**UK EITI Compliance Subgroup Meeting, Wednesday 21st February 2024**

**Attendees:**

Mike Earp Martyn Gordon Madeline Young

Hedi Zaghouani Mike Nash (Chair)

**Update on actions from meeting on 9th January 2024 meeting:**

* Proposals for taking actions forward circulated to the MSG. No comments received so we can take this as approval to proceed.

**Taking forward actions on requirements/expectations/encouragements and the work of the UK EITI Reconciliation subgroup**

* In tandem with the work of the UK EITI Compliance subgroup the UK EITI Reconciliation subgroup have looked at the new provisions around reporting.
* The Reconciliation subgroup have met twice during February. They have proposed the following actions for the 2023 reconciliation process:
  + Companies to be asked to provide a link to their anti-corruption policy.
  + Beneficial Ownership threshold to be reduced from 25% to 10%.
  + PEP threshold to be reduced from 5% to zero.
  + Companies to be asked to provide a link to their ownership structure.
  + Companies to be asked to provide links to their financial statements.
  + Companies to be asked to provide links to their environmental, social and gender impact data.
  + Companies to be asked to provide link to their gender pay gap information.
* BDO have updated the templates and guidance to reflect these proposed changes.
* A final meeting of the subgroup is taking place on 28th February.
* The Reconciliation subgroup will take their proposals to the MSG to agree at the meeting on 20th March.
* NSTA have also had a look at the new provisions and their comments have been added to the new check-list.

**EITI Standard 2023 Checklist**

* BDO have drafted a new checklist of all requirements, expectations and encouragements from the 2023 EITI Standard as well as the recommendations from both the Compliance and Reconciliation subgroups. This will be useful in preparation for the validation.
* There are 165 provisions divided into 92 requirements, 19 expectations and 54 encouragements.
* Requirements will be taken into account in the validation, expectations will be considered in the validation and encouragements will not be taken into consideration in the overall validation.
* The following discussions took place and actions agreed:
  + **2.5f. Need to ensure an appropriate definition of Beneficial Ownership. This should be highlighted and agreed by the MSG at their meeting on 20th March 2024. The current definition in the UK EITI guidance is:** *“Any individuals that have a material influence on the company through a direct shareholding, through one or more intermediary entities (e.g., companies, partnerships, trusts) or by other means. Information will also be requested for such individuals with political influence”.*
  + **Add a further status “Partly met” in column H and include an explanation of where and whay we are failing.**
  + **3.2 and 3.3** – “Implementing countries are required to disclose existing mechanisms to monitor and verify the accuracy of production/export data and document findings, including any weaknesses related to the comprehensiveness and reliability of publicly available production/export data”. **Change status to “Fully met”.**
  + **3.3 status on export data should be changed to “Partly met” as data on minerals is not available.**
  + **3.3 sources and methods to be documented once we have had a response from DESNZ statisticians.**
  + **4.1b** “Unless there are significant practical barriers, the government is required to disclose the amount of total revenues received from oil, gas and mining companies, disaggregated by revenue stream”. **Change status to “Fully met”.**
  + **4.3a – not applicable to the UK.**
  + **4.9a** – “The MSG is required to provide an assessment of whether government revenues are subject to credible, independent audit, applying international auditing standards”. **BDO to share paper on data quality from HMRC, TCE and other government agencies.**
  + **6.1b** – “Where material payments by companies to the government related to the environment are mandated by law, regulation or contract that governs the extractive investment, ICs are required to disclose such payments”. **We currently disclose S106 payments. Other implementing countries also add a disclaimer as environmental payments are voluntary and unilaterally disclosed by companies.**
  + **6.3** – “Contribution of the extractive sector to the economy”. **We can provide data, but not at occupation level as they are not available. Add a link on the UK EITI website to** [**“Gender Pay Gap Service”.**](https://gender-pay-gap.service.gov.uk/)
  + **6.4 –** “Environmental and social impact of extractive activities”. **Need to get TCE, NSTA, CA and devolved administrations working together on these areas.**
  + **It was agreed that the check-list should be shared by BDO on a sharepoint system for Compliance subgroup members.**
  + **A further column showing RAG rating was agreed.**

**AOB**

* Next meeting to take place in mid-March.