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Offshore Petroleum (Environmental Impact Offsetting Trust) Bill 2026

(ORDINANCE No. OF 2026)

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Offshore Petroleum (Environmental Impact Offsetting Trust) Bill 2026

(assented to: 2026)
(published: 2026)
(commencement: on publication)

A BILL

for

AN ORDINANCE

To provide for the establishment and operation of the Environmental Impact Offsetting Trust for the purpose of enabling money contributed by offshore petroleum licensees to be used to fund activities that contribute to offsetting the environmental impacts of their offshore petroleum projects by providing benefits to the environment.

BE IT ENACTED by the Legislature of the Falkland Islands —

PART 1 – PRELIMINARY MATTERS

1. Title

This Ordinance is the Offshore Petroleum (Environmental Impact Offsetting Trust) Ordinance 2026.

2. Commencement

This Ordinance comes into force on publication in the *Gazette*.

3. Interpretation

In this Ordinance, unless the context otherwise requires —

"**Board**" means the board of directors of the Trustee under section 24;

"**chair**", in relation to the Board, means the person appointed under section 24(2)(a) as chair of the Board;

"**contributor**" means an offshore petroleum licensee who is subject to a requirement referred to in section 15(a) to contribute to the Trust (including a requirement to contribute in the future or a conditional requirement);

"**director**" means a member of the Board appointed under section 24, or a person appointed under section 26 while they are acting as a director;

"**environment**" has the same meaning as in section 64 of the Offshore Minerals Ordinance 1994;

"**environmental impact**", in relation to an offshore petroleum project, means the significant adverse effects on the environment of the project and the infrastructure associated with the project;

"**Fund**" means the Environmental Impact Offsetting Trust Fund established by section 14;

"**government director**" means a director appointed under section 24(2)(c);

"**grant**" means a grant made under section 6;

"**grant recipient**" means the person or organisation to whom a grant is made;

"**grant scheme**" means the scheme for making grants from the Fund provided for in sections 6 to 12;

"**grant scheme policy**" means the policy determined under section 12;

"**industry director**" means a director appointed under section 24(2)(b);

"**offshore petroleum area**" means the controlled waters (as defined in section 2 of the Offshore Minerals Ordinance 1994) and the sea-bed or subsoil under those waters;

"**offshore petroleum licence**" means a licence granted under section 6 of the Offshore Minerals Ordinance 1994 that authorises exploration for, or the exploitation of, petroleum;

"**offshore petroleum licensee**" means the licensee (as defined in section 2 of the Offshore Minerals Ordinance 1994) under an offshore petroleum licence;

"**offshore petroleum project**" means the activities carried on in the offshore petroleum area for the purpose of exploring for or exploiting petroleum under the authority of an offshore petroleum licence;

"**qualifying activity**" has the meaning given in section 6;

"**supported activity**" means an environmental impact offsetting activity in respect of which a grant has been made;

"**Trust**" means the Environmental Impact Offsetting Trust established by section 4;

"**Trustee**" means the Environmental Impact Offsetting Trustee established by section 19.

PART 2 – ENVIRONMENTAL IMPACT OFFSETTING TRUST

4. Environmental Impact Offsetting Trust established

(1) The Environmental Impact Offsetting Trust (the "**Trust**") is established as a statutory trust.

(2) The trustee of the Trust is the Environmental Impact Offsetting Trustee.

(3) The Trust's trust property is held in the Environmental Impact Offsetting Trust Fund.

(4) The Trust continues in existence indefinitely.

5. Purposes of Trust

(1) The purpose of the Trust is to facilitate the carrying on, in the Falkland Islands and offshore petroleum area, of activities that contribute to offsetting the environmental impacts of offshore petroleum projects by providing benefits to the environment.

(2) This purpose is to be achieved by the Trustee administering the grant scheme in accordance with this Ordinance using moneys paid into the Fund by offshore petroleum licensees.

Grant scheme

6. Grants for qualifying activities

(1) The Trustee may (in accordance with this Ordinance) make grants to persons or organisations to assist them to carry on qualifying activities.

(2) A "**qualifying activity**" means an activity that is directed towards achieving a benefit to the environment that directly or indirectly contributes to offsetting the environmental impacts of offshore petroleum projects.

(3) Examples of "**benefits to the environment**" include —

(a) wildlife conservation;

(b) protection of habitats or ecosystems;

(c) land restoration;

(d) protecting or improving biodiversity;

(e) protecting or improving the ecological value and resilience of ecosystems;

(f) mitigating climate change, including by —

(i) reducing greenhouse gas emissions; or

(ii) removing greenhouse gases from the atmosphere; and

(g) adapting to the effects of climate change.

(4) However, an activity is not a "**qualifying activity**" if —

(a) it is to do something that an offshore petroleum licensee or other person is required to do under the Offshore Minerals Ordinance 1994; or

(b) it is (or would be) carried on by —

(i) an offshore petroleum licensee; or

(ii) a person or organisation that is connected (within the meaning of section 208 of the Taxes Ordinance 1997) with an offshore petroleum licensee.

7. Call for applications

(1) The Trustee must make a public call for applications for grants —

(a) at least once every 12 months (unless no contributions have been received since the previous call was made); and

(b) in accordance with the grant scheme policy.

(2) The call for applications must set out —

(a) how applications are to be made;

(b) the closing date for applications; and

(c) where a copy of the grant scheme policy is available.

8. Applications for grants

(1) When a call for applications is made under section 7, a person or organisation may apply for a grant to assist them to carry on a qualifying activity.

(2) The application must be made —

(a) before the closing date for applications; and

(b) in accordance with the call for applications and grant scheme policy.

9. Assessment of applications

(1) At the end of the application period, the Trustee must —

(a) assess all applications received in accordance with section 8 in accordance with the criteria and methodology determined under section 13; and

(b) decide which (if any) applications to approve, the amount of grants and the terms on which they will be offered (see section 10).

(2) A decision to make a grant is conditional on the grant recipient entering into a grant agreement under section 10.

(3) The Trustee must give each applicant written notice of the Trustee's decision on the application and the reasons for it.

10. Grant agreements

(1) A grant may be made on any terms the Trustee considers appropriate (which must be reasonable and proportionate having regard to the nature of the activity and amount of the grant).

(2) Those terms must be set out in a written grant agreement between the Trustee and the grant recipient, which must be signed by both parties before any grant money is paid.

(3) A grant agreement must include —

(a) details of the grant recipient;

(b) details of the supported activity, including —

(i) what is to be done;

(ii) where, when and how it is to be done; and

(iii) the outcome sought to be achieved by the activity (but see subsection (6));

(c) details of the grant, including —

(i) the amount of the grant;

(ii) how and when it is to be paid (for example, as a lump sum, by instalments, as reimbursement of expenses); and

(iii) the purposes for which the grant is to be used;

(d) the record keeping and reporting obligations of the grant recipient, which must include a requirement that the grant recipient reports to the Trustee at least once a year on the progress of the activity;

(e) a requirement that the grant recipient must take reasonable steps to facilitate the Trustee's monitoring under section 11 of the activity (including, for example, by giving information when requested);

(f) a requirement that, if any part of the grant is not used for the purpose for which it was granted, the unused amount must be returned to the Trustee;

(g) provisions setting out the circumstances in which the grant recipient must repay the amount of the grant; and

(h) all other terms on which the grant is made.

(4) The grant agreement may be varied at any time by agreement between the Trustee and grant recipient.

(5) The grant agreement is a contract between the Trustee and grant recipient and may be enforced by either party in a court of competent jurisdiction.

(6) If the supported activity, carried out in accordance with the grant agreement, does not achieve the outcome set out in the agreement under subsection (3)(b)(iii), that is not (by itself) a breach of the grant agreement.

11. Monitoring of supported activities

(1) The Trustee may monitor the carrying on of supported activities as it considers appropriate —

(a) to ensure that —

(i) grants are used for the purposes for which they are made; and

(ii) grant agreements are complied with; and

(b) to provide the Trustee with information relevant to the performance of its functions as trustee of the Trust.

(2) To "**monitor**" a supported activity includes (without limitation) —

(a) to ask the grant recipient for information relating to the activity, the use of the grant and compliance with the grant agreement;

(b) to inspect records kept in relation to the activity;

(c) to inspect things done as part of the activity; and

(d) to undertake assessment, testing or verification measures.

(3) Subsection (2) does not limit the ability of the Trustee to obtain any information they consider relevant from any other source.

12. Grant scheme policy

(1) The Trustee must determine a policy (the "**grant scheme policy**") for the administration of the scheme.

(2) The grant scheme policy must provide for —

(a) when and how calls for applications will be made;

(b) how applications are to be made, including the information required to be included in an application;

(c) the criteria and methodology for assessing and deciding applications determined in accordance with section 13;

(d) the Trustee's environmental priorities for funding from the Trust;

(e) the Trustee's policy for monitoring under section 11; and

(f) the administrative processes to be followed by the Trustee in managing the grant scheme.

(3) The grant scheme policy may address any other matters the Trustee considers appropriate for the operation of the grant scheme.

(4) The Trustee must review, and if appropriate, update the grant scheme policy at least every 2 years.

(5) The Trustee must make the grant scheme policy publicly available.

13. Criteria and methodology for assessing applications

(1) The Trustee must determine the criteria and methodology it will use to assess, prioritise and decide grant applications.

(2) The criteria and methodology must include consideration of —

(a) the nature and extent of the activity (including the applicant's workplan and timetable for carrying on the activity);

(b) the intended outcomes of the activity and the benefit to the environment sought to be achieved (including how the applicant proposes to monitor and assess those outcomes and benefits);

(c) the applicant's capacity to carry on the activity and comply with their grant agreement and the likelihood of them doing so;

(d) the extent to which funding from the Trust will enable outcomes and benefits that would not occur without that funding;

(e) the degree of permanence of the intended outcomes and benefits of the activity;

(f) value for money;

(g) the Trustee's environmental priorities for funding from the Trust;

(h) the nature and extent of socio-economic or other benefits to the Falkland Islands of carrying on the activity; and

(i) the desirability of supporting activities carried on in the Falkland Islands.

(3) In determining the criteria and methodology the Trustee must have regard to international practice for assessing activities for funding through arrangements for offsetting environmental impacts of industrial activities.

PART 3 – ENVIRONMENTAL IMPACT OFFSETTING TRUST FUND

14. Environmental Impact Offsetting Trust Fund

(1) The Environmental Impact Offsetting Trust Fund (the "**Fund**") is established.

(2) The assets of the Fund are owned by the Trustee which holds them on trust for the purposes of the Trust.

15. Amounts payable into the Fund

The following must be paid into the Fund —

(a) any amount that an offshore petroleum licensee is required to contribute to the Trust under the Offshore Minerals Ordinance 1994 (including any requirement imposed by the Governor in the exercise of a power under that Ordinance);

(b) any additional amount that an offshore petroleum licensee chooses to pay into the Fund in connection with offsetting the environmental impact of an offshore petroleum project;

(c) money received from the investment of the Fund;

(d) if an offshore petroleum licensee fails to pay an amount referred to in paragraph (a), any part of the unpaid amount that is recovered by the Crown; and

(e) any other money lawfully payable into the Fund.

16. Amounts payable out of the Fund

(1) The following may be paid out of the Fund —

(a) grants made under Part 2;

(b) expenses and capital expenditure reasonably incurred by the Trustee in performing its functions under this Ordinance;

(c) remuneration and expenses payable to directors under section 31; and

(d) any other amounts that the Trustee is required by law to pay out of the Fund.

(2) No payment may be made out of the Fund for any other purposes.

17. Management of Fund

(1) The Trustee must determine a fund management policy for the management of the Fund.

(2) The Trustee must review, and if appropriate, update the fund management policy at least every 2 years.

(3) The Trustee must make the fund management policy publicly available.

18. Status of Fund

(1) Money payable into or held in the Fund is not public moneys.

(2) The Fund is not a Trust Fund or Special Fund for the purposes of the Finance and Audit Ordinance 1988.

(3) Section 60 of the Finance and Audit Ordinance 1988 does not apply to the Trustee.

(4) For the purposes of section 57(1)(c) of the Taxes Ordinance 1997, the Trust is a trust of a public character (and accordingly the income of the Trust is exempt from tax under that Ordinance).

PART 4 – ENVIRONMENTAL IMPACT OFFSETTING TRUSTEE

Establishment, functions and powers

19. Environmental Impact Offsetting Trustee

(1) The Environmental Impact Offsetting Trustee (the "**Trustee**") is established.

(2) The Trustee is a body corporate (and accordingly is a separately legal entity and may sue and be sued in its own name).

20. Functions of Trustee

(1) The Trustee is the trustee of the Trust.

(2) In that capacity, it is the function of the Trustee —

- (a) to accept contributions to the Trust and any other amounts payable into the Fund under section 15;
- (b) to manage the Fund;
- (c) to administer the grant scheme;
- (d) to provide information and advice about matters relating to the Trust and its purpose to grant recipients, offshore petroleum licensees, the Government, other interested persons and the public; and
- (e) to otherwise promote the Trust and its purpose.

21. Powers and duties of Trustee

(1) For the purpose of performing its functions, the Trustee may do all things necessary or convenient to be done for or in connection with the performance of its functions.

(2) In performing its functions, the Trustee must act —

- (a) solely to further the purposes of the Trust; and
- (b) in accordance with the duties, powers and obligations of a trustee under statute law, common law and in equity.

(3) For the purposes of subsection (2)(b), the law applies as if —

- (a) the trust were a trust establish by a trust deed on the terms of this Ordinance; and
- (b) the purpose of the trust were a charitable purpose.

22. Status of Trustee

The Trustee —

- (a) is not a department or undertaking of the Government (and accordingly is not a public body under section 4 of the Interpretation and General Clauses Ordinance 1977);
- (b) is not an agent of the Crown; and
- (c) does not have the privileges and immunities of the Crown.

Board of directors

23. Board of directors

(1) The governing body of the Trustee is the board of directors (the "**Board**").

(2) The Board consists of between 7 and 9 directors appointed under section 24.

(3) In performing their functions, a director must act —

(a) solely to further the purposes of the Trust; and

(b) in accordance with their duties, powers and obligations as directors of a trustee under the rules of common law and equity.

(4) The Board is not an open committee for the purposes of the Committees (Public Access) Ordinance 2012.

24. Governor to appoint directors

(1) The Governor must appoint persons to be directors.

(2) The persons appointed must include —

(a) an independent person as the chair of the Board;

(b) 3 or 4 persons nominated under sections 33 to 35 ("**industry directors**"); and

(c) 3 or 4 other persons ("**government directors**").

(3) An appointment may be of a named individual or the holder for the time being of a specified office or position.

(4) For the purposes of subsection (2)(a), a person is "**independent**" if they are not any of the following —

(a) a public officer;

(b) a member of the Legislative Assembly;

(c) an individual who —

(i) works in any capacity for an offshore petroleum licensee, including work as an employee, a contractor or subcontractor or an employee of a contractor or subcontractor;

(ii) is a director, or holds a position comparable with that of a director, of an offshore petroleum licensee;

(iii) occupies a position in relation to an offshore petroleum licensee that allows them to exercise significant influence over the management of the licensee (for example, a chief executive);

(d) a person who is connected (within the meaning of section 208 of the Taxes Ordinance 1997) with an offshore petroleum licensee.

(5) The Governor is to exercise their power to appoint a person under subsection (2)(b), on the advice of the contributors making the nomination under sections 33 to 35.

(6) Subject to this Ordinance, a director holds office on the terms set out in their appointment.

25. Criteria of appointment

(1) The Governor may only appoint a person as a director if satisfied that the person —

(a) consents to being appointed;

(b) is not disqualified under section 27; and

(c) in the case of an industry director, has been nominated under sections 33 to 35.

(2) The Governor must ensure, as far as is reasonably practicable, that the directors collectively have an appropriate balance of professional expertise in relation to the following matters to enable the Trustee to properly perform its functions under this Ordinance —

(a) environmental science;

(b) conservation, biodiversity and other environmental activities;

(c) organisational governance and administration (including financial management);

(d) legal and fiduciary matters; and

(e) the offshore petroleum industry.

(3) If the number of government directors and industry directors becomes unequal, the Governor must endeavour to appoint another director to restore equality.

26. Acting directors

(1) The Governor may appoint persons to act as chair, as a government director, or as an industry director during any period when there is vacancy among the directors or a director is unable to perform their duties.

(2) A person may only be appointed to act in an office if they meet all the criteria for appointment to that office under section 25.

27. Disqualifications from directorship

A person is disqualified from being a director if (in any country) they —

(a) are prohibited by order of a court from being a company director or trustee;

(b) have been removed by order of a court from office as a company director or trustee;

(c) are an undischarged bankrupt or are subject to any debt relief arrangement with their creditors; or

(d) have been convicted of an offence —

(i) involving dishonesty or deception; or

(ii) for which they have been sentenced to imprisonment for 3 months or longer.

28. Term of office

(1) A director's appointment takes effect on the date it is made or later as set out in it.

(2) A director holds office for 4 years (or any shorter period stated in the appointment) unless, before then —

(a) they resign under section 29;

(b) they die; or

(c) they are removed by the Governor under section 30.

(3) A person may be reappointed as a director if they still meet the criteria for appointment.

29. Resignation of director

(1) A director may resign by written notice to the Governor.

(2) The resignation takes effect on receipt by the Governor or later as set out in it.

30. Removal of director

(1) The Governor —

(a) must remove a director from office if —

(i) they become disqualified under section 27; or

(ii) in the case of the chair, they cease to be independent (as defined in section 24(4)); and

(b) may remove a director from office at any other time for just cause.

(2) The removal must be made by written notice to the director, which must state the reason for the removal.

(3) The Governor must not remove a director unless satisfied that —

(a) the director; and

(b) in the case of an industry director, the contributors,

have been consulted about the proposed removal and any submissions made by them have been taken into account.

(4) If the Governor believes that there might be grounds to remove a director, they may suspend the director while the matter is investigated and a decision is made.

(5) In this section, "**just cause**" includes misconduct, inability to perform the functions of office, and serious or repeated breach or neglect of duty.

31. Remuneration and expenses of directors

(1) The directors are entitled to be reimbursed from the Fund for expenses reasonably incurred by them in performing their functions.

(2) The chair is entitled to be paid from the Fund a reasonable remuneration determined by the Board for performing their functions.

(3) The government directors and industry directors —

(a) are not entitled to remuneration from the Fund; but

(b) are not prevented from being remunerated by —

(i) in the case of government directors, the Government; or

(ii) in the case of industry directors, a licensee or industry organisation.

32. Validity of acts

(1) Anything done by the Board is not invalid only because of —

(a) any vacancy among the directors; or

(b) any failure to comply with section 25 or 30.

(2) If a person is appointed under section 26 to act as a director, anything done by them while they are so acting, is not invalid only because the occasion for them acting had not arisen or had ended.

Nomination of industry directors

33. Governor to request nomination

(1) The Governor, acting in their discretion, must make a request for nomination under subsection (2) —

(a) at least 3 months before an industry director's term of office expires; or

(b) as soon as is reasonably practicable after an industry director resigns or vacates office for any other reason.

(2) A request for nomination must be given in writing to each contributor informing them of the vacancy and asking for a person to be nominated for appointment as an industry director.

(3) If the Governor does not make a request when required under subsection (1), the contributors may make a nomination under section 34 as if a request had been made.

34. Contributors to make nomination

(1) After receiving a request, the contributors must give the Governor written notice nominating a person for appointment.

(2) The nomination must be made by —

(a) if there is only 1 contributor, that person; or

(b) if there are 2 or more contributors, both or all of them jointly.

(3) If there are 2 or more contributors and they cannot agree on a nomination —

(a) they must notify the Governor of that fact; and

(b) the Governor, acting in their discretion, must determine a process to resolve the disagreement (which may include the appointment of a person chosen by the Governor as a director for an interim period while the disagreement is resolved).

(4) The contributors must take section 25 into account when choosing their nominee.

35. Appointment to avoid inquorate Board

(1) This section applies if —

(a) a vacancy occurs among the industry directors as a result of which there are fewer than 2 industry directors;

(b) the Governor has requested a nomination under section 33;

(c) 3 months have elapsed since the request was given; and

(d) the contributors have not nominated a person or notified the Governor under section 34(3)(a).

(2) The Governor may select a person who they consider appropriate and appoint them as an industry director as if they had been nominated under section 34.

(3) A director appointed under subsection (2), holds office for 12 months (or any shorter period stated in the appointment).

(4) The person may be reappointed if —

(a) at least 3 months before the expiry of their term of office, the Governor has requested a nomination under section 33; and

(b) as at that expiry date, the contributors have not nominated a person or notified the Governor under section 34(3)(a).

(5) The Governor may, by written notice, remove a director appointed under subsection (2) from office if the contributors nominate a person for appointment under section 34.

(6) The Governor is to exercise their powers under this section in their own discretion.

PART 5 – ADMINISTRATION

Records, accounts and reports

36. Records

(1) The Trustee must keep —

(a) accurate and up to date records of grants as required by section 37;

(b) accurate and up to date records of contributions as required by section 38;

(c) the accounting records required under section 39;

(d) records of the information reasonably needed by contributors to enable them to comply with their statutory and contractual information and reporting requirements relating to the activities of the Trust; and

(e) such other records as are necessary —

(i) for the proper administration of the Trust; and

(ii) to enable the Trustee to comply with this Ordinance.

(2) The records must be kept in a manner that ensures that —

(a) information is recorded in a timely manner;

(b) the records can be conveniently and properly audited; and

(c) the records are retained for as long as is appropriate having regard to the content of the records.

37. Records of grants

(1) The Trustee must maintain accurate and up to date records of —

- (a) grants that are made; and
- (b) applications for grants that are refused.

(2) For each grant, the records must include (without limitation) the following information —

- (a) the name of the grant recipient;
- (b) details of the supported activity;
- (c) details of the grant;
- (d) the application for the grant (including any additional supporting information);
- (e) the grant agreement (including any variations of it);
- (f) the Trustee's reasons for deciding to make the grant;
- (g) information and reports given to the Trustee by the grant recipient (see section 10(3)(d));
- (h) details of monitoring carried out by the Trustee under section 11; and
- (i) details of any enforcement or other action taken by the Trustee in relation to the grant.

(3) For each application for a grant that is refused, the records must include (without limitation) the following information —

- (a) the name of the applicant;
- (b) details of the activity for which the grant was sought;
- (c) the application for the grant (including any additional supporting information); and
- (d) the Trustee's reason for refusing the application.

38. Records of contributions

(1) The Trustee must keep accurate and up to date records of contributions made to the Trust in respect of each offshore petroleum project for which contributions are required to be made.

(2) For each offshore petroleum project, the records must include (without limitation) the following information —

- (a) the offshore petroleum licensee for the project and, if different, the person from whom contributions are received; and
- (b) for each contribution —
  - (i) the amount of the contribution; and
  - (ii) when it was received.

39. Accounting records

(1) The Trustee must keep accounting records that are sufficient to show and explain all transactions of the Trust.

(2) The records must be sufficient —

(a) to disclose at any time, with reasonable accuracy, the financial position of the Trust; and

(b) to enable financial statements to be prepared as and when required under section 40.

(3) The accounting records must be kept for at least 6 years after the end of the financial year to which they relate.

40. Annual financial statements

(1) The Trustee must ensure that financial statements for the Trust are prepared for each financial year.

(2) The financial statements must comply with the statutory requirements relating to financial statements for companies as if the Trustee were a company incorporated in the Falkland Islands.

41. Accounts to be audited

(1) The Trustee must ensure that the Trust's accounts for a financial year are audited by a person who is eligible to be appointed as company auditor for a company incorporated in the Falkland Islands.

(2) The audit must be conducted in accordance with the statutory requirements relating to the auditing of company accounts as if the Trustee were a company incorporated in the Falkland Islands.

(3) If it appears to the Financial Secretary that this section has not been complied with for a financial year, they may appoint an eligible person to audit the Trust's accounts for that year.

(4) The reasonable costs of an audit conducted under subsection (3) are recoverable from the Trust as a debt due to the Crown.

42. Annual report

(1) The Trustee must prepare an annual report of the Trust's operations for each financial year.

(2) The annual report must include —

(a) the Trust's financial statements for the year and the auditor's report;

(b) details of grants made during the year, including —

(i) the grant recipient;

(ii) the supported activity (including the outcome sought to be achieved by the activity);

(iii) the amount of the grant; and

(iv) a summary of the Trustee's reasons for making the grant;

(c) a report on the progress of current supported activities;

(d) if applications for grants were refused during the year, a summary of the Trustee's reasons for refusing them (also see subsection (4));

(e) details of the directors holding office during the year; and

(f) any other information the Trustee considers appropriate.

(3) Subsection (2)(b)(iv) does not require the Trustee to include in the report personal or commercially confidential information.

(4) The information required under subsection (2)(d) —

(a) may be provided in a consolidated summary form (and need not separately set out the reasons for each application that was refused); and

(b) must be in a de-identified form that does not identify particular applicants or applications, unless the applicant has agreed in writing to being identified.

(5) The report must be prepared and distributed in accordance with section 43 within 6 months after the end of the financial year.

43. Distribution of annual report

(1) The Trustee must give a copy of the annual report for a financial year to —

(a) the Governor;

(b) the Director of Mineral Resources; and

(c) each contributor.

(2) The Trustee must make the annual report publicly available.

(3) The Governor must cause the report to be laid before the Legislative Assembly.

44. Information about contributions

(1) The Director of Mineral Resources must notify the Trustee —

(a) when a licensee becomes subject to a requirement referred to in section 15(a) to contribute to the Trust;

(b) if there is a material change in any change in the information referred to in subsection (2); and

(c) when a licensee ceases to be subject to such a requirement.

(2) The notice under subsection (1)(a) must include —

(a) the name of the licensee;

(b) the offshore petroleum project the obligation to contribute relates to; and

(c) a summary of the basis on which the amount and timing of contributions is to be determined.

(3) The Trustee must give the Director of Mineral Resources a contribution report for each quarter setting out details of the contributions made during that quarter for each offshore petroleum project in respect of which contributions are required to be made.

(4) The report must include, for each offshore petroleum project —

(a) the amount of each contribution, the date on which it was received and from whom it was received; or

(b) if no contributions were received for the project, a statement of that fact.

(5) The contribution report for a quarter must be given to the Director of Mineral Resources within 30 days after the end of the quarter to which it relates.

(6) In this section “**quarter**” means a 3-month period ending on 31 March, 30 June, 30 September or 31 December.

Board meetings and procedure

45. Meetings of the Board

(1) The chair must convene a meeting of the Board —

(a) at least 4 times each year;

(b) on receipt of a written request from at least 3 directors calling for a meeting; and

(c) at such other times as the chair considers appropriate for the efficient conduct of the Trust’s affairs.

(2) Meetings may be held in person or by remote communications.

(3) The chair must preside at all meetings at which they are present.

(4) If the chair is not present at a meeting, the directors present must elect one of their number to preside at the meeting.

(5) The Board may regulate their own procedure, except as provided in this Ordinance.

46. Quorum

(1) The quorum for a meeting of the Board is 5 directors being present.

(2) No business may be transacted at a meeting if a quorum is not present, subject to section 51(4).

47. Voting

(1) A decision at a meeting is to be decided by a majority of the votes of the directors present and voting.

(2) The chair (or presiding director) has a deliberative vote and, in the event of an equality of votes, a casting vote.

Conflicts of interest

48. Material personal interest

(1) A director has a “**material personal interest**” in a matter if they have a direct or indirect pecuniary interest in the matter.

(2) However, a director is not to be taken to have a material personal interest —

(a) in a matter relating to a grant (or application for a grant) to a person, by reason only of the director (or a person or entity with whom the director is associated) having made donations to, or purchased goods or services from, the person; or

(b) in relation to an existing or proposed contract of insurance by reason only that the contract insures, or is proposed to insure, the director against a liability incurred by them in their capacity as a director.

49. Director to give notice of material personal interest

(1) A director who has a material personal interest in a matter that relates to the affairs of the Trust must give the Board notice of the interest.

(2) The notice must set out details of —

- (a) the nature and extent of the interest; and
- (b) how the interest relates to the affairs of the Trust.

(3) The notice must be given at a Board meeting as soon as practicable after the director becomes aware of the conflict.

(4) The notice must be recorded in the minutes of the meeting.

(5) A director need not give a notice under this section if they have given a standing notice of interest about the matter under section 50.

50. Standing notice of interest

(1) This section applies if a director has an interest in a matter that may give rise to a material conflict of interest to which section 49 would apply.

(2) The director may give the Board standing notice of their interest.

(3) The notice must set out details of —

- (a) the nature and extent of the interest; and
- (b) how the interest might become relevant to the affairs of the Trust.

(4) The notice must be given at a Board meeting and must be recorded in the minutes of the meeting.

(5) A standing notice remains in effect until —

- (a) the conflict of interest ceases to exist and the director notifies the Board of that fact; or
- (b) the end of the director's term of office (if the director is reappointed they may give a new notice).

(6) The chair must ensure that a standing notice is brought to the attention of any person who becomes a director after the notice was given to the Board.

51. Restrictions on deliberation and voting

(1) A director who has a material personal interest in a matter that is being considered at a Board meeting must not —

- (a) be present while the matter is being considered; or
- (b) vote on the matter.

(2) However, subsection (1) does not apply if the directors at the meeting who do not have a material personal interest in the matter have passed a resolution that —

- (a) identifies the interested director, the nature and extent of their interest and its relation to the affairs of the Trust; and

(b) states that the voting directors are satisfied that the interest should not disqualify the interested director from being present or voting.

(3) The interested director or directors must not be present when a proposed resolution under subsection (1) is being considered and must not vote on the resolution.

(4) If, at a meeting at which a quorum is present —

(a) 1 or more directors are excluded by subsection (1) from being present when a matter is considered; and

(b) in their absence a quorum is no longer present,

the remaining directors at the meeting constitute a quorum for the purposes of considering and voting on that matter.

52. Validity of acts

A contravention of sections 49 to 51 does not affect the validity of any transaction or decision of the Board.

Review of decisions

53. Interested person may seek review of decision of Trustee

(1) An interested person who is aggrieved by a decision of the Trustee may apply to the Magistrate's Court for orders under section 54 on the ground that, in making the decision, the Trustee has failed to comply with this Ordinance (including a failure to comply with the duties, powers and obligations referred to in section 21(2)(b)).

(2) In this section —

"**decision**" includes a failure to make a decision when one ought to have been made;

"i**nterested person**" means —

(a) an applicant for a grant;

(b) a grant recipient;

(c) the Government; or

(d) a contributor.

54. Proceedings on application

(1) An application under section 53 must be made in accordance with the Magistrate's Court's rules of court.

(2) The Trustee is the defendant to the proceedings.

(3) The making of the application does not affect the operation of the decision the subject of the application unless the Magistrate's Court orders otherwise.

(4) The court may make an order under subsection (3) on its own initiative or on the application of the applicant or Trustee.

55. Outcome of hearing

(1) On hearing an application under section 53, if the court finds that the Trustee or a director has failed to comply with this Ordinance, the court may —

- (a) uphold the Trustee's decision;
- (b) quash the Trustee's decision; or
- (c) quash the Trustee's decision and refer the matter back to the Trustee for reconsideration.

(2) If the court finds that the Trustee or a director has failed to comply with this Ordinance —

- (a) it cannot remove the Trustee as trustee or remove the director from office; but
- (b) it must (in addition to making any orders under subsection (1)) give notice of its findings to the Governor.

(3) The court may make any ancillary orders it considers appropriate.

56. Appeal to Supreme Court

(1) A party to proceedings commenced under section 53 may appeal to the Supreme Court against the decision of the Magistrate's Court.

(2) An appeal may only be made on a point of law.

(3) An appeal must be made —

- (a) within 21 days after the Magistrate's Court decision was made; and
- (b) in accordance with the Supreme Court's rules of court.

57. Other proceedings

Making an application under section 53 does not affect any other right any other person may have to commence proceedings in any court or tribunal.

Other administrative matters

58. Staff and facilities

(1) To enable it to perform its functions, the Trustee may —

- (a) employ or engage staff;
- (b) make arrangements for the provision to the Trustee of goods and services (including the provision of expert advice); and
- (c) acquire and dispose of property.

(2) Without limiting subsection (1), the Trustee may make arrangements with the Government for it to make staff and facilities available to assist the Trustee in performing its functions.

59. Seal

(1) The Trustee must have a corporate seal.

(2) The seal —

(a) must be kept in safe custody as determined by the Board; and

(b) must not be used except as authorised by the Board.

60. Giving of documents to Trustee

(1) The Trustee must have an address in the Falkland Islands, and an electronic address, at which documents can be given to the Trustee.

(2) The Trustee must make the addresses publicly available.

(3) A document is taken to have been properly given to, or served on, the Trustee if —

(a) it is delivered to, or sent by post to, the Trustee at that address; or

(b) it is sent to the Trustee at that electronic address.

61. Making information publicly available

(1) If the Trustee is required to make a document or information publicly available, the Trustee must —

(a) publish it on a website maintained by or on behalf of the Trustee; and

(b) give a copy of it to any person on request.

(2) If the person requests a paper copy of the document or information, the Trustee may charge the person for reasonable costs incurred in printing and posting the document.

PART 6 – FINAL MATTERS

Transitional arrangements

62. Transitional period

In sections 63 to 67, "**transitional period**" means the period from commencement until the first directors appointed as required by section 64 take office.

63. Board during transitional period

Despite section 23(2), during the transitional period, the Board consists of the Governor.

64. First appointed directors

(1) The Governor must appoint (under section 24) persons to be directors so as to constitute the Board in accordance with section 23 as soon as is reasonably practicable (and in any event within 12 months) after commencement.

(2) When appointing those first directors, the Governor must —

(a) appoint an equal number of government directors and industry directors;

(b) appoint the chair for a period of 4 years;

(c) appoint the government directors periods of different length so as to stagger the dates on which they will expire across the first 4 years after the transitional period; and

(d) appoint the industry directors for the same periods as the government directors.

65. Trustee's exercise of powers during transitional period

(1) During the transitional period, the Trustee may exercise their powers only for the purposes of —

(a) opening a bank account;

(b) accepting contributions (which must be paid into that bank account); and

(c) making administrative arrangements to facilitate the Trustee being able to start exercising all of their powers when the transitional period ends.

(2) During the transitional period, the Trustee's fund management policy is taken to be that the assets of the Fund be held in the bank account referred to in subsection (1)(a).

(3) During the transitional period, the Trustee must not —

(a) determine a grant scheme policy under section 12; or

(b) call for, receive, or decide applications for grants.

(4) During the transitional period, the Trustee —

(a) must —

(i) keep the records required by sections 36, 38 and 39; and

(ii) prepare financial statements as required by section 40; but

(b) need not prepare an annual report under section 42.

(5) If an annual report is not prepared during the transitional period, the annual report for the first financial year ending after the transitional period must cover the whole of the period from commencement to the end of that financial year (even if that is more than 12 months).

66. Contributions prior to commencement

(1) This section applies if, before commencement, a licensee —

(a) is required or wishes to make a contribution to the Trust; and

(b) pays the amount of the intended contribution to the Government, or to a person agreed by the Government and the licensee, for the purpose of it being paid into the Fund after commencement.

(2) As soon as is reasonably practicable after commencement, the Government or other person must pay the amount into the Fund.

(3) For the purposes of the Taxes Ordinance 1997 —

(a) the licensee is taken to have paid the amount as a contribution to the Trust at the time it was paid to the Government or other person; and

(b) sections 97 and 97A of the Taxes Ordinance 1997 apply to that contribution —

(i) as if it were a contribution of the kind referred to in section 15(a) of this Ordinance; and

(ii) as if this Ordinance (including the amendment to section 97A of the Taxes Ordinance 1997) had commenced before the contribution was made.

67. First call for applications

The first call for applications under section 7 must be made not later than 2 years after the end of the transitional period.

Repeal

68. Repeal

The Falkland Islands Environment Trust Ordinance 2021 is repealed.

Amendment to Taxes Ordinance 1997

69. Taxes Ordinance 1997 amended

(1) This section amends the Taxes Ordinance 1997.

(2) In section 97A, before "The following", insert "(1)".

(3) After section 97A(eb), insert —

" (ec) contributions made to the Environmental Impact Offsetting Trust of a kind referred to in section 15(a) of the Offshore Petroleum (Environmental Impact Offsetting Trust) Ordinance 2026;".

(4) After section 97A(1), insert —

"(2) Subsection (1)(ec) does not prevent —

(a) other contributions to the Environmental Impact Offsetting Trust; or

(b) other outgoings and expenses incurred in connection with offsetting environmental impacts,

from being allowable deductions under section 97 if they meet the criteria in that section.".

(5) In section 97D(a), replace "97A(g)" with "97A(1)(g)".

(6) In section 105(7), replace "97A(eb)" with "97A(1)(eb)".

OBJECTS AND REASONS

This Bill is the Offshore Petroleum (Environmental Impact Offsetting Trust) Bill 2026. It is part of a suite of legislation being developed in relating to the regulation of the Falkland Islands' offshore petroleum industry.

Under the Offshore Minerals Ordinance 1994, offshore petroleum licensees are required to obtain the consent of the Governor before undertaking various activities under their licence (a "**relevant consent**"). An environmental impact statement is a mandatory prerequisite for consent to drill a well and can be required as a prerequisite for the other relevant consents, such as consent to field development.

An environmental impact statement has to identify the significant adverse effects on the environment of the planned activity and set out the control measures the licensee will take to eliminate, reduce, remedy or offset them. When the Governor grants the relevant consent, they can impose conditions on the consent to ensure those control measures are implemented.

One mechanism for offsetting environmental impacts is for the licensee to contribute to a trust that provides funding for offsetting activities. This Bill establishes the Environmental Impact Offsetting Trust for that purpose.

The Trust will receive the contributions the licensees are required to make and will use that money to make grants to people and organisations to assist them to carry on activities directed towards achieving a benefit to the environment.

The Bill establishes a statutory body corporate called the Environmental Impact Offsetting Trustee to administer the Trust. The board of directors of the Trustee will consist of equal numbers of directors chosen by the Government and by licensees and an independent Chair. The licensees are represented on the board because they have legal obligations (in the Falkland Islands and overseas) in relation to offsetting the environmental impact of their projects, so they have a legitimate interest in ensuring that the Trust money is properly used to fund offsetting activities.

Clause 24(5) provides an exception to the general rule that the Governor acts on the advice of the Executive Council (see the definition of "Governor" in section 4 of the Interpretation and General Clauses Ordinance 1977). The Governor will exercise the power to appoint industry nominated directors (nominated under clause 34) on the advice of those contributors as provided in clause 24(5).

As a trustee, the Trustee (and the directors) must act solely to further the purposes of the Trust and in accordance with its legal duties as a trustee. It cannot use the Trust money, for example, to further the commercial interests of licensees or to pursue other government policies.

It is important to note that the Trustee does not have any role in deciding whether, or how much, licensees have to contribute to the Trust – that is determined through the conditions imposed on the relevant consent under the Offshore Minerals Ordinance 1994.

The Bill provides for the Trustee to make grants to persons or organisations to assist them to carry on qualifying activities. Qualifying activities are activities that are carried on in the Falkland Islands or offshore petroleum area and are directed towards achieving a benefit to the environment that directly or indirectly contributes to offsetting the environmental impacts of offshore petroleum projects. Examples of benefits to the environment include:-

- wildlife conservation;
- protection of habitats or ecosystems;
- land restoration;
- protecting or improving biodiversity;
- protecting or improving the ecological value and resilience of ecosystems;
- mitigating climate change; and
- adapting to the effects of climate change.

Grants cannot be made for activities that are things that licensees are required to do under the Offshore Minerals Ordinance 1994 (such as such as complying with the conditions on the relevant consent or decommissioning activities required under Part V of the Offshore Minerals Ordinance

1994). Grants also cannot be made for activities that are carried on by licensees or anyone connected with them.

The Trustee must determine the criteria and methodology it will use to assess and decide grant applications. The criteria and methodology must be consistent with generally accepted international practice for assessing offsetting activities, and must include consideration of:-

- the nature and extent of the activity (including the applicant's workplan and timetable for carrying on the activity);
- the intended outcomes of the activity and the benefit to the environment sought to be achieved (including how the applicant proposes to monitor and assess those outcomes and benefits);
- the applicant's capacity to carry on the activity and comply with their grant agreement and the likelihood of them doing so;
- the extent to which funding from the Trust will enable outcomes and benefits that would not occur without that funding;
- the degree of permanence of the intended outcomes and benefit;
- the applicant's capacity to carry on the activity and comply with their grant agreement and the likelihood of them doing so;
- value for money;
- the Trustee's environmental priorities for funding from the Trust;
- the nature and extent of the socio-economic or other benefits to the Falkland Islands of carrying on the activity; and
- the nature of the environmental impacts in relation to which contributions have been made to the Trust.

The Trustee and a grant recipient will enter into a grant agreement that sets out the terms on which the grant is made. The terms of the grant (and therefore the terms of the grant agreement) must be reasonable and proportionate having regard to the nature of the activity and amount of the grant.

Grant recipients will be required to keep records and report to the Trustee on the progress of the activity, and the Trustee will be able to monitor the carrying on of the activity to ensure the grant is being used for the purposes for which is was made.

The Trustee must manage the money in the Fund in accordance with the legal duties of trustees. This includes the duty to manage the Trust's money prudently and in a way that is appropriate having regard to the purposes of the Trust. The Trustee must establish a fund management policy, which it must review at least every 2 years. The policy must be publicly available.

The Trustee must also keep proper records and accounts, prepare annual financial statements and have them audited, and produce a public annual report on the Trust's activities.

The Trust is declared to be a trust of a public character for the purposes of section 57 of the Taxes Ordinance 1997 – this means that the trust income is exempt from tax under that Ordinance.

The Bill includes provision for an applicant for a grant, a grant recipient, a contributing licensee or the Government to apply to the Magistrate's Court in relation to a decision of the Trustee on the ground that the Trustee has failed to comply with the Ordinance, including a failure to comply with their fiduciary duties as a trustee. The court can make any orders it considers just and equitable to secure compliance with this Ordinance.

Part 6 of the Bill makes transitional arrangements so that the Ordinance can come into force right away with the Board temporarily constituted by the Governor until a full board of directors is appointed. During the transitional period the Trustee will be able to open a bank account, accept contributions and make administrative arrangements for when the full board is appointed.

The Bill also repeals the Falkland Islands Environment Trust Ordinance 2021 which is replaced by this Bill.

The Bill also makes a consequential amendment to section 97A of the Taxes Ordinance 1997 to clarify that a licensee's compulsory contributions to the Trust are allowable deductions for the licensee.

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