

**UNITED STATES EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
MULTI-STAKEHOLDER GROUP ADVISORY COMMITTEE MEETING
FEBRUARY 24-25, 2015**

SUMMARY OF PROCEEDINGS

**U.S. DEPARTMENT OF THE INTERIOR
PREPARED: MARCH 2015**

I. Introduction

The U.S. Department of the Interior (DOI), with Paul Mussenden presiding as acting DFO, convened the thirteenth meeting of the U.S. Extractive Industries Transparency Initiative (EITI) Multi-Stakeholder Group Advisory Committee (MSG) on February 24-25, 2015 in Washington, DC. The purpose of the meeting was to obtain updates on the work of the Implementation, State and Tribal Opt-In, and Communications Subcommittees; engage with the Independent Administrator and receive an update on its work; and move forward with efforts to advance from candidate to compliant country status under EITI requirements.

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II. Summary of Decisions, Approvals, and Action Items

A. Decisions

- The MSG accepted the Independent Administrator’s Inception Report, pending corrections to the name of Freeport-McMoRan Inc. (*see page 9*)
- The MSG endorsed Deloitte & Touche LLP (hereafter “Deloitte”), as the Independent Administrator of the USEITI. (*see page 9*)
- The MSG agreed to the Reporting Template. (*see page 11*)

B. Approvals

- The MSG approved the December 2014 MSG meeting summary. (*see page 4*)

- The MSG approved the incorporation of the content of the tax reporting cover letter into the Reporting Template Guidance. *(see page 15)*
- The MSG approved the Reconciliation Report Timeline. *(see page 10)*
- The MSG approved the changes to the Decision Matrix, primarily involving excluding certain revenues. *(see page 16)*
- The MSG approved the sunsetting of the Inception Report Work Group. *(see page 9)*

C. Action Items

➤ Co-Chairs:

- Review and distribute meeting summary from February 2015 MSG meeting.
- Develop agenda for May 2015 MSG meeting.
- Submit nominations to the USEITI Program Office for new and renewing USEITI MSG members. *(see page 5)*
- Collect suggestions from MSG members of candidates who could be nominated to become the new Chair of the EITI International Board. *(see page 5)*
- Consider how to structure MSG meetings to allow for some work group meeting time during MSG days. *(see page 7)*
- Consider how to engage state and tribal officials interested in subnational EITI. *(see page 29)*

➤ USEITI Program Office:

- Include a link to the version of IRS Form 8821 modified for USEITI on the USEITI website once the form is approved. *(see page 15)*
- Modify the timeline (e.g. using colors) to more clearly indicate which parties are responsible for different tasks and deadlines. *(see page 11)*
- Create a timeline similar in format to the Reconciliation Report for the contextual narrative and for unilateral disclosure. *(see page 11)*
- Send a copy of the Federal Register notice announcing the public comment period for the Reporting Template to the MSG. *(see page 13)*

➤ Contextual Narrative Workgroup

- Convene to move the outline forward into a draft report. *(see page 22)*
- Circulate requests to the sectors to identify data sources that should be considered for inclusion in the contextual narrative and work with the leads of the other Work Groups to make sure that data has been handed off as needed. *(see page 22)*

- **Mr. Curtis Carlson:**
 - Consult with attorneys regarding FOIA requests and disclosure around the Reporting Template. *(see page 12)*
- **CBI:**
 - Create a draft meeting summary for the February 2015 MSG meeting.
- **Independent Administrator (Deloitte):**
 - Include information in the webinars to reporting companies about the risk of FOIA requests and the protections that are in place. *(see page 12)*

III. Day 1 Presentations and Key Discussion Points: February 24, 2015

Mr. Paul Mussenden, Acting Designated Federal Officer (DFO), U.S. Department of the Interior (DOI), opened the meeting and welcomed participants. All individuals in attendance introduced themselves. A full attendance list can be found in Section VIII – Meeting Participants.

A. USEITI MSG Business

1. Terminology and USEITI December 2014 Meeting Summary

Mr. Paul Mussenden, DOI, reminded meeting participants that the MSG had agreed to employ three terms to differentiate between different types of actions that the MSG takes:

- “Decisions” will indicate significant actions and agreements by the MSG.
- “Approvals” will indicate lower-level decisions by the MSG, such as approving work plans, meeting summaries, process changes or additions, etc.
- “Confirmations” will confirm decisions that the MSG has previously made.

In addition, the MSG approved the meeting summary of the December 2014 MSG Meeting without additional comment or edit. A copy of the final, approved meeting summary is available at: <http://www.doi.gov/eiti/FACA/upload/USEITI-MSG-Sept-2014-Mtg-Summary-Approved-by-MSG-141213.pdf>.

- **Approval: The MSG approved the meeting summary from the December 2014 USEITI MSG meeting.**

2. Personnel Updates

Mr. Paul Mussenden reported that Mr. Brent Roper, formerly with Rio Tinto, had retired and thereby also vacated his seat on the USEITI MSG. He added that Mr. Roper was one of the original USEITI members and lauded his productive contributions to the effort.

Mr. Mussenden welcomed Ms. Claire Ware, Shoshone & Arapaho Tribes, as an official MSG member for the first time. Ms. Ware is seated on the MSG as a tribal

representative from the government sector. The other MSG members welcomed Ms. Ware.

Ms. Veronika Kohler, National Mining Association, noted that Mr. Roper will be replaced by another representative from Rio Tinto who is also well versed on international matters and the US tax system, as Mr. Roper was. The White House is currently vetting that nomination and Ms. Kohler should have more to report at the next MSG meeting.

3. USEITI Membership Continuity Plan

Ms. Judy Wilson, USEITI Program Officer, U.S. Department of the Interior (DOI), provided an update on the USEITI Program Office's Membership Continuity Plan to address the expiration of members' terms on the MSG. Ms. Wilson reported that the nomination process is open and requested that sectors send in their complete re-nominations of existing members as quickly as possible and that the Program Office will review nominations in batches as they come in. Mr. Greg Gould, DOI, added that all existing MSG members will be reappointed to the MSG when their three-year term expires but that the Program Office will be able to stagger the appointment process for new MSG members going forward. Mr. Gould also reported that the White House is currently vetting a nomination to fill an open Alternate seat from the CSO sector.

4. EITI International Update

Mr. Paul Mussenden, DOI, introduced Ms. Haley Rice as the US State Department's new officer and point of contact for EITI. Ms. Rice replaced Ms. Marti Flacks in this role.

Ms. Rice provided an update on EITI activities around the world. The next EITI Board Meeting will be held in the Democratic Republic of the Congo in April. Azerbaijan's membership status is in question due to the limited ability of civil society to participate in their EITI. Ms. Rice noted that a number of countries have filed their first reports under the revised 2013 EITI Standard for the first time during the past few months. While these different reports each have their strengths, almost none of the reports appear to fully meet the new standard. Ms. Rice noted that the 2013 Standard can be harder to meet than the 2011 Rules that were previously in place and that countries that had previously achieved Compliant status under the 2011 Rules may be downgraded back to Candidate status by the International Secretariat if they cannot meet the new standards for validation. Finally, Mr. Rice reported that Mexico appears to be moving towards joining EITI although it has not yet made a formal announcement to do so.

Ms. Rice also stated that Ms. Clare Short, the Chair of the EITI Board, is reaching the end of her term and that the EITI Global Conference, where her successor will be appointed, will be held in 2016. She requested that MSG members think about candidates who could be nominated to become the new Chair.

In response to Ms. Rice's comments, MSG members asked the following questions and made the following comments; *responses from Ms. Rice are provided in italics*:

- Ms. Danielle Brian, CSO Co-Chair, Project on Government Oversight, inquired whether there are patterns or trends in how countries are struggling to meet the 2013 Standard that could be instructive for the USEITI effort.
 - *Ms. Rice responded that the shortcomings vary, with some countries struggling with the contextual narrative, some with data reporting and reconciliation, and some with materiality. There is not consistent pattern of challenge across countries.*
- Mr. Paul Bugala, Calvert Investments, confirmed that these preliminary analyses of country submissions were conducted by the EITI International Secretariat and not by the EITI International Board.
 - *Ms. Rice confirmed that her sense of the submissions had come from the Secretariat's review. The Secretariat provides an initial review of submissions and can provide feedback to countries before they formally submit for validation.*
- Ms. Veronika Kohler noted that reporting under the 2013 Standard seems to be taking longer than reporting under the 2011 Rules, particularly if countries are needing to revise their submissions, as indicated.

5. Briefing on World Bank Community of Practice

Ms. Kelly Alderson and Mr. Nima Sallah, World Bank, presented to the MSG about the EITI Community of Practice. Ms. Alderson explained that the World Bank has developed an online platform that enables experts and practitioners from EITI-implementing countries to conduct online brainstorming, consultations, discussions, and knowledge-sharing about EITI. She reviewed the different functions available to participants through the Community of Practice and explained that participation is open only to MSG members, country-level EITI Secretariats, EITI implementation experts, and other actively involved with EITI implementation. Ms. Alderson also highlighted the platform's current membership, which is more focused on African EITI participants and others in the Global South, and noted that a key goal is to expand membership to more countries and to EITI experts and donors. Ms. Alderson also highlighted the "social network" nature of the platform and noted that the Community of Practice is only as strong as its participating community. Mr. Sallah highlighted some aspects of the platform on a screen before the MSG and said that he would be happy to provide assistance to any individuals who are having difficulty registering as participants. Additional detail is available through Ms. Alderson's and Mr. Sallah's presentation slides, available at: <http://www.doi.gov/eiti/FACA/february-2015-meeting.cfm>.

In response to Ms. Alderson's and Mr. Sallah's presentation, MSG members asked the following questions and made the following comments; *responses from Ms. Alderson and Mr. Sallah are provided in italics*:

- Ms. Veronika Kohler thanked Ms. Alderson and Mr. Sallah and applauded their outreach to the USEITI MSG, as it can be forgotten since EITI was initially

- targeted at developing countries. She also suggested that industry sector representatives could also be included as EITI implementation experts in addition to the civil society sector experts that the presentation highlighted.
- *Ms. Alderson thanked Mr. Kohler for both of her comments, responding that, while the Bank's focus tends to be on the developing world, participation by developed countries will be very valuable. She also encouraged nominations of industry-sector experts since most of the experts participating thus far are from international NGOs.*
 - Mr. Paul Bugala asked about the sectoral distribution of current Community of Practice participants.
 - *Ms. Alderson responded that, while she doesn't have exact numbers, the CSO members tend to be more active than the government and industry participants on the forum. Since it is a closed forum, it should be safe for everyone to participate. She encouraged active participation from all sectors.*
 - Mr. Paul Mussenden asked about how much outreach the Bank has done to other developed countries implementing EITI and about whether countries that are preparing their candidacy applications can also participate.
 - *Ms. Alderson responded that the Bank has not yet reached out to other developed countries but intends to do so. Regarding the second question, the Community of Practice only includes "candidate" and "compliant" countries for now, in part because it is a peer forum and relies on other participants providing insight and answers. Countries that are applying for candidacy may have lots of technical questions that other participants cannot answer and the Bank wants to make sure that the forum remains relevant and useful to all participants.*
 - Ms. Veronika Kohler asked how the platform can be used to search for MSG members from a specific country. This could be helpful because members of the USEITI MSG have had difficulty finding contact information for MSG members from other countries.
 - *Ms. Alderson and Mr. Sallah demonstrated how to do this but also indicated that it can be difficult to get and maintain a comprehensive list of MSG members from all EITI countries.*
 - Ms. Danielle Brian requested that the Bank at least try to list the Co-Chairs from each implementing country.
 - *Ms. Alderson said that the Bank would try to do so.*

6. Work Group Meetings

The MSG discussed how more time could be created for work groups to meet when MSG members gather for MSG meetings. MSG members discussed whether time on a third day could be spent on Work Group meetings, with some members suggesting that the two days that are allocated are an already-significant commitment. The Co-Chairs agreed to consider how to structure MSG meetings to allow for some work group meeting time during MSG days.

B. Independent Administrators' Update

Mr. Paul Mussenden, DOI, noted that MSG members had asked the Independent Administrator (IA) a number of questions at the previous meeting about the composition of the IA team and reported that representatives from the MSG and from the US Department of the Interior had been working with Deloitte since then to develop a new team.

Mr. Greg Arend, Independent Administrator team member, Deloitte, speaking remotely via teleconference, introduced Deloitte's new project manager, John Mennel.

1. Introduction of New Team Members, Background and Roles

Mr. John Mennel, Independent Administrator team member, Deloitte, introduced himself and provided an update on the Independent Administrator's work since the December MSG meeting. He provided an overview of its planned work during coming months. Mr. Mennel provided an update on the IA's team structure, noting that a number of new staff had been added, particularly to assist with the contextual narrative. He also reported that the IA's Inception Report, Data Collection & Reconciliation Project Plan, and Reporting Template & Guidelines are all prepared and await the MSG's acceptance or approval.

Mr. Mennel also provided an update on the IA's outreach to the 44 companies targeted for reporting and reconciliation in the December 2015 USEITI report, reporting that initial communication has been mostly positive, with companies wanting more information about the details of reporting and reconciliation, particularly around taxes. Finally, he outlined the IA's planned activities during coming months around both data reporting and reconciliation and around the creation of the contextual narrative. Additional detail is available through Mr. Mennel's presentation slides, available at: <http://www.doi.gov/eiti/FACA/february-2015-meeting.cfm>.

In response to Mr. Mennel's presentation, MSG members asked the following questions and made the following comments; *responses from Mr. Mennel are provided in italics*:

- Mr. Veronika Kohler expressed her thanks to Mr. Greg Arend for bringing Mr. Mennel and the other new team members on board.
- Ms. Danielle Brian stated that the IA's suggested March-April timeline for completing the contextual narrative seems overly ambitious and asked why the IA was suggesting it.
 - *Mr. Mennel explained that the timeline is driven by the timeline for the external project plan. Working backwards from the submission of the final USEITI 2015 Report in December, a few months will be needed for review and revisions of the text and testing data elements, and before that GSA 18F will need time to develop and fine-tune the data elements that are included in the Online Portal. Mr. Mennel noted that Isabel Brantley, IA team member working on the contextual narrative, would provide more detail about the timeline and work during her presentation to the MSG on*

the second day of the MSG meeting and expressed his willingness to work with the Contextual Narrative Working Group and with the MSG to make sure that the work gets done.

- Ms. Johanna Nesselth Tuttle, Chevron, emphasized that the IA must create a clear timeline for review of the December 2015 USEITI Report so as not to recreate the difficult final review process for the Inception Report.
 - *Mr. Mennel agreed.*
- Ms. Susan Ginsberg, Independent Petroleum Association of America, asked how long companies would have to respond to data requests.
 - *Mr. Mennel responded that companies would have 90 days to respond and that the IA would work iteratively with companies: it would begin working with companies as soon as they submit information and we would continue to work with companies that need support and have questions.*

2. Inception Report: Final Discussion and MSG Acceptance

Mr. Patrick Field, USEITI facilitator, Consensus Building Institute, asked whether any MSG members had any additional comments or edits on the Inception Report. He noted that the Inception Report is the IA's publication, with input from the MSG.

Mr. Greg Gould, Government Sector Co-Chair, DOI, and Ms. Veronika Kohler noted that the name for Freeport-McMoRan Inc. should be properly represented (erroneously listed as an "LLC") throughout the Report.

Pending the correction, the MSG decided to accept the Inception Report.

- **Decision: The MSG accepted the Independent Administrator's Inception Report, pending corrections to the name of Freeport-McMoRan Inc.**

Mr. John Harrington, ExxonMobil, noted that the Inception Report was intended to be an internal learning tool for the MSG sectors to work together with the IA. It has no impact on validation. While the process had its challenges, the Report served its intended learning purpose.

3. MSG Endorsement of the IA

Mr. Paul Mussenden, DOI, noted that the MSG has now had a chance to work with the revamped IA team and suggested that the new team has demonstrated a quick pivot in Deloitte's approach and responsiveness to MSG concerns. Ms. Danielle Brian thanked the MSG, as well as Deloitte, for ensuring that the CSOs are getting what they need.

The MSG decided to endorse Deloitte as the Independent Administrator of the USEITI.

- **Decision: The MSG endorsed Deloitte as the Independent Administrator of the USEITI.**

C. Implementation Subcommittee Updates

Mr. Greg Gould thanked all MSG members and staff support members for their hard work and announced that the Implementation Subcommittee is sunsetting the Inception Report Working Group. He thanked the members of the Working Group for their work and dedication.

- **Approval: The MSG approved the sunsetting of the Inception Report work group.**

1. Template and Project Level Work Group

Ms. Debbie Tschudy, DOI, provided an update on the work and recommendations of the Template and Project Level Work Group. Ms. Tschudy reported that the Work Group has revised the reporting timeline (for revenue reporting and reconciliation), reviewed the revenue streams that are to be included in reconciliation, revised the Company Reporting Template, worked with the IA to develop the webinar that will be held to educate the 44 companies targeted for reconciliation, and discussed the IA's recommendations around the margin of variance used in the reconciliation process. Ms. Tschudy and Mr. Curtis Carlson, Treasury Department, presented about each of these issues to the MSG; additional detail is available through their presentation slides, available at: <http://www.doi.gov/eiti/FACA/february-2015-meeting.cfm>.

MSG discussion about the different topics covered by the Template and Project Level Work Group is grouped under the following headings for the reader's convenience; *(additional information about the first two topics can be found in Ms. Tschudy's and Mr. Carlson's presentation slides on the slide numbers indicated in italics)*:

- Reconciliation Reporting Timeline: Discussion and MSG Decision *(see slide #3)*
- Reporting Template and Guidelines: Discussion and MSG Decision *(see slides #4-16)*
- Tax Reporting Form: Discussion and MSG Decision
- Decision Matrix: Review and MSG Decision on additions

a) Reconciliation Reporting Timeline: Discussion and MSG Decision

Ms. Veronika Kohler noted that many companies are questioning how long the reporting and reconciliation processes will take. While the IA is currently suggesting ninety days, this may need to be investigated. Mr. John Mennel, Deloitte, responded that the current deadline for the IA to submit the its reconciliation report is July 6. So the current "early June" deadline for companies to submit the Reporting Template to the IA could be pushed to late June. Furthermore, the MSG could choose to push back the July 6 deadline for the IA to submit the final reconciliation report if it thinks that companies need more time to report and reconcile. Mr. David Romig suggested that the "Early June" deadline be changed to "Mid June" for companies to submit the Reporting Template to the IA. Mr. John Mennel and Mr. Greg Gould added that the IA would continue to work with companies even after this deadline to help them complete

reporting. Mr. John Mennel and Mr. Greg Gould noted that the MSG would receive an initial status report about how many companies have begun reporting and how the reporting and reconciliation process is progressing from the IA at the MSG's May meeting.

Ms. Veronika Kohler suggested that the timeline be modified (e.g. using colors) to more clearly indicate which parties are responsible for different tasks and deadlines. Mr. Gould agreed and said that the USEITI Program Office would do so.

Ms. Veronika Kohler suggested that the MSG keep moving forward with the timeline that it has laid out but that participation in USEITI will take a lot of work for participating companies. Mr. Paul Mussenden inquired whether the Initial Draft USEITI Report that the IA will submit to the MSG will include online components through the Data Portal. Mr. Greg Gould responded affirmatively.

Ms. Danielle Brian noted that the timeline is oriented towards the reconciliation function of the USEITI Report and not the contextual narrative. Mr. Patrick Field and Ms. Veronika Kohler suggested that the MSG create and review a separate timeline for creation of the contextual narrative and for unilateral disclosure. Mr. David Romig suggested that the MSG call the timeline that the Template and Project Level Work Group created the "Reconciliation Report Timeline" in order to indicate that this timeline primarily covers data reconciliation.

The MSG approved the Reconciliation Report Timeline.

➤ **Approval: The MSG approved the Reconciliation Report Timeline.**

b) Reporting Template and Guidelines: Discussion and MSG Decision

Ms. Danielle Brian asked for some examples of the cost recovery fees that the Work Group is recommending be excluded from reconciliation. In response, Ms. Tschudy provided the following examples: fees for appeals, conservation information document, development operators coordination document, exploration plans, geological and geophysical prospecting or exploration permits, rights of use, copy work, and nonrequired information filing application. Mr. Michael LeVina, Oceana, noted that the materiality threshold should be measured against the total overall revenues received by the government, not just the total fees paid by these 44 companies. So these fees would still be immaterial and would represent even less than the approximately 0.05% of revenues cited on Ms. Tschudy's slide. *Please see slides #5-6 for more information about cost recovery fees.*

In response to Ms. Tschudy's report that the Working Group is recommending that helium sales and royalties be excluded from reconciliation, Mr. Paul Bugala clarified that, especially since helium production from Wyoming constitutes about 20 percent of global helium production, the Working Group is not suggesting that helium production

or royalties are unimportant, simply that it does not make sense to include them in reconciliation. They should be discussed in the contextual narrative. *Please see slides #8-9 for more information about helium sales and royalties.*

Ms. Susan Ginsberg inquired whether companies' voluntary disclosure to the IA could be subject to Freedom of Information Act (FOIA) requests. Mr. Phil Denning, Shell, inquired whether the Reporting Template that companies submit to the Independent Administrator could be accessible via a FOIA request. Ms. Danielle Brian and Mr. John Mennel responded that FOIA only applies to information that the government holds, not information that companies would submit directly to the IA. Members noted that the reporting template calls only for summary information and any attached, supporting material would be available only to the IA. Ms. Debbie Tschudy added that, while someone could file a FOIA request, any information that is proprietary or that could cause "competitive harm" under the Trade Secrets Act would be redacted before the documents are released. Mr. Curtis Carlson said that he would consult with his attorneys regarding FOIA requests and disclosure. Ms. Johanna Neseth Tuttle requested that the IA include information in its webinar to reporting companies about the risk of FOIA requests and the protections that are in place.

Ms. Veronika Kohler asked whether companies will be using information that they receive from the IRS when completing the "Corporate Tax Payments to Internal Revenue Service (IRS)" line in the Reporting Template. Mr. Curtis Carlson responded negatively, explaining that this line is self-reporting by the company based on their own calculation of tax payments minus tax refunds.

Mr. Chris Chambers, Freeport-McMoRan Copper & Gold Inc., suggested that the instructions around the signature make clear that the signatory represent the primary corporate entity reporting not "on behalf of all subsidiaries, etc."

Ms. Veronika Kohler and Mr. David Romig explained that Box 7 "List of Parent Company Subsidiaries" was added so that reporting companies could list payor codes for all of their subsidiary companies. This box presents an additional opportunity for companies to reconcile their payor codes. Mr. David Romig noted that it took his company, Freeport-McMoRan approximately 90-100 hours to match up payor codes for all of its subsidiary companies but that this amount of time is probably unusually high because of the large number of strategic acquisitions that Freeport-McMoRan has undertaken. Ms. Veronika Kohler cautioned that aligning payor codes and working with the IA on reporting and reconciliation seem like they will take a lot of time for reporting companies. She suggested that the MSG keep moving forward with the timeline that it has laid out but that participation in USEITI will take a lot of work for participating companies. Ms. Susan Ginsberg suggested that aligning payor codes could be one area that is easier for the independent oil and gas producers because their corporate structures are more streamlined.

Ms. Debbie Tschudy noted that DOI asked companies to estimate how long they thought it would take them provide the requested information; as soon as these responses are provided to DOI by the Office of Management and Budget (OMB), DOI can share them with the full MSG. In response to a question from Ms. Veronika Kohler about how companies could respond to this sort of query before they saw the Reporting Template, Ms. Tschudy explained that the estimation request was for the information included on the form, not the form itself. Mr. Jon Swedin, DOI, added that it can be hard for companies to accurately estimate the required time without having seen the form, and that there will be a 30-day public comment period now that the Reporting Template has been finalized by the MSG. In response to a request from Ms. Kohler, Mr. Greg Gould agreed to send a copy of the Federal Register notice announcing the public comment period to the MSG.

Ms. Johanna Nesselth Tuttle noted that it has taken her company, Chevron, approximately 40 hours to collect the initial data. She added that if the IA starts going back and forth with companies around providing additional data and trying to resolve discrepancies, this could add up to a lot more time. She suggested that the MSG agree on a protocol such that, for example, the IA only follow up with each company once. Mr. Mennel stated that the IA would provide weekly or bi-weekly reports to the MSG about the progress and status of the data collection process.

MSG members discussed how an explanatory passage for the Reporting Template should be framed and, specifically, whether it should be titled “Voluntary Disclosure” or “Public Disclosure.” Ms. Tschudy explained that the Working Group’s intention was simply to explain to reporting companies that the summary information that they include on the Reporting Template becomes public information. Some MSG members noted that use of the word “voluntary” could be confusing whereas others suggested that calling it “Voluntary Disclosure” could incentivize participation by companies. Mr. Greg Gould noted that, since the US Government has not enacted any laws or regulations mandating participation in USEITI, the entire effort is voluntary and is in the best interest of all participants. Some MSG members suggested that the passage should be titled “Public Disclosure” to make clear that the summary information provided on the Reporting Template becomes public information. MSG members also suggested that the sentence “USEITI is voluntary.” be removed from the passage.

MSG members also discussed how the “sign off” box on the Reporting Template should be titled. Various MSG members discussed use of the titles “Management Sign Off,” “Authorized Representative Sign Off,” and “Senior Management Sign Off.” MSG members suggested that clearly indicating that a senior company official has to sign the Reporting Template could help with validation of the USEITI Report under Requirement 5.1. MSG members also noted, however, that using language that seems to indicate that a senior corporate official needs to sign the Template may disincentivize companies from submitting it or may delay the process. Representatives from Deloitte suggested explicit guidance around this issue may not need to be included on the Template

because they could review the submitted Templates to make sure that the people who signed them hold sufficiently senior positions within the reporting companies. Some MSG members suggested that using the title “Authorized Representative Sign Off” should work because anybody who signs the Reporting Template would be authorized to provide this information on behalf of their company. Mr. John Harrington noted that USEITI seems to be running into another mismatch between the context in developing countries and the U.S., where many of the reporting companies are headquartered: senior management at the country level in most countries is actually junior to accounting officials who sit in corporate headquarters in the corporate hierarchy. MSG members and the facilitator also suggested that the IA could include more guidance about the appropriate persons to sign the Reporting Template in the accompanying Reporting Template Guidelines and that the MSG could explain its approach in the contextual narrative.

The MSG then approved the Reporting Template with changes made to the signatory line and terms regarding public and voluntary disclosure.

➤ **Decision: The MSG approved the Reporting Template.**

The final version, approved of the Reporting Template adopted by the MSG is available at: <http://www.doi.gov/eiti/FACA/upload/USEITI-Reporting-Template-DRAFT-02102015.pdf>.

Mr. Greg Gould noted that these two issues – how the Reporting Template is explained (i.e. using “Voluntary Disclosure” or “Public Disclosure”) and the language around who signs the Reporting Template – were important for the MSG to have discussed so that the MSG’s decision-making can be sufficiently documented in the official meeting summary. Ms. Veronika Kohler added that, since so much of the MSG’s work takes place through the Working Groups, that the Independent Administrator take note of the Working Group discussions so that it can be referenced in its report.

Turning to the Reporting Template Guidelines, which accompany the Reporting Template, Ms. Johanna Nesselth Tuttle asked whether the document is an “MSG document” or a “government document.” Mr. Greg Gould replied that the Guidelines are a government document and do not need MSG approval (although the Template itself does). The government is very open to the MSG’s input on the Guidelines and will keep that document updated throughout the USEITI process as needed. Mr. Mike LeVine added that these documents may change as USEITI evolves over time and that this should be reflected in the contextual narrative.

Ms. Debbie Tschudy explained that the IA will be holding two webinars for reporting companies to explain USEITI, the reconciliation process and timeline, and the Reporting Template and Reporting Guidelines. Ms. Veronika Kohler asked when the webinar will be available online; in response, Ms. Tschudy explained that DOI will create a training

video covering the same material as the webinar and that this will be available online a week or two after the Denver webinar. In response to a question from Ms. Danielle Brian about whether CSO representatives are expected to participate in the webinars, Ms. Tschudy clarified that they are welcome to attend the webinars and participate in the discussions but that they are not expected to present any of the material. *Please see slides #15-16 for more information about the webinars.*

c) Tax Reporting Form: Discussion and MSG Decision

Mr. Curtis Carlson noted that a company choosing to participate in reconciliation of its tax payments and refunds would need to send a completed IRS Form 8821 to the IRS (Form 8821 available here: <http://www.doi.gov/eiti/FACA/upload/f8821-Example-2-1.pdf>). He explained that the Template and Project Level Work Group is proposing to send to companies a version of this form with the 13 relevant IRS transaction codes already included and with the address of the specific division at the IRS that will be processing these forms for USEITI already entered. In response, Mr. David Romig, Freeport-McMoRan Oil & Gas, suggested that this modified version of IRS Form 8821 be linked to from the USEITI website. Mr. Carlson agreed to do so once the form is approved.

MSG members also discussed how to disseminate the draft cover letter accompanying IRS Form 8821 (draft cover letter available here: <http://www.doi.gov/eiti/FACA/upload/Tax-Authorization-Memo.pdf>). MSG members discussed whether it should be sent to reporting companies by the Department of the Interior or by the Independent Administrator and, accordingly, on which organization's letterhead the letter should be printed. Mr. John Mennel suggested that the content of the letter could be incorporated into the Reporting Template Guidelines. MSG members agreed that this approach could work as long as company tax reporting and tax reconciliation are very clearly differentiated from each other in the Guidelines. Ms. Veronika Kohler accentuated the importance of making this distinction clear out of concern that companies will decline to report taxes simply because they do not want to participate in reconciliation. Mr. John Mennel stated that the Implementation Subcommittee would be reviewing the Guidance document. Mr. Greg Gould requested that the Co-Chairs also be kept in the loop.

Mr. Alex Klepacz, Deloitte, added that Deloitte is already communicating with a point of contact at some of the companies and would only send the reporting forms and Guidelines, along with a cover letter from Deloitte, after speaking with the point of contact at each company. Ms. Veronika Kohler also suggested that the Guidance document should draw a connection between the tax payment reporting and reconciliation entries in the Reporting Template (Boxes 2 and 3) and IRS Form 8821.

The MSG approved the incorporation of the content of the tax reporting cover letter into the Reporting Template Guidance with the distinction between tax reporting and tax reconciliation clearly indicated.

- **Approval: The MSG approved the incorporation of the content of the tax reporting cover letter into the Reporting Template Guidance.**

2. **Decision Matrix: Review and MSG Decision on additions**

Mr. Greg Gould introduced the MSG Decision Matrix and reminded the MSG that this document is intended to reflect key decisions made to date.

Ms. Danielle Brian suggested that the “Pilot with 6 counties” entry for reporting county revenue data be updated to reflect the discussions that the MSG has had around introducing greater flexibility for how county-level data is presented in the 2015 USEITI Report. Ms. Veronika Kohler and Mr. Patrick Field, facilitator, noted that the MSG has considered this issue but that the standing MSG decision is to pilot county-level data with six counties. The Contextual Narrative Work Group is still developing a formal recommendation for the MSG to consider. Thus, it was concluded the decision should be left as is until a formal recommendation for change is made.

Ms. Veronika Kohler wanted to confirm that the commodities whose data will be reconciled in the USEITI 2015 report will not be reconciled in detail. Mr. Greg Gould, referencing the “Level of Disaggregation” row, confirmed that payment data for these commodities will be reconciled by government entity, company, and revenue type. Mr. Paul Bugala noted that the EITI Standard calls for production information to be reconciled by commodity. Mr. Gould responded that USEITI is working towards this. For 2015, this information will be included through the government’s unilateral disclosure on the data portal, but not at the company level.

Mr. Greg Gould noted the changes to the Decision Matrix to reflect the decisions that the MSG had taken earlier in the afternoon in response to the recommendations presented by the Template and Project Level Work Group. The MSG approved the changes to the Decision Matrix.

- **Approval: The MSG approved the changes to the Decision Matrix.**

3. **Project Level Reporting**

Mr. Paul Bugala reminded the MSG that it had made a recommendation at the previous MSG meeting to send a letter to the Securities and Exchange Commission (SEC) encouraging it to promulgate rules under Dodd-Frank Act Section 1504. Mr. Greg Gould responded that DOI is still working through legal issues around the SEC’s independence and how to send this letter. It should not be an issue under the Federal Advisory Committee Act (FACA) to send the letter. Mr. Bugala added that the MSG’s recommendation is to have the letter come from the entire MSG. Ms. Kohler noted that the tax information that the IA is requesting from companies in the Reporting Template will be much better received by companies if they receive the Template after the 1504 rules are promulgated.

D. Reporting Margin of Variance

Mr. Alex Klepacz, Independent Administrator team member, Deloitte, made a presentation to the MSG about how the USEITI reconciliation process could apply a margin of variance as part of its handling of discrepancy between the figures reported by different parties. Mr. Klepacz began by noting that the EITI Standard does not provide specific guidance about using a margin of variance but that the MSG had included a reference to “margin of error” in its Terms of Reference for the Independent Administrator. He noted that other EITI countries incorporate a margin of variance but that there is no single defined international standard for how it should be defined. He proceeded to outline considerations for how a margin of variance should be defined for USEITI as well as how these considerations could be applied in a potential application of a margin of variance standard to different forms of payments. Finally, Mr. Klepacz presented a proposed application of a margin of variance approach and showed a template illustrating cases in which the margin of variance would be exceeded and further investigation would need to be performed by the IA in order to reconcile discrepancies. Mr. Klepacz noted that the IA had already discussed these issues with the Template and Project Level Work Group and that the current discussion with the MSG was pre-decisional; the MSG would need to make a decision about margin of variance at the May MSG meeting but not during this February meeting. Additional detail about Mr. Klepacz’s presentation is available through his presentation slides, available at: <http://www.doi.gov/eiti/FACA/upload/USEITI-February-MSG-Meeting-USEITI-Margin-of-Variance-20150224-Fin.pdf>.

In response to Mr. Klepacz’ presentation, MSG members asked the following questions and made the following comments; *responses from Mr. Klepacz are provided in italics*:

Mr. Mike LeVine noted that while the Template and Project Level Work Group recognized that there are bound to be some discrepancies in reported figures, simply identifying a margin of variance will not be sufficient. He suggested that the IA should try to identify if there are patterns or trends in the discrepancies and try to address these. He added that the MSG will need to discuss how to handle these issues, including defining a margin of variance, and justify its approach in the contextual narrative. *Mr. Klepacz agreed and described a few areas that the IA has already identified as likely to cause discrepancies: companies using p-cards (purchasing cards), rents and bonuses not being broken out in accounting, and payments made close to the turn of the year being booked and received in different calendar years.*

Mr. Mike LeVine noted that while a given variance may not seem like a lot of money to a company or in the government’s accounting, it could still seem like a lot of money to the general public.

Mr. John Harrington suggested that the MSG keep the larger context in mind: while reconciliation is required by the USEITI Standard, the US has very robust accounting systems that deter corruption and there are costs associated with trying to resolve

granular discrepancies. Ms. Veronika Kohler added that the MSG should keep three factors in mind: first, context, meaning that accounting and auditing systems are very robust in the US and that, in that context, USEITI's unilateral disclosure will be very meaningful; second, timing, in that the 40-100 hour commitment that the MSG is anticipating from companies does not include additional work to resolve discrepancies, which could dissuade companies from participating; and third, meaningful, which means that together reconciliation and unilateral disclosure should provide a holistic picture for this aspect of the USEITI report. Mr. Paul Bugala responded to Ms. Kohler's point by stating that the Template and Project Level Work Group will carefully consider the additional burden placed on companies and its potential effect on participation.

Mr. David Romig noted that his company, Freeport-McMoRan, has many subsidiaries and so will be gathering information across 40 to 50 companies, with the smallest company worth \$50 million. Even a small discrepancy, such as \$50,000, at each of these companies will add up, in terms of the total amount of money and the time it would take to investigate and resolve the discrepancies. He added that the company's accounting systems will not have these issues integrated and automated until 2016, which is information that would not appear until the 2018 USEITI Report.

Mr. Mike LeVine asked if only discrepancies over a certain threshold (as defined by the margin of variance) would be targeted for further investigation by the IA. *Mr. Klepacz responded that the MSG would need to decide how to approach this.* Mr. Paul Mussenden stated that all discrepancies will be clearly identified in the USEITI report but that the MSG needs to decide which of these the IA should try to resolve and which ones should be chalked up to expected variance. The presence of variance provides an opportunity to understand these discrepancies and try to resolve them in the pursuit of better governance, but it will not preclude the USEITI Report from being accepted or validated.

Mr. Mike LeVine suggested that variance over multiple years might balance out to some extent, which means that USEITI could, for example, allow for a higher variance of 1% over a one-year period of time and 0.5% over two years. He also noted that these issues of discrepancy and variance may change as USEITI moves to project-level reporting. *Mr. Alex Klepacz agreed that multi-year variance could be an option, but would not be for the first report, which covers only one year. He added that the MSG could adjust its variance standard for future years. Mr. Klepacz also noted that other developments to come, such as the release of SEC Rule 1504, could affect these issues.*

Mr. Alex Klepacz stated that the IA would be presenting some preliminary information about data that it is collecting from companies at the May MSG meeting and suggested that this data could help inform the MSG's decision at that time.

Ms. Veronika Kohler and Mr. Mike LeVine suggested that the MSG may not need to define a margin of variance since doing so is not required in the EITI Standard. Ms.

Kohler suggested that it may be sufficient to explain the USEITI approach and process, and the robust accounting and audit framework in the US, in the contextual narrative. Mr. Paul Bugala and Mr. Keith Romig, United Steelworkers, suggested that it seems backward to set the margin of variance before understanding what levels of variance are present in the reporting data. Mr. Keith Romig suggested that seeing the data from first-year reporting would allow the MSG to understand what types of variances are systemic and what types are random and therefore set the margin of variance with more information. *Mr. Alex Klepacz responded to these points by saying that any reconciliation process would need to have a margin of variance and that it should be set before reconciling the data because it cannot be done after-the-fact for convenience. Rather, there should be a rationale underpinning how the margin of variance is defined. He noted, however, that because the first year, 2015 USEITI Report is not being validated, it could be an option not to define a margin of variance only for this first report.*

Ms. Susan Ginsberg requested that the IA and DOI representatives make clear to companies during the informational webinars that we want them to participate and that they will not be hounded to reconcile information down to a small level. She also suggested that the IA look to likely causes of variance before going back to companies to investigate the data further, as this would take more of their time. Mr. John Mennel noted that the IA has already identified four or five likely sources of discrepancy and will proactively discuss these with companies and with the government to try to get them resolved in advance.

Mr. Patrick Field, facilitator, noted that a key thread in the discussion revolves around what the purpose of margin of variance is: to meet the EITI Standard, to highlight where USEITI needs to focus resources on digging deeper into the data, or to give credibility to the USEITI Report, etc. He thanked the MSG for a robust discussion and said that the Template and Project Level Work Group would work on it further before the May MSG meeting.

IV. Day 1 Public Comment: February 24, 2015

The following public comment was offered:

Hi everyone my name is Stephen Winstanley. I recognize some of you from my attendance at the June meeting this year. Hope everything is going well. I was enjoying perusing the website this morning. I wanted to, first of all, mainly here today to present the report that I was speaking about last time I was here which my organization, MSI Integrity has produced – it was released last week. It's an assessment of the governance of EITI multi-stakeholder groups at the national level. And, I know some of you were able to attend the event on the 12th of February at the W Hotel where there was a panel

discussion and Paul Bugala spoke on behalf of his experience at the USEITI MSG. And, first of all a little bit about MSI Integrity – just to clarify who we are.

We are an independent non-profit organization that's dedicated to understanding the impact and value of voluntary multi-stakeholder initiatives that address business and human rights. We research key questions surrounding the effectiveness of these initiatives, facilitate learning in the field and develop tools to assess initiatives from a human rights perspective. We launched as an organization in spring 2013 after being incubated at the Harvard Law School's International Human Rights Clinic. This report, as many of you will have known, this might be putting a face to some of the emails that you've received, is based on a 2014 study where we assessed the governance of national level multi-stakeholder groups in EITI, across all countries in EITI. It arose due to a suggestion for research. One of our programs is assessing suggestions for research from any stakeholder in any multi-stakeholder initiative or external observer. This came from Publish-What-You-Pay International. Although we do not accept fee for service arrangements, we're an independent organization focused on research, so all research was funded directly by MSI Integrity, though we did accept direct reimbursement for travel costs associated with five in-country studies from the World Bank multi-donor trust fund.

We've got some of the background just to quickly give you an idea of what's in the report and what the findings were. We did two types of assessment; the first did not include the United States because it was based on the implementing countries as of March 1st 2014 and that was a review of the documents, the governance documents that MSGs had produced. The findings from that were interesting particularly related to transparency as only 29 of the 41 implementing countries had sufficiently transparent governance documents for us to be able to assess – and of those 29 none were in compliance with the EITI standards requirement 1 detailed provisions for internal governance. Second part of the assessment did include the United States and that's really why I bothered to come down – not to try to waste your time. This was an assessment of governance in practice and so involved interviews, as many of you have received my requests for volunteers and many of you spoke with me, thank you very much, and this was aiming to assess how governance of MSGs happens in practice in countries we selected 15 diverse countries and visited five in-country directly to meet with folks.

I'll say very positively there was some great things we found about the US EITI MSG in particular – you're a leader at transparency both in the sense of having documents available online, member names and lists and contact information, and in the sense that you're the only MSG we assessed whose meetings are explicitly public and open. Which it seems like it's something that should be the case in all MSGs. You also have conflict of interest provisions that apply MSG-wide although these could improve reflecting some of the nuances of multi-stakeholder processes and your per diems and reimbursements are proportionate and reasonable for the costs of attendance. Areas to focus on really

quick – three, I’ll just list them and where you can find them in the report – selection and appointment of representatives, particularly looking at the eligibility and qualification defining civil society within the MSG – one thing to keep in mind is that the three stakeholder groups are not the limit to what the number of stakeholder groups could be and you could create other constituencies on top of that. That’s in part three of the report and we also have a guidance note on that. And liaising and communicating with stakeholders outside the MSG I note with positivity that one of the things discussed in today’s, sorry, for tomorrow’s meeting is some of the efforts that have been done lately and I saw looked very interesting and I hope that’s going well. Thank you very much.

The day’s session was adjourned on February 24 at 4:10 pm.

V. Day 2 Presentations and Key Discussion Points: February 25, 2015

Mr. Paul Mussenden, acting Designated Federal Officer (DFO), U.S. Department of the Interior (DOI), opened the meeting at 9:40 am and welcomed participants. He reviewed the agenda for the day and meeting attendees identified themselves and their affiliations.

Mr. Patrick Field, USEITI facilitator, Consensus Building Institute, announced that Mr. Nima Sallah, World Bank, would be present during the morning to assist any MSG members and other USEITI personnel who wanted assistance with creating accounts for the World Bank’s EITI Community of Practice.

A. Contextual Narrative Work Group Update

1. Update on Online Data Portal

Ms. Judy Wilson, DOI, reviewed the Contextual Narrative Work Group’s work to develop a public engagement strategy around the Online Data Portal. She described the Work Group’s collaboration with the IA around this, including the development of user personas to identify the needs of specific types of users. She also reviewed Google Analytics’ outputs around how users are accessing the Online Data Portal. Using these analytics, she illustrated how many people have visited the Data Portal, the countries from where visitors are accessing the Portal (mostly from the US, but also a handful of foreign visitors), the other websites from which users were linking to the Data Portal (mostly the Department of the Interior’s website), and which browsers visitors are using. In addition, Ms. Wilson highlighted a couple of members of the general public, including lay users, who have accessed the Data Portal. More information about Ms. Wilson’s presentation can be found in her presentation slides, available at: <http://www.doi.gov/eiti/FACA/upload/Data-Portal-G-Analytics.pdf>.

Following Ms. Wilson's presentation, Ms. Veronica Slajer, North Star Group, asked whether the Work Group or the IA would be holding webinars about the Data Portal. *Ms. Judy Wilson said that, while the Work Group had not discussed holding webinars, it is working on an event for Sunshine Week in collaboration with the State Department. She also said that, according to a risk analysis performed by the General Services Administration (GSA), the Data Portal's highest risk area right now is lack of outreach and communication to make it more widely known.*

2. Contextual Narrative Update/Presentation

Ms. Isabelle Brantley, Independent Administrator team, Deloitte, presented about the Contextual Narrative Work Group's progress. She opened by introducing Ms. Betsy Taylor, Virginia Tech University, who spoke via teleconference.

Ms. Betsy Taylor apologized for not being able to attend the meeting in person due to illness. She noted that her update is of work still in progress. Ms. Taylor explained that the Work Group has begun discussing how to design the contextual narrative for stakeholder and public use but needs to work further on how exactly the data included in the contextual narrative will be designed for usability. By May, the Work Group is hoping to have a lot of its material put together. She also explained that the Work Group is designing portions of the contextual narrative as proofs of concept to make them available for user testing and, as such, the Work Group is postponing decisions of how material will be presented, how long sections will be, etc. Ms. Taylor also reported that the Work Group will be circulating requests to the MSG sectors to identify data sources that should be considered for inclusion in the contextual narrative and that she would be working with the leads of the other Work Groups to make sure that data has been handed off as needed.

Ms. Isabelle Brantley, Deloitte, provided a further update on the work of the Contextual Narrative Work Group. She reviewed the areas in which the Work Group has been working, including county selection, level of detail, the format of the narrative, and the sources to use. Ms. Brantley explained the IA's design thinking process, including the development of user personas. She proceeded to describe the Work Group's process and progress in selecting representative counties for each of six key commodities – the Work Group has selected counties for gold, copper, and iron, and still needs to come to agreement around natural gas, coal, and oil. Finally, Ms. Brantley reviewed the IA's deliverables for the contextual narrative as well as the proposed timeline for completing the contextual narrative. Additional detail about Ms. Brantley's presentation can be found in her presentation slides, available at: <http://www.doi.gov/eiti/FACA/upload/USEITI-February-MSG-Meeting-IA-Contextual-Narrative-Update-20150224.pdf>.

Ms. Betsy Taylor thanked Ms. Brantley for her presentation and noted that the Work Group would be working hard during coming weeks to finalize the timeline and

acknowledged that the timeline that the IA is proposing is very aggressive. She added that it would be good to have proofs of concept for different sections developed soon.

Ms. Johanna Nesseth Tuttle, member of the Contextual Narrative Work Group, added that, when the Work Group reviewed the outline for the contextual narrative that the MSG had approved, it occurred to the Work Group that some of the areas required by the EITI Standard may not be as relevant for the US context but that some of the areas recommended by the Standard may be more relevant. She noted that the Work Group discussed how to use charts and graphs to help tell the story and that the contextual narrative is likely to be pretty data-heavy. Finally, with regards to county selection, she said that while the Work Group has selected recommended counties for copper, gold, and iron ore, industry groups have noted that a lot of the production in these counties actually occurs on private, not federal lands. The MSG should discuss how to take this into account.

MSG members engaged in the following discussion in response to Ms. Brantley's presentation:

Many members of the MSG applauded the progress that the Work Group has made and the sample visuals included in Ms. Brantley's presentation slides.

Which counties to include: Mr. Patrick Field reminded the MSG of its intent in including county-level information, which is to tell a story about extractives production at the local level over a longer period of time. He noted that combining federal, state, and local revenues to determine the counties producing the largest government revenues is very complex and that using production data could be a workaround that the MSG has previously discussed. Mr. Mike LeVine pointed out that the selection of six counties for the first USEITI Report does not constrain the MSG from incorporating additional counties in future reports. As such, the Work Group may want to keep a list of possible additions. Mr. Michael Ross, Revenue Watch Institute, suggested that, to simplify county-selection, the MSG select the county with the highest reported production of each of the six included commodities and then report the federal, state, and local revenues for each of those six counties. The variance in revenues would illustrate the varied fiscal system that is in place for different commodities and different jurisdictions. Ms. Johanna Nesseth Tuttle noted that, regardless of which counties are selected, there will be other counties and states that are important for extractive activity that will be left out. Ms. Nesseth Tuttle also thanked Mr. Ross for his suggestion to pick the six highest-producing counties, noting that the Work Group may want to simplify its process.

What data to include: Mr. John Harrington suggested that it might make sense to include production on both private and public lands in the county-level profiles because both are significant for local communities. Ms. Veronica Slajer, North Star Group, asked about how tribal data would be included in the contextual narrative. Ms. Betsy Taylor

responded that the Work Group intends to discuss this issue further, but that the intention is to incorporate publicly-available data from five tribes. Mr. Greg Gould noted that the MSG has discussed starting with federal-level publicly available data as the first step but that the first report could try to incorporate some sub-national data to the extent practicable. Mr. Mike Matthews, State of Wyoming, stated that, while he agreed with Mr. Gould's approach of starting with federal data, the EITI guidance is focused on the international context and therefore does not really consider the private ownership of minerals. He also noted that the guidance is more focused on reconciliation of data, which is only relevant to production on government lands, in the US context. So, in a couple of ways, the guidance does not fit the US context around county-level information. Mr. Keith Romig, United Steelworkers, suggested that, since significant extractives production takes place on private land, this information be included, at least in the contextual narrative, to fully represent the extractives sector. Mr. Paul Bugala suggested that, since many people benefit from minerals production on private lands, it would be important to include this type of production. He also supported including Native American production and impact data. Mr. Jim Roman, ConocoPhillips, advocated for the inclusion of federal, state, and local (including both county and municipal) data since all of these are important for community wellbeing. He noted that *ad valorem* property taxes are the primary funding for county budgets and that it would be interesting to see what percentage of county budgets are funded by *ad valorem* taxes. Mr. Paul Mussenden stated that sub-national and tribal data should be included to the extent possible, but that the MSG should also keep in mind that its request for adapted implementation gives USEITI some time to tackle these issues.

Length and structure of the contextual narrative: Ms. Danielle Brian asked about the basis of the suggestion in Ms. Isabelle Brantley's presentation that the textual narrative would be 20-25 pages long, with additional information contained in the Data Portal. In particular, she inquired about how tribal and sub-national data could be included in that number of pages. Ms. Brantley responded that, while there would be some overlap in content between the narrative report and the Data Portal, most of the downloadable data would be included in the Data Portal and not in the written narrative. Ms. Brian asked whether most of the coverage of tribes, counties, and states would thereby consist of data as opposed to narrative, in response to which Ms. Brantley clarified that both text and data would be included: text describing the fiscal regime, for example, and accompanying data available in the data portal. Ms. Johanna Nesseth Tuttle echoed Ms. Brian's concern about how to fit all of the material that the MSG would like to include and suggested that the Contextual Narrative Work Group and other MSG members need to discuss this issue further. Mr. Keith Romig urged that sufficient narrative and guiding context be included for people who are not as comfortable interpreting data. Mr. Paul Bugala and Ms. Betsy Taylor expressed support for the goals of USEITI and the EITI guidance to drive the length of the written narrative.

Purpose and goals: Mr. Paul Mussenden stated that the overall goal of the contextual narrative and of the larger USEITI Report should be to create a contextual narrative that

can be a resource to the American public. In order to do this, the MSG needs to decide what story it wants to tell and how the categories of information that the MSG is working with can support that story. The MSG will have to work with data visualizations because writing a 300-page contextual narrative, as the Philippines is reportedly doing, is not likely the best approach for the U.S.. Mr. Mussenden suggested that the Report can have tiered goals, simultaneously serving as a place where lay people can learn about the extractive industries in the US and as a place to house detailed data for those who want it, but the MSG needs to decide what these goals are and then strive to meet them.

Ms. Veronica Slajer inquired as to how Alaska would be incorporated into the graphics on the Data Portal and urged the MSG to keep sub-national idiosyncrasies, such as the use of boroughs in Alaska and parishes in Louisiana, and the presence of non-land based tribes in Alaska, in mind.

Process suggestions:

- Mr. John Harrington suggested that the MSG set some deadlines for completing the contextual narrative work.
- Mr. Greg Gould urged the Contextual Narrative Work Group to reschedule its face-to-face meeting day (which was conducted via teleconference due to weather).
- Ms. Veronika Kohler urged all MSG members and staff to visit the Hive (a facility at Deloitte's office) and suggested that the Contextual Narrative Working Group could hold its meeting there.
- Mr. Mike LeVine suggested that the Contextual Narrative Work Group reach out to other MSG members and staff members who could provide information and resources for different sections of the contextual narrative.
- Mr. Paul Bugala suggested that the MSG could seek to learn from the UK's and the Philippines' approach to the contextual narrative, as he has heard good things about both.
- Mr. Greg Gould noted that the IA has a plan for maintaining the security of data that is part of the contextual narrative.

Mr. Greg Gould suggested that the online component of the contextual narrative represents the future of EITI around the world and congratulated the Contextual Narrative Work Group, the IA, and the MSG.

B. State & Tribal Subcommittee Update

Mr. Greg Conrad, Interstate Mining Compact Commission, noted that there is a lot of overlap between the work of the Contextual Narrative Work Group and the State & Tribal Subcommittee and that the Subcommittee will make sure to stay in touch with other Work Groups.

Mr. Conrad noted that a key message that states have communicated to the Subcommittee is the importance of objectivity: while states are very comfortable with USEITI using their publicly-available data, they have concerns about how USEITI will analyze that data and what sort of narrative it will construct. This will need to be discussed further.

Mr. Conrad introduced Mr. Ryan Ellis, Interstate Mining Compact Commission, to provide an update on the Subcommittee's work.

1. Update on Engagement with Interested States

Mr. Ryan Ellis, Interstate Mining Compact Commission, provided a verbal update on the Subcommittee's engagement with states. He explained that the Subcommittee recently organized a conference call for interested states to open up a dialogue with them, to get insight and advice from them about how to collect state-level publicly-available data concerning each of their states, and to solicit input about the design of an opt-in process. Mr. Ellis recounted that twelve people representing six states participated in the conference call.

Mr. Ellis reported that the response from the state representatives was generally positive. The call alleviated many of the state representatives' concerns. Questions and concerns from the states included:

- Question about how useful participation in USEITI would be for them because they are generally comfortable with their current level of transparency.
- A concern about the additional burden on them.
- Questions about protecting proprietary data.
- Questions about the inclusion of federal versus state lands.
- Questions about how USEITI will treat their data – will USEITI analyze it?

Mr. Ellis named the following next steps around state engagement:

- Look for opportunities at conferences and meetings to give briefings about USEITI and informally network with state representatives.
- When needed, hold another conference call of the same sort as what it just held.
- Because there can be challenges involved with trying to communicate the USEITI message when piggy-backing on existing meetings, consider holding a dedicated meeting for states participating in USEITI.
- Holding meetings between contacts from each state and a subset of MSG members so that the state contacts can walk the MSG members through their data, processes, etc.
- Invite states to attend MSG meetings.

Finally, Mr. Ellis identified the following areas for MSG discussion and future consideration:

- Identify stakeholders at the state level, especially in the CSO and industry sectors. One option could be that the Consensus Building Institute could conduct

a scoping process at the state level, as it did at the national level before the MSG was formed. CSOs on the MSG are already reaching out to their colleagues at the state level.

- How the opt-in process will work. USEITI may want to solicit more guidance from the International Secretariat through a concept memo and questions. One option is to showcase existing publicly available data and the robust auditing processes that already exist at the state level. Another alternative, perhaps as a next step, is a more robust process at the state level, which could require the formation of MSGs in each participating state.

A map illustrating USEITI State and Tribal Outreach can be found at:

<http://www.doi.gov/eiti/FACA/upload/USEITI-State-and-Tribal-Outreach-Feb-2015.pdf>.

In response to Mr. Ellis' presentation, MSG members engaged in the following discussion:

Consulting with EITI International re: the Opt-in Process: Ms. Danielle Brian suggested that the MSG propose an opt-in plan to EITI International and confirm that this is an acceptable way to proceed. She also asked whether USEITI should be checking with the International Secretariat or with the International Board. Mr. Paul Mussenden and Ms. Johanna Nesseth Tuttle both responded that USEITI should begin by discussing with the International Secretariat and should then proceed to the Board, when needed. Ms. Nesseth Tuttle suggested that USEITI MSG members begin reaching out to their contacts on the Board to begin discussing the issue so that the Board will be ready to approve it when the time comes. She also suggested that USEITI ask the International Secretariat for another suggested way of proceeding if it has concerns about USEITI's proposal. Ms. Danielle Brian reported that she and Ms. Veronika Kohler had an informal conversation with a member of the International Secretariat who expressed perplexity about the US situation, so while USEITI should get a formal opinion from that body, they may be relatively open to a proposal presented by USEITI. Mr. Paul Mussenden noted that USEITI tries to work with the State Department, since it represents the United States to the International Board, but also supported Ms. Nesseth Tuttle's suggestion that MSG members initiate contact with Board members. He also said that the Board is likely to defer to USEITI as long as its decisions are well-considered and evidence-based. Mr. John Harrington, noting the difficulty that many countries are having with the 2013 Standards and USEITI's work deliberating and justifying its decisions, suggested that if there is a requirement that cannot be fulfilled at present, the Board may be inclined to grant some flexibility. Ms. Johanna Nesseth Tuttle suggested that it could be fruitful to have Ambassador Mary Warlick, the US representative to the EITI Board, attend an MSG meeting; Mr. Greg Gould responded that DOI is trying to have her attend the May MSG meeting. Ms. Danielle Brian requested guidance from the MSG about communicating with the International Secretariat. Mr. Greg Gould responded by explaining that the MSG should work through Ms. Judy Wilson, USEITI Program Director, in communicating with the Secretariat. Ms. Wilson is trying to organize monthly phone calls with the

International Secretariat, and Mr. Greg Gould and Mr. Paul Mussenden will also be meeting with members of the Secretariat at the next EITI Board meeting in the Democratic Republic of the Congo.

Mr. Greg Conrad, Interstate Mining Compact Commission, noted that there will be a range of sophistication in the data that are available from sub-national entities. He also suggested that legislation could be needed in some states to resolve confidentiality requirements and other issues.

2. Update on Tribal Engagement

Mr. Jerry Gidner, DOI, provided a brief update on the State and Tribal Subcommittee's engagement efforts with tribes:

- The Subcommittee has 30-35 letters ready to send out to tribes that are modeled after the letters that were sent to State Governors. The letters ask for a point of contact with the tribe and will hopefully be sent out in the next 2-3 weeks.
- The Subcommittee has made preliminary contact with the Three Affiliated Tribes, the Ute Tribe, and the Southern Ute Tribe. While the contacts with each of the Ute tribes are tribal employees, the Subcommittee needs to confirm that the contact at the Three Affiliated Tribes is appointed by the Tribe to officially represent them.

A map illustrating USEITI State and Tribal Outreach can be found at:

<http://www.doi.gov/eiti/FACA/upload/USEITI-State-and-Tribal-Outreach-Feb-2015.pdf>.

In response to Mr. Gidner's update, MSG members engaged in the following discussion:

Ms. Danielle Brian asked if indeed the Three Affiliated Tribes' contact is not officially representing the tribe, could this person then represent the CSO sector. Ms. Clare Ware, Shoshone and Arapahoe Tribes, responded affirmatively and noted that many of the mineral rights related to the Three Affiliated Tribes are privately owned by tribal members, not by the tribe itself. Ms. Ware added that the MSG needs to determine how opt-in and data sharing will work for tribes.

Mr. Mike Smith, Interstate Oil and Gas Compact Commission, asked how the 35 tribes who will receive letter were selected, in response to which Mr. Gidner explained that these are the tribes to which ONRR distributes mineral revenues. Ms. Veronica Slajer, North Star Group, noted that she has had contact with other tribes about USEITI that are not depicted on the USEITI State and Tribal Outreach map, including the Navajo and Alaska tribes that are not land-based. She suggested that the Subcommittee identify tribes located in key resource-producing areas to reach beyond the 35 tribes to which ONRR distributes revenues.

Mr. Jerry Gidner explained that, because the US Federal Government has direct government-to-government relationships with tribal councils, it cannot really reach out to other parties, such as allottees or tribal community members, who may have preferences that are different than those of the tribal councils, for the purpose of encouraging them to influence the Tribal Council. The MSG may want to communicate with groups that represent allottee interests. Ms. Veronica Slajer suggested that MSG members could speak with allottees during the MSG's field trip to understand their perspective and how they might want to participate in USEITI. Mr. Gidner added that ONRR could raise this issue during its regular conversation with allottees.

Mr. Greg Gould cautioned that a state and tribal workshop could not be funded through the FACA Committee funds that support MSG meetings since that would not be a formal FACA meeting. He also cautioned that funding would likely not be available for a scoping effort at the state level conducted by CBI, as was suggested during the State Outreach discussion. In response to a question from Mr. Pat Field about whether FACA Committee funds could cover the costs of having a technical presentation by a tribal or state representative at an MSG meeting, Mr. Gould said that option could be explored. Ms. Danielle Brian emphasized that USEITI cannot be successful as a strictly Washington DC-based effort. She also suggested that the Appalachian states that have been in contact with USEITI (Pennsylvania, West Virginia, and Kentucky) could come to Washington for an MSG meeting. Mr. Greg Gould suggested that DOI could explore what holding an MSG meeting in the western US would cost and could explore whether it may be possible to fund travel expenses for representatives from the Appalachian states. Ms. Veronica Slajer also suggested that USEITI begin providing notice about upcoming MSG meetings to representatives from the various states and tribes with whom it is communicating because these bodies may have representatives in Washington on other business who could visit the MSG meeting.

Ms. Laurie Sherman, Transparency International – USA, asked whether the Subcommittee is keeping Governor's Association meetings and similar venues in mind for outreach; Mr. Greg Conrad confirmed this.

C. Communications Subcommittee Update

Ms. Veronika Kohler, National Mining Association, provided a brief update on communications activities and plans, noting that much of this material had already been covered during the updates given by the other two Subcommittees:

- The Independent Administrator is spearheading outreach to the 44 companies targeted for reporting and reconciliation in the first USEITI Report.
- The Communications Subcommittee developed talking points and a presentation about USEITI for the Petroleum Accountants Society of Oklahoma (PASO) conference and, since then, the IA has been following up with companies.
- As the Template and Project Level Work Group explained, there will be two webinars held for reporting companies.

- The Communications Subcommittee has been keeping communications materials up to date and is marking the date that they were updated.
- The Subcommittee developed an email list that will help to document USEITI's breadth of outreach for validation.
- The Subcommittee is developing an updated materials packet to send to all members of the new, 113th Congress, with customized versions to be sent to members of Congress representing states and tribes that are in communication with USEITI.

Following Ms. Kohler's comments, Mr. John Mennel, Independent Administrator team, passed along a comment from Mr. David Romig, Freeport-McMoRan: it could be helpful for companies to hold peer-to-peer calls and the like as they resolve technical issues that may come up. Ms. Debbie Tschudy, DOI, also passed along a comment from Mr. David Romig, Freeport-McMoRan: he is hoping to interact with companies at the Spring COPAS meeting in Denver. Ms. Kohler requested that all MSG members similarly conduct outreach and Mr. Greg Gould requested that members inform the Communications Subcommittee when they perform such outreach for documentation, which will be helpful with validation.

Ms. Judy Wilson, DOI, reported that she, Ms. Veronika Kohler, and Mr. Greg Gould made a presentation about USEITI and the Data Portal at an Open Government Partnership meeting that was very well received. Mr. Paul Bugala added that a report by civil society organizations about the progress of the Open Government Partnership highlighted the work of USEITI.

Mr. Paul Mussenden suggested that USEITI continually try to calibrate its message based on feedback from companies. Ms. Veronika Kohler added that the two main responses from companies that are not MSG members have been: "how much will this cost?" and "how long will this take?" The MSG should keep these concerns in mind. She also asked the Independent Administrator team how they have been responding to these questions from companies. Mr. John Mennel, Deloitte, recounted that his team has been providing information about how long the process has taken for companies, such as Freeport-McMoRan, that have already reported data, while including caveats about the size and complexity of the company, as appropriate.

VI. Day 2 Public Comment

No public comments were given.

VII. Wrap Up / Closing

Mr. Patrick Field, facilitator from the Consensus Building Institute, reviewed the action items and the decisions coming out of the MSG meeting.

Mr. Greg Gould, Ms. Veronika Kohler, Ms. Danielle Brian, and Mr. Paul Mussenden, in their roles as Co-Chairs and the Designated Federal Officer, made closing comments to the MSG, thanking the MSG, associated staff, the USEITI Program Office, and the IA for their hard work. Mr. Paul Bugala thanked Ms. Laurie Sherman for her contributions to USEITI; Ms. Sherman is leaving the MSG to move to Belgrade. Mr. Paul Mussenden thanked the IA team for getting caught from the delay in December.

Mr. Paul Mussenden, Acting DFO, adjourned the meeting at 3:00 pm.

VIII. Meeting Participants

The following is a list of attendees from the February 24-25, 2015 EITI meeting.

Chaired by Paul Mussenden, Acting Designated Federal Officer for the USEITI Advisory Committee, U.S. Department of the Interior.

A. Participating Committee Members

Civil Society

Danielle Brian, Project on Government Oversight, USEITI MSG Advisory Committee Co-Chair

Paul Bugala, Calvert Investments

Michael LeVine, Oceana

Keith Romig, Jr, United Steelworkers

Michael Ross, University of California Los Angeles

Laura Sherman, Transparency International, USA

Veronica Slajer, North Star Group

Government

Curtis Carlson, Department of the Treasury

Greg Gould, Department of the Interior, USEITI MSG Advisory Committee Co-Chair

Mike Matthews, State of Wyoming - Department of Audit/Mineral Audit Division

Mike Smith, Interstate Oil and Gas Compact Commission

Claire Ware, Shoshone and Arapaho Tribes Minerals Compliance Office

Industry

Phillip Denning, Shell

Susan Ginsberg, Independent Petroleum Association of America

Veronika Kohler, National Mining Association, USEITI MSG Advisory Committee Co-Chair

James Roman, ConocoPhillips

Johanna Nesseth Tuttle, Chevron

B. Committee Alternates in Attendance

Civil Society

Betsy Taylor, Virginia Tech

Government

Greg Conrad, Interstate Mining Compact Commission
Debbie Gibbs Tschudy, Department of the Interior
Blair Pasalic, Department of Energy

Industry

Chris Chambers, Freeport-McMoRan Copper & Gold Inc.
John Harrington, Exxon Mobil Corporation
David Romig, Freeport-McMoRan Oil & Gas

C. Members of the Independent Administrator Team in Attendance

Isabelle Brantley, Deloitte Consulting
Alex Klepacz, Deloitte & Touche LLP
John Mennel, Deloitte Consulting
AJ Maxwell, Deloitte & Touche LLP

D. Government and Members of the Public in Attendance

Richard Adamski, Office of Natural Resources Revenue
Rebecca Adamson, First Peoples Worldwide
Kelly Alderson, World Bank
Tawny Bridgeford, National Mining Association
Neil Brown, Lugar Center
Ryan Ellis, Interstate Mining Compact Commission
Nima Sallah, World Bank
Cory Gill, Goldwyn Global Strategies
Emily Kennedy Hague, American Petroleum Institute
Karen Osborne, ONRR
Mitchell Parker, Office of Natural Resources Revenue
Jody Peterson, Office of Natural Resources Revenue
Haley Rice, Department of State
Mia Steinle, Project on Government Oversight
Katie Sweeney, National Mining Association
Jon Swedin, Office of Natural Resources Revenue
Suzanne Swink, BP
Lance Wenger, Department of the Interior's Office of the Solicitor

E. Facilitation Team

Patrick Field, Consensus Building Institute
Tushar Kansal, Consensus Building Institute

F. DOI MSG Support Team

Jerry Gidner, Office of Natural Resources Revenue
Jennifer Goldblatt, Office of Natural Resources Revenue

Chris Mentasti, Office of Natural Resources Revenue
Kim Oliver, Office of Natural Resources Revenue
Judith Wilson, Office of Natural Resources Revenue

IX. Documents Distributed

- Agenda ([PDF](#))
- Tax Authorization ([PDF](#))
- IRS Form 8821 ([PDF](#))
- Decision Matrix ([PDF](#))
- Reporting Template ([PDF](#))
- Reporting Template Guideline ([PDF](#))
- USEITI Inception Report ([PDF](#))
- USEITI Data Collection and Reconciliation Project Plan ([PDF](#))
- Minutes from USEITI State and Tribal Opt-in Teleconference with State Regulators ([PDF](#))
- USEITI State and Tribal Outreach Map ([PDF](#))

X. Certification

Interested parties are asked to contact USEITI at useiti@ios.doi.gov or 202-208-0272 with any questions, comments, or concerns regarding the content of this meeting summary.