

UK EITI Annual Activity Report 2014

Contents

Introduction	2
Foreword.....	4
General assessment of year's performance	5
Assessment of performance against targets and activities set out in the workplan	12
Assessment of performance against EITI requirements	16

Introduction

The Extractive Industries Transparency Initiative (EITI) is a global standard aimed at promoting the open and accountable management of a country's oil, gas and mineral resources.

In May 2013, David Cameron, the Prime Minister announced the UK would be implementing EITI. This commitment was made to help the British people hold decision makers to account, to help create a more open global economy which is good for business and to help ensure that people around the world benefit fairly from the natural resources of the countries in which they live.

The UK EITI was launched officially on the 9th July 2013 at a stakeholder launch event and the first meeting of the Multi Stakeholder Group (MSG) took place three months later on the 9th October. The MSG consists of equal representation from Government, industry (mining, quarrying, oil and gas sector) and Civil Society organisations.

The MSG agreed the UK objectives during the MSG meeting in May 2014. These are designed to put more domestic information into the public domain that will increase public understanding and debate. This will assist in allowing the Government to be held to account for its policies on the extractive industries in the UK.

1. Recognise and support the principles set out in the 2013 EITI Standard.
2. Enhance accountability to the UK public on the revenues from the UK's extractives industries.
3. Increase public understanding of the social and economic impacts of the UK's extractive industries and enrich public debate on the governance and stewardship of the UK's oil, gas and mineral resources.
4. Ensure information is readily accessible and presented to the public in a clear manner.
5. Support moves towards common global reporting standards in oil, gas and mining and promote a level playing field for business in the UK and internationally.
6. Support the UK government's championing of extractives transparency and open government.

The UK EITI objectives form the basis of the UK work plan which includes time bound activities and targets to achieve the agreed objectives.

Foreword

It gives me great pleasure to present the 2014 Annual Activity Report (AAR) for the UK implementation of the Extractive Industries Transparency Initiative (EITI). This report gives a summary of the various activities completed by the members of our Multi Stakeholder Group (MSG) and EITI Secretariat for the period January to December 2014.

2014 was an important year with the UK being recognised as a candidate country at the 28th International Board meeting in Myanmar. This would not have been possible without the time commitment and dedication of the MSG who work together effectively to ensure that consensus is always reached. The collaborative approach of EITI where Government, Civil Society and Industry representatives work together on an equal footing is a real benefit.

It is important that the UK continues to work with other resource rich countries to improve the governance of extractive industries around the world. I am especially pleased that our MSG has gone beyond the EITI standard and has agreed to include beneficial ownership in the first EITI report. This sends a clear message that the UK is taking implementation seriously.

In meeting the EITI Standards each country looks at ways to bring benefits domestically. Our challenge will be bringing together the wealth of information that already exists about the extractives sector in a way which is accessible and helps to inform public debate. The substantial contribution that the extractive sectors make to the UK Government should also be promoted. I have no doubt that our MSG will meet this challenge.

There is still a long way to go to reach EITI compliance. To do this, we must produce our first EITI report by April 2016 and commence the process of validation by April 2017.

I would like to thank and congratulate the MSG for all of their work in 2014. We have made rapid progress on implementation, becoming a candidate country one year after the first meeting of our MSG. Best wishes for 2015.

Marie-Anne Mackenzie.



Chair of the UK EITI Multi Stakeholder Group.

Department for Business, Innovation and Skills (BIS)

General assessment of year's performance

EITI Candidacy

The UK Multi Stakeholder Group (MSG) made significant progress in 2014 with EITI implementation. Thanks to the commitment and collaboration of the MSG, the UK was successfully admitted as an EITI candidate country at the 28th EITI Board meeting in Naypyidaw on the 15th October. This was one year after the first meeting of the MSG.

The MSG met 7 times in 2014, this included two extraordinary meetings that took place in May and July.

At the May MSG meeting the MSG agreed the objectives. At the July extraordinary meeting the MSG agreed the candidacy application and work plan which were submitted to the International Board on the 5th August. Minutes from all MSG meetings as well as other useful information are published on the EITI webpages:

<https://www.gov.uk/government/groups/uk-extractive-industries-transparency-initiative-multi-stakeholder-group>

The UK now has until April 2016 to publish its first EITI report and in April 2017 will commence validation to assess whether it is compliant with the EITI requirements. To ensure that UK implementation remains on track a subgroup convenes fortnightly to discuss progress against the work plan. This group includes the UK Secretariat and a member from each of the Government, Industry and Civil Society constituencies.

MSG Membership

The MSG consists of equal representation from industry, civil society and government and has met, on average, every 2 months since the first meeting took place in October 2013.

The industry MSG constituency made some changes to their representation following the departure of Michael Barron from BG Group. After discussion it was agreed in October that the vacant seat would be filled by John Bowater of Aggregate Industries. Therefore the industry constituency now consists of two oil & gas representatives and two mining/quarrying representatives.

There were also changes made to civil society MSG membership with Yannick Vuylsteke replacing Rachel Davies from Transparency International. Additionally towards the end of 2014, Gavin Hayman was replaced by Brendan O'Donnell from

Global Witness.

Sub groups

The detailed work on UK implementation is taken forward by sub groups that develop the policy and make recommendations for discussion and agreement at MSG meetings. Sub groups consist of representatives from each constituency and experts can be invited to participate.

The main sub groups which were formed and convened in 2014 include sub groups considering communications, reconciliation, contextual information, objectives, the procurement of the independent administrator and beneficial ownership.

Throughout 2014 there were 26 meetings of all sub groups in total. This shows the significant time commitment by MSG representatives which has been essential to ensure rapid implementation of EITI in the UK.

Communications sub group

A communications sub group made up of MSG members was formed in 2014 and met five times throughout the year, holding its first meeting in March. The sub group met regularly to discuss and implement ways of increasing awareness and promotion of EITI in the UK. The sub group brings knowledge and a range of contacts to help us reach different audiences for EITI.

A communications plan was developed by the sub group and agreed by the MSG in June and published on the EITI webpages. The priority areas identified in the communications plan included raising awareness of EITI in the UK, with a focus on the pre candidacy period. Areas identified for immediate action included raising the profile of EITI especially for those companies in scope. In addition, it was agreed that EITI communications should also promote the Reports on Payments to Government Regulations 2014, reflecting its clear overlap with EITI. We were aware of the risks for confusion as the UK Government would be introducing two similar reporting obligations very closely together.

The objectives detailed in the communications plan include:

- To raise the profile of UK EITI using a range of communication channels.
- To inform and increase public understanding of the impact of the extractives industry on the UK.
- To present information in a useful way taking advantage of existing data to encourage debate and enhance accountability.

- To coordinate and document consultations that MSG members have with their wider constituencies on promoting EITI.
- To develop the communications plan which will be agreed by the MSG and detail how the MSG will communicate with stakeholders and members of the public.
- To raise awareness within industry, civil society and government of the UK EITI and the role they play.

The communications activities organised throughout 2014 utilised a range of communications methods. Industry MSG members produced guidance documents which were published in June 2014 and (an updated version) can be found on the EITI website. The documents are aimed at providing useful information and an idea of the timetable for those companies which will be caught under EITI.

On the 12 June an EITI mining event took place at the Institute for Materials, Minerals & Mining (IMMM) which was directed at key mining and quarrying stakeholders. This event was organised by Dr Foster (mining MSG representative). The aim of the event was to increase understanding of EITI within the mining and quarrying community and provide stakeholders with the opportunity to ask questions. Information was disseminated to all attendees, including an amended version of the oil and gas guidance document for mining/quarrying stakeholders.

When the UK's candidacy was submitted in August 2014, the Foreign and Commonwealth Office informed all British Embassies and High Commissions overseas, in order that they could update host governments with UK progress and encourage other countries in the steps towards candidacy or implementation.

Ahead of the UK candidacy announcement the communications sub group used and agreed a range of communications to publicise the outcome of the application. This included social media with the former EITI Champion, Jo Swinson sending the first tweet of the day and numerous other follow up tweets by MSG members and stakeholders. The British Embassy in Rangoon posted pictures from the meeting supported by an article on their Facebook page.

There was press coverage by the Wall Street Journal, Energy Live News and Mining Innovation News. The Business and Human Rights Resource Centre hosted a blog by the former Champion, Jo Swinson and a piece in their weekly newsletter. There was a Government press release which included quotes from industry and civil society as well as press releases from Transparency International, Publish What You Pay and the International Secretariat. The EITI webpages were updated once the UK's candidacy application was approved and emails were sent to stakeholder distribution lists.

Additionally, ahead of the 28th Board meeting in Naypyidaw, the former EITI Champion

Jo Swinson met with the Rt. Hon. Clare Short, Chair of the EITI Board to discuss UK EITI implementation and the discussion was published as a podcast online.

At the end of October Dr Foster (mining MSG representative) arranged for Clare Short to address students at the Camborne School of Mines, University of Exeter, about transparency in the global mining industry and the importance of EITI.

The MSG has taken advantage of existing opportunities to reach stakeholders and raise awareness of EITI such as securing a speaking slot at the Living with Minerals Conference to reach key mining and quarrying stakeholders. This took place on the 17 November. We also arranged for EITI hand-outs to be included in all delegate packs.

The UK EITI Secretariat held a One Year on EITI event on the 18th November 2014, which provided a further opportunity for engagement with EITI stakeholders to promote EITI and celebrate candidacy. There were 70 attendees and audio recordings were taken of all the speeches which were uploaded onto Sound cloud and shared with stakeholders.

Finally, on the 2nd December Oil & Gas UK published their quarterly magazine Wireline which included an article by the former EITI Champion Jo Swinson about UK EITI implementation as well as explaining the next steps.

Therefore EITI communications throughout 2014 were regular and varied, which ensured that the reach was extended. Google analytics figures for our government webpages show that unique page views peaked in October 2014 with 319 views compared with 49 unique page views in January 2014.

Independent Administrator

A sub group was formed in 2014 and met five times to begin work on the procurement of the independent administrator (IA). The first meeting took place in July. The Department for Business, Innovation & Skills chaired this group as it is responsible for awarding and paying the contract for the IA.

The MSG agreed at the September meeting that an existing Government framework would be used for the procurement of the IA. An established framework allows a fast-track process as a procurement exercise has already been run centrally and advertised in the Official Journal of the European Union (OJEU). This initial exercise results in a range of companies that can tender for government contracts that fit under a specific framework.

This route was recommended by the procurement experts (UK SBS) as quick and less resource-intensive as there are fewer risks associated with it.

BIS Secretariat and UK SBS selected the Consultancy One framework, LOT 5.2 (Other

assurance and advice) as the most appropriate for the appointment of the IA.

The firms included in LOT 5.2 include:

Baker Tilly
BDO
Deloitte
Ernst & Young
KPMG
Moore Stephens
NTT Data
PA Consulting Services
PWC

The MSG agreed that 6 people (2 from each constituency) would be responsible for sifting applications and making the appointment. The MSG was content to be given a summary of who had tendered for the role and the success criteria that were used to appoint the successful firm. A 3 year contract was also agreed as an appropriate duration for the engagement of the IA.

The UK Secretariat produced a first draft of the Terms of Reference relying heavily on the model Terms provided by the Secretariat. This was further developed by the sub group and circulated to the MSG for comment alongside draft selection criteria for the appointment. These were also submitted to the MSG for agreement.

The sub group amended the set contractual terms for the IA so that the intellectual property rights did not fall to the IA which could inhibit 3rd party use of that information.

The procurement exercise took place in the first quarter of 2015 and Moore Stephens were successfully appointed.

Contextual Information

The contextual information sub group was formed in January 2014 and is chaired by civil society. At the first meeting the sub group discussed the information elements of the contextual information required under the new EITI Standard and allocated responsibilities.

The sub group explained to the MSG in February that a range of information already existed in the public domain about the extractives sector but that it was very fragmented. Therefore the challenge would be presenting it in a concise way. At the June MSG meeting the sub group presented illustrative charts for UK oil and gas production to include in the contextual section of the EITI report with an explanatory narrative. Additionally, civil society hosted a meeting between representatives of the civil society and industry constituencies to discuss how the contextual information could contribute to the wider understanding of natural resource stewardship in the UK and additional tax

disclosure proposals which could inform the debate around fiscal reform.

Civil Society suggested that the contextual information include an explanation of the level of taxes paid by industry to encourage people to ask questions.

At the November MSG meeting discussions centred on the EITI report being an easily accessible expert source providing an upfront narrative through the contextual information.

The sub group continued work on the first draft of the contextual information chapter with the intention of circulating something to the MSG in early 2015.

Beneficial Ownership (BO)

At the February MSG, the sub group considering the optional areas for inclusion under the EITI standard recommended to the MSG that beneficial ownership should be included in the first report using the definition as set out in the standard. This was agreed by the MSG.

Tom Mayne from Global Witness delivered a presentation about the Beneficial Ownership Pilot during the September MSG. It was agreed that a sub group would be formed to consider how to incorporate BO within its first UK EITI report.

A separate team in BIS is taking forward the legislative work to introduce a register of people with significant control over UK companies. A representative from this team attended these EITI sub group meetings on BO to feed in progress on the legislation and to help align the UK EITI approach with the legislation being put forward.

There was clear consensus by the sub group on the need to gather effective information in an efficient and light touch way. The sub group met twice in 2014 and the group intends to make a recommendation to the MSG about how beneficial ownership information will be collected in the first half of 2015.

Reconciliation

The Reconciliation sub group met 9 times in 2014 and is chaired by HM Revenue & Customs (HMRC), the Government tax collecting agency.

In December 2013, the MSG agreed the recommendation from the sub group that the three main taxes for oil and gas extraction would be in scope of UK EITI. This includes Petroleum Revenue Tax (PRT), Ring Fence Corporation Tax (RFCT) and Supplementary Charge (SC). The MSG also agreed that licence fees would be in scope of UK EITI. At the April 2014 MSG, after a scoping paper was presented, it was agreed that mining and quarrying would be in scope of UK EITI.

Methodology

The work of this sub group has been extremely detailed and challenging given the tax system in place in the UK.

Oil and gas companies in the UK may carry out non-extractive activities and make payments of mainstream corporation tax in addition to payments of RFCT and SC on their extractive activities. The payments are generally made as lump sum instalments and received by HMRC in advance of the tax returns being filed. The way the taxes are administered means that companies do not need to notify HMRC what the payment is for at the time it is made.

Additionally, the UK tax system provides for a Group Payment Arrangement (GPA), where legislation allows companies in a group the facility for one company to pay tax on behalf of all of them. The companies in a GPA may carry out both extractive and non-extractive activities and the tax paid under the GPA may be a mixture of mainstream corporation tax paid on non-extractive activities and RFCT and SC paid on extractive activities.

These features ensure timely receipt of tax revenues and remove the need for complex in-year allocations and re-allocations of receipts between taxes or companies in a group. However, the sub group had to work closely together over a number of months to find a methodology which would allow government to identify the extractive taxes received as part of the lump sum instalments and within the timescales allowed by the EITI Standard.

The Reconciliation Sub-group submitted a paper to the UK MSG in July 2014 outlining two options for reconciliation of calendar year Ring Fence CT (RFCT) and Supplementary Charge (SC) paid by oil and gas companies: the cash option and the allocation option. The MSG decided that the cash option should be used for the reconciliation.

Following the circulation of a paper at the end of 2014 the MSG agreed that companies in scope of EITI should be given an option (in respect of payments made in the 2015 calendar year and thereafter) to make a separate payment of tax in respect of their non-extractive activities and appropriately notify HMRC. Although HMRC will provide the IA with total receipts, including any separate non-extractive receipts, only the extractive receipts will be published along with an explanation of any difference.

As the first UK EITI report will cover the 2014 calendar year the above methodology will not be applicable as 2014 payments have already been made. Therefore, for the first UK EITI report, the IA will reconcile the extractive and non-extractive tax payments notified by the company against the total receipts reported by HMRC.

A separate sub group was formed in December 2015 to look further into the reconciliation methodology for mining and quarrying companies.

Presentation of Data

Towards the end of 2014 a sub group was formed to look at how best to present the UK EITI data. The EITI Standard encourages the MSG to make to make EITI Reports machine readable and to code or tag EITI Reports and data files so that the information can be compared with other publicly available data. The first meeting was arranged to take place during the first quarter of 2015.

Assessment of performance against targets and activities set out in the workplan

Objective	Progress 2014:
Recognise and support the principles set out in the 2013 EITI Standard.	In fulfilling this objective the MSG: <ul style="list-style-type: none"> • Met seven times in 2014 • Agreed the work plan and candidacy application which was submitted to the International Board in August. • The UK became an EITI candidate country on the 15 October 2014.
Enhance accountability to the UK public on the revenues from the UK's extractives industries.	In the first instance, it was decided to concentrate capacity building towards the MSG and the following activities took place: <ul style="list-style-type: none"> • A presentation from HM Revenue & Customs about the taxes under the oil and gas regime. • A presentation from industry on mining and aggregates in the UK. • A presentation by Global Witness on the beneficial ownership pilot. <p>These presentations aimed to increase MSG</p>

	<p>understanding of the extractive industries in the UK and to keep the MSG informed about developments with other initiatives.</p> <p>In order to enhance accountability of Government and companies, the MSG took action to engage stakeholders by:</p> <ul style="list-style-type: none"> • Holding two outreach events with the EITI Champion and a range of other speakers. The first was for mining stakeholders (12 June) and the second was the One Year on EITI event (18 November). • Using a range of communications to disseminate information on implementation such as social media, press notices, updates to webpages trade magazines, blogs and newsletters. • Oil & gas representatives took responsibility for the production of guidance notes on EITI to inform and disseminate information to their constituency. These were published on the EITI webpages in June 2014 and also emailed to industry stakeholders.
<p>Increase public understanding of the social and economic impacts of the UK's extractive industries and enrich public debate on the governance and stewardship of the UK's oil, gas and mineral resources.</p>	<p>The MSG has accomplished the following in relation to this objective:</p> <ul style="list-style-type: none"> • Formed the contextual information sub group to begin work on collecting information and drafting the contextual chapter. • Formed a sub group to look at the procurement of the Independent Administrator and begun work on drafting the Terms of Reference. • Finally the Reconciliation sub group commenced work on the draft waiver for companies to authorise the Government to release details of receipts to the independent administrator for reconciliation.

<p>Ensure information is readily accessible and presented to the public in a clear manner.</p>	<p>This objective is largely aimed at ensuring the EITI reports are accessible. The deadline for the UK's first report is the 15 April 2016.</p>
<p>Support moves towards common global reporting standards in oil, gas and mining and promote a level playing field for business in the UK and internationally.</p>	<p>The MSG is keen to reduce burdens on business and the UK EITI will mirror the Reports on Payments to Government Regulations 2014 where practical. For instance, the £86,000 threshold for payments under the Directive will be mirrored for EITI.(albeit, for practical reasons arising from the existence of the EITI reconciliation process, subsequently agreed to be applied across the aggregate of all payments of a particular type and across each group of companies).</p> <p><u>Update on Chapter 10 of the Accounting Directive and the Transparency Directive</u></p> <p>New regulations and Financial Conduct Authority reporting rules came into effect at the end of 2014 requiring UK-registered and UK-listed extractives companies to report in 2016 on payments made to governments in 2015. This achieves early implementation of both the Accounting and Transparency Directives. The UK was one of the first EU member states to implement the directives.</p> <p>In keeping with the EU Directives and with moves towards common global reporting standards that include project-level reporting, the MSG agreed that payments in scope of EITI that relate to oil and gas, and applicable to the level of disaggregation, would be:</p> <ul style="list-style-type: none"> • Petroleum Revenue Tax (PRT) - to be reported at project level • Licence fees – to be reported at licence level • Ring-fence Corporation Tax (RFCT),

	<p>Supplementary Charge (SC) and Corporation Tax (CT) – to be reported at the entity level.</p> <p>Additionally the reconciliation sub group began working on the draft reporting template for companies and Government.</p> <p>A sub group was formed at the end of 2014 to conduct further work on the mining reconciliation. Further work with the Coal Authority and Crown Estates was undertaken in 2014, but details of payments to be included for the EITI report were not finalised during 2014.</p>
<p>Support the UK government's championing of extractives transparency and open government.</p>	<p>The UK Secretariat has shared directly its experience of EITI implementation with other countries including Sierra Leone and Canada. DFID and the FCO reflect the work of the UK Secretariat and MSG in their activities overseas with governments and other stakeholders.</p> <p>At the October International Board meeting the UK Secretariat met with and exchanged experiences of implementation with the Burmese Secretariat whose country became a candidate a few months ahead of the UK. This was a two way exchange and the Secretariat valued the opportunity to learn from counterparts in Naypyidaw.</p> <p>Knowledge sharing has been an important way of not only sharing how the UK implements EITI but learning about the challenges of other countries. A representative from Germany attended one of our MSG meetings in April and a Civil Society representative was invited to attend an early meeting of German Civil Society.</p> <p>Experts, observers and nominated people are always welcome to MSG meetings and all requests for attendance have been accommodated.</p>



Assessment of performance against EITI requirements

Requirements:	Progress:
<p>1. Effective oversight by the multi-stakeholder group.</p>	<p>The MSG meets every two months and the detailed work on implementation is undertaken by sub groups in between MSG meetings. The sub groups include representatives from each constituency. They make recommendations to the MSG for agreement.</p> <p>The key decisions made by the MSG in 2014 include:</p> <p><u>Tuesday 4th February</u></p> <p>Agreement was reached that the UK would aim to submit its candidacy application form by August 2014.</p> <p>The MSG agreed that:</p> <ul style="list-style-type: none"> • Petroleum Revenue Tax (PRT) will be reported at field level under UK EITI. • The definition of beneficial ownership set out in the EITI Standard will be used for EITI reports. • The materiality threshold for EITI will mirror the Accounting Directive. • An accounting period based on calendar year will be adopted. <p><u>Tuesday 8th April</u></p>

The MSG agreed that:

- Mining should be included within UK EITI to avoid adapted implementation
- The contextual information sub group would take forward some of the ideas raised in the civil society concept paper on country by country reporting.
- Subject to industry consultation, to use the taxpayer waiver option with a preference for a standard waiver to address taxpayer confidentiality under UK EITI.
- Communications on behalf of the MSG should take a structured approach and be detailed in the communications plan.

Tuesday 20th May

- The MSG agreed the UK EITI objectives.

Monday 7th July

The MSG agreed that:

- UK reconciliation will follow the cash option which would be based on figures for the 2014 calendar year.
- The work plan and candidacy application were agreed by the MSG.

Tuesday 9th September

The MSG agreed to use the existing framework option for the procurement of the independent administrator.

Tuesday 11 November

Regarding the appointments of the independent administrator, the MSG agreed:

- That professional experience in advising on transparency should be given a weighting when

	<p>considering tenders for the Independent Administrator.</p> <ul style="list-style-type: none"> • The potential tender applicants will need to explain in their tender how they will handle any potential conflict of interest. This will also apply to Government, Industry and Civil Society representatives if appropriate. • Full tenders will not be published on the website. • The MSG will agree the success criteria to be used to appoint the successful firm. • The MSG agreed to review the draft Terms of Reference (ToR) via email once they were agreed by the sub group. • There should be 6 people on the selection sub group of the IA (2 from each of the constituencies). • A 3 year contract would be used for the IA.
<p>2. Timely publication of EITI Reports.</p>	<p>Not applicable. The first UK EITI report is due on 15 April 2016.</p>
<p>3. EITI Reports that include contextual information about the extractive industries.</p>	<p>Not applicable. The first UK EITI report is due on 15 April 2016. A sub group has been formed and is looking specifically on the contextual information and how to present this in the first report.</p>
<p>4. The production of comprehensive EITI Reports that include full government disclosure of extractive industry revenues and disclosure of all material payments to government by oil, gas and mining companies.</p>	<p>Not applicable. The first UK EITI report is due on 15 April 2016. However in 2014, the MSG agreed which revenue streams for oil & gas to include in the first report:</p> <ul style="list-style-type: none"> • Petroleum Revenue Tax (PRT) • Ringfence Corporation Tax (RFCT) • Supplementary Charge (SC) • Licence Fees

	A sub group was formed at the end of 2014 to consider which payments relating to mining and quarrying should be in scope of UK EITI.
5. A credible assurance process applying international standards	Each reporting template from companies and Government will need to be countersigned by a senior individual to confirm that the figures provided are credible.
6. EITI Reports that are comprehensible, actively promoted, publicly accessible, and contribute to public debate.	Not applicable. The first UK EITI report is due on 15 April 2016. A Communications sub group has been formed and will be working on a communications strategy in preparation for the dissemination of the first report.
7. The multi-stakeholder group to take steps to act on lessons learned and review the outcomes and impact of EITI implementation	Not applicable. The UK is still at the early stages of implementation.

8. Any specific strengths or weaknesses identified in the EITI process

The UK MSG has taken steps to innovate and go beyond the minimum EITI Standard by agreeing to include beneficial ownership in the first EITI report. This supports wider Government priorities of the legislative work underway to introduce a register of persons of significant control for all sectors.

To strengthen EITI implementation the MSG agreed to the formation of sub groups to look in detail at specific areas of implementation. Sub groups meet between MSG meetings and make recommendations. The main sub groups which were formed and convened in 2014 include sub groups considering communications, reconciliation, contextual information, objectives, the procurement of the independent administrator and beneficial ownership. The work of the sub groups has been essential to the rapid progress the UK MSG made on EITI in 2014.

9. Total costs of implementation

BIS EITI Secretariat consists of 2 full time members of staff who work on EITI. The Chair is an additional resource to the Secretariat and she spent approximately 12 days working on EITI in 2014.

MSG members consisting of full members, observers, alternates, experts and nominated people were asked to estimate the number of days they spent working on UK EITI implementation in 2014.

Five oil and gas representatives estimated 111 days in total with three mining quarrying representative's 36 days. Seven representatives from the civil society constituency estimated they spent 164 days and Government representatives (excluding the Secretariat and Chair) estimated 187 days.

10. Has this activity report been discussed beyond the MSG?

MSG members reviewed and agreed this report and circulated it to their constituents outside the MSG for inputs.

11. Details of membership of the MSG during the period (including details of the number of meetings held and attendance record)

There were 7 meetings of the MSG in 2014. For details of minutes and attendance please see:

<https://www.gov.uk/government/groups/uk-extractive-industries-transparency-initiative-multi-stakeholder-group>

Approved by MSG: Friday 12th June 2015