

**UK Extractive Industries Transparency Initiative Multi-Stakeholder Group  
(MSG)  
Minutes of the 49<sup>th</sup> Meeting – 25<sup>th</sup> November 2021 – Via Microsoft Teams  
(10.00am-12.15pm)**

**Attendance**

<p><b><u>Chair</u></b></p> <p>Matt Ray - Department for Business, Energy and Industrial Strategy (BEIS)</p> <p><b><u>Secretariat</u></b></p> <p>Monica Draycott – Department for Business, Energy and Industrial Strategy</p> <p>Mike Nash - Department for Business, Energy and Industrial Strategy</p> <p><b><u>UK EITI Champion</u></b></p> <p>Lord Callanan – Minister for Corporate Transparency and Climate Change, Department for Business, Energy and Industrial Strategy (BEIS)</p> <p><b><u>Industry</u></b></p> <p>Aurelie Delannoy – Mineral Products Association</p> <p>Dan Espie – TotalEnergies</p> <p>David Evans - OGUK</p> <p><b><u>Civil Society</u></b></p> <p>Martyn Gordon – Robert Gordon University</p>	<p><b><u>Government</u></b></p> <p>Jeff Asser - Department for Business, Energy and Industrial Strategy (BEIS)</p> <p>Mike Earp - Oil &amp; Gas Authority (OGA)</p> <p>Lu Ecclestone - Foreign Commonwealth and Development Office (FCDO)</p> <p>Nick Everington – The Crown Estate</p> <p>Nicola Garrod – HMRC</p> <p>Johann MacDougall – Scottish Government</p> <p><b><u>Guests/observers</u></b></p> <p>Mark Burnett – EITI International</p> <p>Helen Day – Coal Authority</p> <p>Mark Henderson – BDO</p> <p>Tim Vickery – Independent Advisor</p> <p>Johnny West – Carbon Tracker</p> <p>Hedi Zaghouani - BDO</p> <p><b><u>Apologies</u></b></p> <p>John Bowater – Aggregate Industries</p> <p>Dr Patrick Foster – University of Exeter</p>
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**1 – Welcome and Introductions:**

1. The Chair welcomed all to the 49<sup>th</sup> meeting of the UK EITI MSG and congratulated members on the excellent validation assessment result and thanked them for all their hard work to achieve such a successful outcome for the UK.
2. The Chair thanked and welcomed:
  - Thanked **Miles Litvinoff** for his significant input into UK EITI over the last few years. Miles left the MSG in October.
  - Welcomed **Johnny West** from Carbon Tracker who will be providing an update on the Global Registry of Fossil Fuels.

3. The Chair explained that as there was only one civil society representative present the meeting could not be considered quorate. Under the current Terms of Reference at least two representatives from each constituency are required. After consulting with the civil society representative he was happy for the meeting to go ahead.
4. The Chair and civil society representative will be meeting shortly to discuss options for recruitment and engagement with others in the academic and local communities.

## **2 – Agreement of minutes and action points of 2<sup>nd</sup> September 2021 meeting:**

5. The minutes of the meeting on 2<sup>nd</sup> September 2021 were agreed.
6. The MSG were updated on the main action points from the meeting on 2<sup>nd</sup> September.
  - Secretariat to update response document and circulate to the MSG for further comment by 8<sup>th</sup> September. Re-circulate for final approval by 10<sup>th</sup> September and send final version to International Secretariat by 13<sup>th</sup> September. **Final response document sent to International Secretariat on 13th September 2021.**
  - Mining and quarrying subgroup to meet to discuss ongoing work on the inclusion of the Aggregates Levy as an in-scope payment for future reconciliations and how to identify and capture new mining and quarrying companies for future reconciliation exercises. Mining and quarrying subgroup meeting arranged for Monday 22nd November 2021. **Mining and quarrying subgroup meeting currently arranged for 15<sup>th</sup> December 2021.**
  - Secretariat to arrange meeting of Compliance subgroup to look at updating the UK EITI Open Data Policy. **Compliance subgroup meeting took place on 22nd September 2021 and agreed an update of the Open Data Policy. The update was circulated to the MSG on 12th October 2021 and approved by the MSG on 22nd October 2021.**

## **3 - UK EITI Validation – corrective action and encouragements**

7. At a recent meeting between the UK Secretariat and International Secretariat to discuss next steps for the UK post-validation it was proposed that the MSG should start to think about and discuss how they want to take EITI forward. This could include looking at any areas where adapted implementation may be a consideration.
8. The validation highlighted only one corrective action for the UK. This was:

*In accordance with Requirement 2.4.a, the UK should disclose any contracts and licenses that are granted, entered into or amended from 1 January 2021, including relevant annexes, addendum and riders where applicable. In accordance with Requirement 2.4.c.ii, the UK should publish a comprehensive overview of all active extractive contracts and licenses, indicating which are publicly available and which are not. For all published contracts and licenses, it should include a reference or link to the location where the contract or license is published. If a contract or license is not published, the legal or practical barriers should be clearly documented and explained and comprehensively resolved ahead of the second phase of Validation for Requirement 2.4 starting in January 2022.*

9. The MSG were asked to consider whether this requirement was proportionate with public demand for this information.
10. The Crown Estate (TCE) and Crown Estate Scotland (CES) still have issues around commercial sensitivity and licence information. The three Devolved Administrations are currently compliant, but they have yet to issue any new licences since the requirement came into force.

11. It was agreed that the Secretariat should arrange a meeting with TCE, CES, The Coal Authority and the Devolved Administrations to discuss how to take this corrective action forward.
12. The validation also included fourteen encouragements under three headings - outcomes and impact, stakeholder engagement and transparency.
13. It was agreed that the encouragements on strengthening civil society engagement and the alignment of EITI objectives with national policies, particularly in the area of energy transition, should be the main encouragements that the MSG need to focus on.
14. There was agreement that the encouragements should be revisited by the MSG in more detail at a future meeting.

#### **4 – UK EITI Annual Review 2021 - update**

15. The MSG were thanked for their input into the Annual Review so far. There were still some updates required, including the industry perspective and parts of the sector overview. These are required by 3<sup>rd</sup> December. The Ministerial Foreword has been drafted but still needs to be cleared by Lord Callanan.
16. This year stakeholders will be consulted and invited to comments on the Annual Review before it is published. This is a requirement of the 2019 EITI Standard and will be the first time that stakeholders have been consulted on the Annual Review.
17. It was agreed that the draft Annual Review should be uploaded onto the website to allow stakeholders the opportunity to comment.
18. The Secretariat will circulate the draft again for further comment with the new proposed timetable after the meeting. Once updates have been received and included in a final draft it will be recirculated to the MSG for approval before being uploaded on the UK EITI website for a suitable period for stakeholder consultation prior to publication. It is proposed that it will be published in early February 2022.
19. At its January meeting Comms & Engagement subgroup will discuss how to respond and engage with stakeholders who provide comments.

#### **5 – UK EITI Workplan - update**

20. The draft UK EITI Workplan 2022 was circulated to members ahead of the meeting. It is designed to be flexible and take into account the results of the validation including the corrective action and encouragements.
21. The MSG approved the workplan subject to a change in the Mainstreaming subgroup requirement to complete all recommendations date by January 2022. This should be changed to June 2022.

#### **6 – Energy Transition – Carbon Tracker update**

22. The Global Registry of Fossil Fuels has been developed by Carbon Tracker to provide a comprehensive data source on fossil fuel reserves and production as well as data on

embedded CO2 for every country in one place. It enables policymakers and civil society to better assess climate risks.

23. The pre-launch of the Registry took place at COP26, with a full launch planned for the first quarter of 2022.
24. There have been some rapidly evolving changes in carbon policy including the EU Carbon Border, where the EU is planning to legislate by 2023 a carbon border for imports, starting with five industrial sectors, meaning carbon tariffs will grow rapidly from hundreds of millions to billions over the next decade.
25. On methane there have been a number of pledges by large scale actors to target a 70% reduction in fossil fuel methane emissions by 2030.
26. COP26 agreed the details of Article 6 of the Paris Agreement, enabling a state-to-state carbon market.
27. The current coverage of fossil fuels on the registry is good, but the real detail is in the project level data and it covers about 70% of global production (including 80% coal production at mine level). Further data is promised, and this will be absorbed into the registry when it becomes available.
28. Research has been carried out on behalf of the EITI International Secretariat on public revenues per tonne of emissions up to 2018. The UK has the lowest of all 20 countries covered by the research. It is hoped that this data will be published shortly.

## **7 – Reconciliation update**

29. The Reconciliation subgroup met in October to discuss BDO's lessons learned paper and to consider the recommendations for the 2021 process.
30. There was some discussion that the £1m threshold for OGA payments could be confusing as there is a £86k threshold for payments for other revenue streams. It was agreed that this is not a material issue and could be dealt with by updating the current guidance.
31. There was discussion regarding the possible mainstreaming of the OGA levy and Petroleum Licence fee payments as last year's reconciliation exercise showed that data provided by OGA was very reliable. It was recommended that the MSG should agree to carry out the reconciliation process for 2021 to ensure that the OGA data remains robust before considering it for unilateral OGA disclosure in future years.
32. The IA had reported difficulties maintaining up to date contact details, and the subgroup discussed a number of options to improve the contacts database, but it was agreed no new provisions were required but reminded all MSG members to remind their networks of the importance of reporting updated contacts to the IA.
33. The subgroup also discussed Diverted Profits Tax (DPT) and recommended that the MSG should await further data from HMRC and the Reconciliation subgroup on DPT impact on the extractives sector before making a decision on its inclusion in future years. Initial data suggests that again it is likely to be immaterial.

34. The Mining and Quarrying subgroup will be meeting in December to discuss whether the Aggregates Levy should be added to the scope of EITI revenue streams. We await the outcome of these discussions before asking the MSG to make a decision on its inclusion in future years.
35. The MSG agreed with the proposals that the Reconciliation subgroup should be delegated with the authority to sign-off the finalised templates and guidance each year without referral to the MSG as these are standard documents.
36. There were discussions on whether there should be a greater coverage of Politically Exposed Persons (PEPs) reporting, and why the coverage appears to be low. This was possibly due to PEPs more likely to be with the smaller companies not in scope of EITI because of thresholds and the fact that non-operators are not included in the reconciliation exercise for licence fee and OGA levy purposes.
37. There was agreement that this was not a major concern at present, but it was worth maintaining a watching brief.
38. The Reconciliation subgroup have agreed an even more challenging timetable for the 2021 reconciliation process that aims to publish the payments data in June 2022 to continue evidencing improvement and action in this area.

#### **8 – Lord Callanan - UK EITI validation**

39. The MSG were thanked for their hard work in ensuring that the UK achieved a high score of 90 out of 100 in the recent validation against the 2019 EITI Standard. MSG stakeholders who took part in interviews by the validators as part of the process were also thanked.
40. The MSG provides a valuable forum for government, industry and civil society to meet and deliver greater transparency over the domestic extractive industries.
41. The UK's achievements in improving transparency in beneficial ownership disclosures have established best practice that have inspired other EITI implementing countries.
42. UK EITI disclosures of extractive payments and revenues lead EITI implementing countries in their timeliness. This has been made possible by the work of the Reconciliation sub-group and the Independent Administrator, BDO, for their work in ensuring the 2020 payments report was published in record time.
43. The UK has made commendable efforts to strengthen data management systems of the 11 extractive licensing authorities which operate and award licences across the UK.
44. The UK has now successfully discharged all corrective actions from the first Validation in 2019, and have just one new corrective action going forward.
45. The UK was a prime mover behind the launch of EITI in 2003 and chose to implement the EITI Standard in 2013. Now after eight years of hard work, the UK can demonstrate that it holds itself to the same standards that it urges resource-rich developing nations to abide by.

#### **9 – Comms & Engagement update**

46. The subgroup have focused on updating the Comms strategy and have updated the concept paper.
47. The next step for the strategy is to prioritise identified stakeholders and to find out their preferences, priorities and demand for information via a benchmarking survey.

48. The subgroup will be starting to look at plans to either hold an outreach event or tag onto an existing event in the second quarter of 2022.
49. The MSG will be sent proposals on ideas for engaging with each constituency and asked to identify any events taking place in the first half of 2022 where the MSG could usefully collaborate.

## **10 – AOB**

50. The next UK EITI MSG meeting will take place on Thursday 13<sup>th</sup> January 2022.

### **Action points:**

- Meeting between Chair and civil society representative to be arranged to discuss engagement and possible avenues for recruitment of representatives for the constituency. **(Action: UK Secretariat)**
- Arrange meeting of TCE, CES, Coal Authority and Devolved Administrations in early part of 2022 to discuss taking forward the one corrective action from the validation relating to requirement 2.4 of the 2019 EITI Standard. **(Action: UK Secretariat)**.
- Updates for the sector overview and industry perspective required for the Annual Review 2021 required by 3<sup>rd</sup> December 2021. **(Action: MSG industry constituency)**.
- Draft Annual Review to be loaded onto UK EITI website for stakeholder consultation after approval by MSG. **(Action: UK Secretariat)**.
- UK EITI Workplan to be updated to reflect comments from meeting and published on the website. **(Action: UK Secretariat)**.
- To report back with recommendations on DPT **(Action: Reconciliation subgroup)**
- To report back with recommendations on Aggregates Levy **(Action: Mining and quarrying subgroup)**
- Proposals for plans to engage with each constituency to be drafted and circulated to MSG for comment. **(Action: Comms & Engagement subgroup)**.
- MSG representatives to consult with their Comms and community engagement colleagues and stakeholders to identify any suitable events where UK EITI can collaborate. Update on progress due at the MSG meeting on 13<sup>th</sup> January 2022. **(Action: MSG members)**.
- Ensure Comms is added earlier in the agenda at the 13<sup>th</sup> January MSG to allow for a longer agenda item than usual. **(Action: UK Secretariat)**.