommended to the MSG that the statutory requirements on government bodies are satisfactory for the EITI purposes and no additional audit and assurance should be requested. This was agreed by the MSG.
46. Secretariat went on to highlight that there was a separate paper on assurance for companies who if operating in the UK are subject to either the Companies Act or the Overseas Companies Regulations – depending on where the company has incorporated.
47. It was confirmed that the Companies Act imposes statutory requirements on companies incorporated in the UK and applies robust requirements on companies in regards to both audit and accountancy. Financial accounts must be prepared in accordance with generally accepted accounting principles and filed with Companies House.
48. Additionally those companies - unless qualifying as small or as a subsidiary of an EEA parent – are subject to mandatory independent audit.
49. Branches of overseas companies operating in the UK are subject to their home legislation and to the UK's Overseas Companies Regulations.
50. These regulations apply filing requirements on overseas companies operating in the UK – over and above the requirements of their home legislation.
51. In EEA countries, that is a requirement to file the accounts and the audit prepared for their home registrar with the UK's Companies House.
52. On the other hand, companies who are not required to file accounts in their home country are effectively subject to the Companies Act requirement to prepare and file accounts.
53. The reconciliation sub group recommended that the statutory requirements on companies are satisfactory for EITI purposes and no additional audit and assurance should be requested. This was agreed by the MSG.
54. Oil & gas representatives thanked Government representatives for writing the assurance papers. These papers clearly explained the statutory requirements on companies and Government bodies, showing that robust requirements were in place.
55. Civil society explained at the point that companies report payments to Moore Stephens they may not have been audited, and asked whether there was value in requesting in subsequent reporting years, if companies could

inform the independent administrator of any material post-audit corrections that were needed to the previous year's figures.

56. Oil & gas representatives stated that much of the data provided for EITI purposes would likely be subject to company audits.
57. The Chair explained that the reconciliation sub group could consider this further when they do their evaluation exercise.
58. The MSG discussed whether the list of companies who had been sent reporting templates could be circulated to the wider civil society network.
59. Some civil society representatives highlighted that this was the wrong time to have this discussion as currently a lot of effort was being put into getting the response rate up so the compliance rate may increase. Therefore the MSG agreed to postpone this discussion until a future MSG.
60. The MSG had agreed previously that companies who failed to respond in the first year should not be named in the first report.
61. For the list of oil and gas companies, this list is already in the public domain so this could be shared more widely.

Contextual Information

62. The Chair of the sub group explained that the group was working on revising the various sections of the context chapter and aimed to deliver a chapter which was concise and accessible to readers.
63. The EITI Standard requires production data for the fiscal year covered by the EITI report.
64. This would be problematic for mining and quarrying data which would not be available until 2016 through the British Geological Survey. Mining representatives agreed to check if it would be possible to get data any earlier.
65. The Chair of the sub group highlighted that there were some other gaps in the context chapter which included:
 - A brief summary of Government assurance.
 - A summary of Government policy and information explaining how the Crown Estates and Coal authority operate.
66. Government representatives confirmed that they were happy to provide additional information to the sub group.

Presentation/formatting

67. The Chair of the sub group was grateful to Moore Stephens for agreeing to reformat the context chapter's tables and charts into a consistent style and sub edit the chapter text for stylistic consistency.
68. The report would be published on gov.uk in pdf format but the sub group intended to make the information as user friendly as possible.

69. They had received confirmation from the digital team at BIS that embedded links could be used within the context chapter, as long as they were as descriptive as possible.
70. Additionally figures and charts would need alternate text to explain what they show to screen readers and the document would also need to use styles when formatting text.
71. Secretariat confirmed the digital team would need 10 working days to review the context chapter to ensure it was fully accessible on gov.uk.
72. Moore Stephens explained that they would check with their team what the final date for submitting the context chapter for sub-editing would be.
73. The MSG discussed the best way to share the context chapter with constituencies for feedback ahead of publication.
74. Civil society representatives explained that the US had put their draft report online with a placeholder for the reconciliation.
75. HMRC representatives explained that they were in favour of sharing the draft context chapter for feedback. They explained that they had drafted the information on tax and would now withdraw from the sub group but would still be on hand if needed.
76. Government representatives explained the importance of the context chapter being objective and neutral providing as much of the facts as possible without being misleading.
77. The MSG agreed that following further revisions, the context chapter would be circulated more widely for feedback and comments on the 30th October. Members from each constituency would be asked to provide feedback on comments during the November MSG.
78. The authors of the chapter asked for assurance that their text would not be amended without their consent. The MSG would discuss this further at the November MSG if the final text was still to be agreed.
79. The sub group explained that they would hold a further meeting following the November MSG and aim to finalise the context chapter for electronic agreement ahead of submitting to Moore Stephens.

Communications

80. Secretariat as chair of the communications sub group explained that at the last meeting there was a consensus on the need to start making preparations for the publication of the first report. This would be our next opportunity for publicity.
81. Three main issues were highlighted from the last sub group meeting:
 - A consensus that there is need to do more work to engage civil society. The sub-group will discuss the various groups that have been suggested (faith groups, fracking/anti-fracking organisations and academia) and make recommendations to the MSG at the next meeting.

- The sub-group then went on to evaluate the various forms of communications used in the past, particularly around the candidacy announcement. There was a consensus that utilising a wide range of tools proved to be effective. This included blogs, events, press releases, university outreach, social media etc. The sub group was keen to hear other ideas.
 - Finally, it was agreed to recommend to the MSG that a stakeholder event be held to coincide with the publication of the first report in April.
82. Secretariat highlighted that the EITI Champion would be asked to speak at the event as well as representatives from all three constituencies and this would be followed by a Q&A.
83. The event would be an open invitation and would probably take place in the BIS Conference Centre.
84. The MSG agreed that having a stakeholder event to coincide with the publication of the first report was a good idea and great opportunity for communicating with a wider group of stakeholders.
85. Civil society representatives suggested that engagement with the media would be vital and speaking with journalists in advance of the publication of the first report to get them interested would be important.
86. Secretariat welcomed this and explained that a full communications strategy would be shared with the MSG at the November MSG meeting.
87. In terms of outreach to Parliament the sub group would consider a written ministerial statement on the launch of the report in both the House of Commons and House of Lords. The EITI Champion would also be asked to send letters with a copy of the report to the relevant All Party Parliamentary Groups (APPGs).
88. Civil society explained that the April launch of the report could also feed into updated communications on key G8 and OGP commitments.

Validation Consultation

89. Secretariat provided a summary of the consultation that the International Board was currently undertaking on the validation process.
90. The validation process was described as:
- Assessing performance and promoting dialogue;
 - Safeguarding the integrity of the EITI by holding all EITI implementing countries to the same global standard.
 - Providing all stakeholders with an impartial assessment of whether EITI implementation in a country is consistent with the Requirements of the EITI Standard.

- Addressing the impact of EITI and provides recommendations for strengthening the future implementation of the EITI.

91. Secretariat explained that the consultation stemmed from the idea that validation may not provide fair assessments, or respond to the diversity of implementing countries or take into account progress over time.

92. As a result of these concerns, The EITI Board agreed to consider developing proposals for a stronger validation system. They would also to consider whether alternative methods of validation should be explored.

93. Some MSG representatives explained that they had already provided an individual response to the consultation.

94. After some discussion the MSG decided not to respond to the validation consultation. There were two reasons for this; firstly the MSG felt it was premature to comment on validation as they had not experienced the process. Secondly there was a view expressed that it was too early to judge whether there was evidence to support a review of the validation process in light of the new Standard, especially since only one country had been through validation under the new standard.

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Civil Society representation

95. Civil Society representatives briefly raised their internal procedures for representation to the MSG and agreed to give this some further thought within their constituency, ahead of the November MSG.

Lima Conference

96. The MSG discussed how to represent the UK at the Lima EITI Global Conference in February 2016, due to the lack of budget, Government officials were unable to attend.

97. Various MSG representatives were due to attend, so it was agreed that the communications sub group would take forward the best way to provide a status update for the UK with civil society and industry colleagues.

98. Civil society representatives suggested that the Secretariat should check the availability of the British ambassador's office to maximise the impact of any messages at the conference, especially as the commitment to implement EITI was made by the Prime Minister.

The MSG agreed:

- The MSG agreed that a further discussion will be needed once the reconciliation is complete (November MSG) to address how best to deal with the companies who failed to respond.
- The MSG agreed that the statutory requirements on government bodies are satisfactory for the EITI purposes and no additional audit and assurance should be requested.
- The MSG agreed the statutory requirements on companies are satisfactory for EITI purposes and no additional audit and assurance should be requested. Secretariat to discuss next steps with Moore Stephens and to ensure they are happy with the approach recommended by the MSG.
- The MSG agreed to have a stakeholder event in BIS to coincide with the publication of the first report in April 2016.
- The MSG agreed not to respond to the validation consultation. There were 2 reasons – 1) the view that it was premature to comment on validation as we've not experienced the process and 2) there was a view expressed that it is too early to judge whether there was evidence to support a review of the validation process in light of the new Standard. Secretariat to inform International Secretariat. Complete
- The MSG agreed that new members (full members, alternates, observers and nominated people) should provide the MSG with further information about their experience and what they hope to contribute to UK EITI implementation.

Next meeting- Tuesday 17th November- BIS Conference Centre

Summary of Actions

<u>Action</u>	<u>Status</u>
1. Secretariat to publish the minutes from the 12 th MSG meeting in July.	Complete
2. Secretariat to send Dr Foster the email addresses for coal companies that reporting templates were issued to.	Complete
3. Oil & Gas authority to start the process of collecting the names of companies which made licence payments in 2014.	<u>Complete</u>
4. Moore Stephens to confirm the final deadline for companies to return reporting templates.	<u>Complete</u>

UK Extractive Industries Transparency Initiative Multi-Stakeholder Group
 Minutes of the 13th Meeting- 15 September 2015 – BIS Conference Centre, SW1H 0ET

5. Secretariat and Oil & Gas UK to do some further work on distinguishing the onshore and offshore companies from the complete list of oil and gas companies.	
6. Communications sub group to conduct further outreach to companies who have failed to respond.	<u>Ongoing</u>
7. Once the reconciliation is complete, reconciliation sub group to conduct a lessons learned exercise to make recommendations on what worked well for year 1 and what improvement can be made e.g. adding a tick box to the template	
8. Secretariat to make papers on Government assurance available on request on the EITI website.	<u>Complete</u>
9. Dr Foster to speak with BGS about 2014 data for the contextual chapter.	Complete
10. Contextual sub group to circulate an updated version of the contextual chapter to the MSG and wider constituencies by Friday 30 th October for comment. Each constituency to provide a summary of comments resulting from this for the November MSG.	Complete
11. Contextual sub group to schedule a further sub group meeting following the 17 November MSG.	Complete
12. Communications sub group to look further into speaking to journalists ahead of the publication of the first report.	Ongoing
13. Communications sub group to undertake further work on the communications strategy for discussion at the November MSG Meeting.	Ongoing
14. Civil Society constituency to have a further discussion about UK EITI	

UK Extractive Industries Transparency Initiative Multi-Stakeholder Group
 Minutes of the 13th Meeting- 15 September 2015 – BIS Conference Centre, SW1H 0ET

representation. The Chair offered to meet with the constituency ahead of the November MSG meeting if necessary.	
15. Communications sub group to work with industry and civil society representatives who are attending the Lima conference to discuss how the UK EITI can be represented	Ongoing
16. Secretariat to check with the British ambassador's office if there will be representation at the Lima Conference.	Ongoing