

**PROMOTING REVENUE TRANSPARENCY PROJECT**  
**March 16 Company Meeting in London – Notes and Action Points**

The purpose of this document is to summarize some of the main points discussed and actions agreed during the meeting held in London on March 16, 2007. The meeting was convened to enable input and feedback from oil and gas companies on the PRT Project.

**Participants to the meeting:**

Name		Organisation	Title
Graham	Baxter	BP	Vice President Corporate Responsibility
Umair	Ullah	EME	Consultant to the PRT Project
Peter	Francis	Exxon Mobile	
Mohamed	Al-Sherawi	Qatar Petroleum	Finance Director
Ahmed	Al-Mulla	Qatar Petroleum	Contracts Manager
Alexander	Kouliy	Qatar Petroleum	QP's Internal Audit Manager
Yahia	Said	RWI	Director, Middle East
Michael	Wilkinson	Shell	Vice President of Sustainable Development
Alan	Detheridge	Shell	Vice President, External Affairs
Martin	Amarloiu.	Statoil	Coordinator. CSR. Attended on behalf of Rolf Magne Larsen Senior Vice President, Country Analysis and Social Responsibility
Jermyn	Brooks	TI	Leader, Private Sector Group
Juanita	Olaya	TI	Revenue Transparency Programme Manager
Jean-Francois	Lassalle	Total	Vice-President Public Affairs E&P

**Project Background**

1. The Project aims to increase transparency and accountability in the management of extractive industry revenues so that they serve to benefit the societies of resource-rich countries. This was the aim of the project when Save the Children first produced the "Beyond the Rhetoric" reports in 2005 and it is the aim that continues to drive the project under TI's management.
2. Through its different outputs: companies report, host governments report, home governments report and their extension to mining the project provides:
  - a. An independent review of revenue transparency.
  - b. Sustained attention and mainstreaming of this issue.
  - c. Value added to the EITI process through: i) expanded coverage; ii) a complementary logic as it looks at the policy and performance of systems in place to create, implement and sustain revenue transparency rather

than at actual disclosure in concrete situations; and iii) a broader look as it includes issues that are relevant to revenue transparency in both countries and companies and that are not covered by EITI, such as corporate transparency, budget expenditure transparency, etc.

3. In regard to the companies' report:
  - a. The scope of the project is being expanded to cover roughly 40 companies across 20 countries of operation. Currently two additional companies have requested to be added to the list of companies to be covered in this report.
  - b. The redesign of the framework of indicators presents an opportunity to:
    - Introduce questions that more directly address state-owned oil companies.
    - Engage more closely with companies on methodology and content.
    - Fine-tune the methodology to incorporate feedback and make it more robust.
4. The methodology of the host government's report is yet to be designed but all reports should incorporate similar and complementary data. In this sense, the companies report should incorporate relevant information about the context of their operations and the government report should take account of the way companies operate in the particular country. This also reduces the relevance of the order in which the reports are published. Furthermore, engagement and participation of governments will also be sought as part of the production process of the host governments' reports.

### **Main Topics Discussed**

5. The closeness and complementarity of this project to EITI could entail a risk that countries are discouraged from joining EITI. This requires attention to the way the research is performed and findings are communicated and needs to be considered by the Working Group. It is expected that the Project will provide insight to countries not yet participating in EITI by showing that the "cost" of implementation is smaller than foreseen or by facilitating multi-stakeholder dialogues in countries where these have not taken place. Similarly, countries already in EITI should be properly rewarded for the steps taken to date.
6. Companies' ability to disclose information is subject to the environment in which they operate, home country regulations and other factors and any measurement should take these factors into account. The revision of the current framework accounts for this, reflecting already some of the concerns and feedback given.
7. The exact approach to presenting the results of the research has not been decided, but the main focus will likely be on making comparisons between companies on comparable terms. Doing so will require a categorisation of operating environments to facilitate meaningful comparisons.
8. Concerns about the cost-benefit of involvement in this work were raised, specifically in terms of any additional burden this project would create in addition to EITI involvement. The research is based on publicly available information and

should not entail an additional effort from companies or governments. Companies and governments will be given the opportunity to review and comment on the findings.

9. Questions related to some elements of the framework were raised, among them:
  - a. The original framework used mixes different issues. It incorporates group and country-level indicators and some of the questions asked in the Supportive Disclosure section (such as the standardised measure of reserves) do not seem to relate directly to revenue transparency. This mix makes communication of the findings difficult and fragmented and may have contributed to how the Phase II report was received.
  - b. Using production figures to establish revenue is very difficult. There are many intervening factors and accounting methods that minimise the direct link between them.
  - c. Question 20 of the original framework, which addresses disclosure of names and production of key properties, may need to be reworked given that some companies have interests in a very large number of properties.
  - d. Questions 26-30 of the original framework should be made more general and collapsed into fewer questions.

However, there is a different point of view from the perspective of what could be relevant for Civil Society to properly monitor revenue flows. In any case, a balance needs to be struck between relevance, simplicity and purpose.

10. The anti-corruption indicators were generally accepted. The exact approach to that section will depend on how the other TI private sector effort (CACTI) is incorporated into this framework.

### **Actions Points**

11. [ALL] Companies present at the meeting will convey to TI (Juanita Olaya) if they are willing to volunteer to participate at the Project's upcoming Working Group (WG) meetings.
12. [JO] TI will distribute the notes of this meeting among other companies not present at the meeting but who have expressed their interest and invite them to volunteer their participation in the Project's Working Group. The number of company participants in the Working group remains between 2 and 3.
13. [JO] A redesigned framework (together with an explanation of the scoring and questions) is to be circulated to companies attending the meeting and others who have expressed interest, for their comments and further input. After this, new incorporated revisions will be submitted to the WG.

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