

MINUTES

SEITI MSG Meeting (No 06/ 2019)

Date: Tuesday, 09 April, 2019
Time: 13:30h- 15:00h
Location: Conference Room Bauxite Institute Suriname (BIS)

| Present | | |
|-------------------|----------------------|------------------|
| Government | Civil Society | Companies |
| D. Abeleven (DA) | R. Bhattacharji (RB) | T. Jbara (TJ) |
| H. Deel (HD) | | T. Fauria (TF) |
| | | D. Herkul (DH) |

| Absent with notice | Absent without notice |
|------------------------------|-------------------------------|
| A. Ramdin (AR) (Comp) | J. ten Berge (JtB) (Gov) |
| S. Jadnanansing (SJ) (Comp) | E. Aviankoi (EA) (CS) |
| R. Artist (RA) (CS) | A. Jadoenathmisier (AJ) (Gov) |
| L. Best (LB) (CS) | |
| R. Caupain (RC) (CS) | |
| M. Naarendorp (MN) (CS) | |
| M. Essed-Fernandes (ME) (CS) | |

| SEITI-Secretariat | Observers | Guests |
|--------------------------|-----------------------------|------------------------|
| V. Sabajo (VS) | M. Raafenberg (MR) (Comp) | L. Dwarkasing (BDO) |
| | M. Resomardono (MRe) (Comp) | R. Ferrier (RF) (BDO) |
| | | S. Abhelakh (SA) (BDO) |

Agenda

1. Opening
2. Announcements
3. Discussion 4th draft report/ action points
4. Questions
5. Closing

1 Opening

Opening by DA at 13:30 h.

2 Announcements

- DA informed that the EITI is organizing a Western Hemisphere Forum on “Improving Transparency in the extractive industries in the western hemisphere” together with the IdB in Washington D.C. later this month (23-24 April 2019). This is a forum for the Western Hemisphere countries. The coordinators/chairmen of the MSGs of the countries of the Western hemisphere are invited. DA will participate on behalf of Suriname. The IdB will cover the cost of this Forum.
- DH informed that Staatsolie also received an invitation and that she is nominated to attend the meeting on behalf of Staatsolie.
- DA informed that there will be an EITI Global Conference in Paris, June 18-19, 2019 with a pre-conference on 17th June 2019. Some MSG members of Suriname will attend this meeting, some will be funded by EITI and some are self-funded. The President of the Republic of Suriname is also invited as a keynote speaker but the Minister of Natural Resources will attend this meeting on behalf of the President as it stands now. It is important that Suriname will submit the EITI report before the start of the Conference so that we will not attend this Conference as a suspended country. As it stands now is that Suriname is suspended based on not submitting the 2016 report before the deadline. There are several categories of suspension.
- RB informed that the EITI Board is up for renewal and for civil society group, there was a worldwide nomination and selection and ME will be on the EITI Advisory Board on behalf of Latin America and Caribbean (LAC).
- DA informed MSG that Columbia has shown interest to represent LAC on the new EITI Board. At this moment, Trinidad and Tobago (Mr. Victor Hart) is on the Board on behalf of LAC. Till date there seems to be “no objection” nor have other countries shown interest to be on the new EITI Board.

3 Discussion 4th draft report/ action points

Mr. Paulo de Sa is hired by the WB to assist Suriname to set up the Minerals Institute, but was also asked to assist with the EITI report. He has sent his comments of the V3 EITI report to BDO. Paulo de Sa was also a member of the EITI board for 10 years.

BDO will have a conference meeting with him tomorrow 10th April 2019 at 14:00.

During the last MSG meeting he said that Suriname must be prepared on the many red flags that will come out of the report from the Board, because transparency on the extractive industry in Suriname is very low.

Many measures have to be taken / improvement to be done and decisions to be made to improve the transparency.

We may have a suspension in the future because of the lack of progress.

The report is good to give a status.

Things to be improved i.a.:

- ASGM sector
- System of royalty payments of SHMR is not transparent
- Government side: no clear systems in place regarding revenue systems
- Large Scale Mining companies: no good monitoring system
- No good system of check and balances

Other points to lift the suspension

The report will be published on the SEITI website. The Communication firm has started to build a website.

The link was also distributed to MSG members.

Regarding the report: One version will be in Dutch and the Extractive Summary must also be written for the wider public. BDO, Communication Firm and Civil Society will write this executive summary.

Factsheet in Dutch has been distributed to MSG. We haven't yet received the English version. SEITI logo is approved by MSG.

Regarding Community Engagement: DA suggested that the Civil Society must take the lead in this and also be the primary counterpart for the Communications Firm in preparing the communication strategy.

RB/DA: It would be good if we could launch the website together with the report.

DH: Suggested that Communication Firm must also be in contact with the PR department of the companies.

DA: There must be a MSG Working Group on this issue.

DA: MSG should provide on version 4 of the report by the end of this week.

DH: Chapter 3: This is a public report and Staatsolie needs time to go through this report and check if the report is in line with the Staatsolie standards. This report was also sent to our PR department. Staatsolie will give comments on this report by the end of this week.

MR: RGM will give comments on version 4 of this report by the end of this week. An email will be sent to BDO and MSG

BDO: Information Newmont is limited. But they also began mining in Q4 of 2016. Grassalco came in with information the very last moment.

RB: Structure of the report: if feasible, one overview for each sector separately. Now it is fragmented

TF: Suggested Chapter Mining and Chapter oil& gas

BDO will have a look at it again.

Regarding reconciliation

BDO: Some information is needed on some issues, but they will communicate with the companies themselves.

Guidance note 9:

RB: MSG already started with this, but wasn't finalized yet.

DA: Suggest a working group MSG and Secretariat. From the Government side VL will be on the working group.

This part is not part of the submission but part of the validation process.

Pictures of the report:

Important that pictures of the report must be approved to be used in the report.

MoU: Still needs to be signed by the MoF**Authority to sign the templates**

For Finance: DA will check if Joy has the authority to sign the templates.

Point of Concern: Financial Statements of some companies are not audited

Chapter 5.2: Petronas tax sheet.

TF: It is odd that Petronas did not paid taxes to the government.

MoF confirms this statement from Petronas and also from ToS.

These companies are in an Exploration Phase: The only liability they have is to pay wage tax, but personnel were outsourced and they also worked with contractors.

Income tax was paid by Petronas on behalf of the contractors.

SA: BDO reports the fact as presented. Another point to consider is that of Grassalco. Grassalco has wage tax payment obligations, but they haven't paid it.

TF: I understand that TOS has zero to report, but not Petronas. Still it is very unusual.

BDO will have another look at it.

Points of concern:

- Payment of royalties from small-scale mining companies compared to what is reported from the Central Bank.
- Revenue allocation: Government has no clear revenue allocation

BDO requested that all amended templates to be signed off.

Project level reporting

SA: BDO needs written approval from the Government/MSG regarding this issue.
This is important for the validation process.

RF: First you need to define a project. What is a project?

As of 2020 (fiscal year 2018), it is mandatory to report the project level reporting.

For this report it is not defined. MSG has decided that for this report there will be no project-level reporting yet.

RB: proposed to include this decision in the memo on materiality. This proposal is approved by MSG.

4 Questions

None.

A tentative meeting is scheduled for Thursday 18th of April 2019 at 13:00 at BIS

5 Closing

Closing at 15:00 by DA

Action points:

- BDO will send the final draft on Wednesday 17 April, 2019
- MSG constituency will appoint a member for working group to finalize the report on guidance note 9
- MSG will approve minutes of 2019 by the end of this week (8-12 April 2019)
- MSG will send comments to BDO of V2 EITI report by Wednesday 27th April 2019;
- RF will send memo materiality to be approved by MSG before the next MSG meeting.
- MSG must give feedback on the factsheet by the next MSG meeting
- Companies will sign-off the templates again if these were edited.

(SEITI-Secretariat)