

**UK Extractive Industries Transparency Initiative Multi-Stakeholder Group
(MSG)**

**Minutes of the 56th Meeting – 26th April 2023 – Via Microsoft Teams
(10.00 – 11.15am)**

Attendance

<p><u>Chair</u></p> <p>Tim Stern – Foreign and Commonwealth Development Office (FCDO)</p> <p><u>Secretariat</u></p> <p>Mike Nash - Department for Energy Security & Net Zero (DESNZ)</p> <p><u>Industry</u></p> <p>Jacqui Akinlosotu – ENI</p> <p>Kirsty Benham – Critical Minerals Association (CMA)</p> <p>Dan Espie – TotalEnergies</p> <p>Dr Patrick Foster – University of Exeter</p> <p><u>Government</u></p> <p>Jeff Asser - Department for Energy Security & Net Zero (DESNZ)</p> <p>Mike Earp – North Sea Transition Authority</p> <p>Nick Everington – The Crown Estate (TCE)</p> <p>Leo Kellaway - HMRC</p> <p>Johann MacDougall – Scottish Government</p> <p>Mark Wilson – Department for the Economy Northern Ireland</p>	<p><u>Civil Society</u></p> <p>Chara de Lacey – Transparency International</p> <p>Martyn Gordon – Robert Gordon University</p> <p>Tilly Prior – Transparency International</p> <p><u>Guests/observers</u></p> <p>Nasima Bashar - Department for Business & Trade</p> <p>Helmi Ben Rhouma – BDO</p> <p>Mark Burnett – EITI International</p> <p>Mark Henderson – BDO</p> <p>Orkid Russell - Department for Business & Trade</p> <p>Chris Tollady – Department for Business & Trade</p> <p>Tim Vickery – Independent Advisor</p> <p>Hedi Zaghouani - BDO</p> <p><u>Apologies</u></p> <p>John Bowater – Aggregate Industries</p> <p>Helen Day – The Coal Authority</p> <p>Aurelie Delannoy – Mineral Products Association</p>
--	---

1 – Welcome and Introductions:

1. All were welcomed to the 56th meeting of the UK EITI MSG.
2. The following new industry member was welcomed:
 - **Kirsty Benham**, Critical Minerals Association.

The following new government member was welcomed:

- **Leo Kellaway**, HMRC.

3. Leo has taken over from **Nicola Garrod**, who had been member of the MSG since May 2019. Nicola was thanked for her work as chair of the Mainstreaming and Reconciliation subgroups. Both subgroups have achieved a great deal under Nicola's leadership. The recommendations of the mainstreaming feasibility study have now been implemented and the UK now publishes the timeliest EITI payments data of all 57 EITI implementing countries.

The following guests were welcomed:

- **Chris Tollady**, Department for Business & Trade
- **Orkid Russell**, Department for Business & Trade
- **Nasima Bashar**, Department for Business & Trade

2 – Agreement of minutes and action points of 2nd February 2023 meeting:

4. The minutes of the MSG meeting on 2nd February were agreed.
5. The MSG were updated on the main action points from the meeting on 2nd February.
 - UK Secretariat to circulate the final templates and guidance for the 2022 reconciliation process to the MSG for final approval. ***The final templates were circulated for final comment on 15th March 2023. No further comments received. BDO circulated the reporting package to companies on 31st March. All documents were also added to the EITI website.***
 - Workplan to be updated to remove some lines added in error under activity 2.03 and recirculated to the MSG for final comment and approval and then uploaded onto the website. ***UK EITI Workplan 2023 updated and circulated to the MSG for final comment and approval. Uploaded onto the website on 20th February 2023.***

3 - UK EITI Secretariat and Machinery of Government Changes

6. The move the UK Secretariat function to the joint BEIS/FCDO International Energy Unit (IEU) took place in January 2023. Further machinery of government changes took place in February meaning that the UK EITI Secretariat function is now part of the joint Department for Energy Security and Net Zero/Foreign, Commonwealth and Development Office, International Energy Unit.
7. Ministers at both Department's still consider EITI an important initiative and have pledged to continue to support it. Lord Callanan will continue as the UK EITI Champion and it is hoped that a new, permanent, MSG Chair will be confirmed shortly.

4 – Payments to Governments Regulations – Post Implementation Review

8. The Reports on Payments to Governments Act 2014 asked UK companies in the extractive industries and logging sector to report payments of £86k or more made to governments each financial year. These reports must be submitted to Companies House by large companies or the Financial Conduct Authority if a listed company. The objectives of the regulations were to improve transparency, reduce corruption, and inform investor decisions.
9. The Post-Implementation Review is taking place to evaluate the effectiveness of the Regulations in meeting their original policy objectives, and whether there have been any unintended consequences of their introduction. The review team has been assembling evidence to assess whether the policy objectives have been met. The final output will be a report, which will include recommendations to the Government on whether to keep, revise, or remove the Regulations.
10. The interim findings of the PIR suggest that the regulations have had some positive impact. Transparency has improved but cannot to be attributed to these regulations. NGOs are using the reports to challenge payment discrepancies. There is no clear evidence of non-

compliance. There is little evidence that the regulations have reduced corruption and there are potential issues with competition policy encouraging corruption.

11. The additional context for this work is that the Government has introduced the Retained EU Law (Revocation and Reform) Bill, currently before Parliament. This, if enacted, will result in EU laws which were 'retained' in UK law after Brexit being subject to 'sunset', that is automatic revocation, at the end of this year. However, this would not apply if the Government decided to use the Bill's powers to 'preserve' these, to 'extend' the sunset period or to 'reform' the laws.
12. The MSG were asked for their views on the interim findings. Members raised concerns that the regulations may have increased corruption. This was thought to be the result of UK companies being mandated to disclose, whereas overseas companies are not required to disclose giving overseas companies an unfair competition advantage.
13. It was agreed that overall the regulations were an example of good practice and any regulations that increase transparency and reduce corruption were valuable.
14. It was agreed that the conversation on the regulations should continue between DBT and the MSG members.

5 – Report back on the Prospectors & Developers Association of Canada (PDAC) convention

15. DAC 2023 marked an important milestone in the UK's critical minerals agenda and was attended by Minister for Business & Trade, Nusrat Ghani MP.
16. The 6th of March was an important day for UK-Canada collaboration on critical minerals. An agreement was signed between the two countries to boost green tech supply chains and to collaborate on critical minerals research.
17. The importance of EITI was to the sector was cited at the event and the UK government hope that the UK will have an even bigger presence at the event next year.

6 – UK EITI Reconciliation Process 2022 - update

18. Templates and guidance were sent to companies at the end of March, they were also made available on the UK EITI website. The closing date for companies to respond is 28th April.
19. Of the 63 companies in-scope of the 2022 reconciliation process, 44 are oil and gas and 19 are mining and quarrying companies. 29 companies have acknowledged receipt of the reporting package, 18 have submitted and 15 have provided their Beneficial Ownership data.
20. The reconciliation subgroup will continue to work closely with BDO to ensure that any late companies are chased and that the report is published in late June/early July.

7 – UK EITI Comms & Engagement Strategy- update

21. The UK EITI Comms and Engagement Strategy has now been approved by the MSG. An implementation plan for the strategy has now been drafted and agreed by the Comms and Engagement subgroup.
22. The implementation plan includes the proposal for an Energy Transition subgroup to be formed and a concept note for this will be drafted shortly.
23. The UK Secretariat are still compiling a calendar of events for the sector so any further suggestions would be welcome.

8 – EITI International Secretariat - update

24. The EITI Global Conference has over 1,000 delegates registered. The Conference will be preceded by the EITI Board meeting and the election of the new Board.
25. The main part of the conference takes place over 13-14 June with the theme of “Transparency in Transition”. Day one will celebrate 20 years of EITI and day two will feature plenaries looking at future priorities. There will also be a leadership forum where countries will make commitments. Innovation talks will also take place where a 5-minute pitch will be followed by a ten-minute discussion.
26. After the conference the Peer Learning Day will take place for National Secretariat’s. This will provide countries with a number of knowledge sharing and best practice opportunities.
27. Lord Callanan has been invited in his capacity as the UK EITI Champion. It is hoped that he will be able to attend.

9 – UK EITI Contract and Licence Transparency – update

28. The work continues to address the action on the requirement 2.4 of the EITI Standard around contract and licence transparency.
29. The working group made up of the various licensing authorities last met in February and are due to meet again in June. The latest position for each licensing authority is as follows:
 - **North Sea Transition Authority** – licences are published on their website, application dates are not yet included in the register and signatures are redacted.
 - **The Crown Estate** - have several areas where licences are awarded. There are still concerns around complying with The Crown Estate Act and the impact of disclosure on commercial confidentiality and customer perception. TCE are to write to customers seeking feedback on disclosure plans which will be reviewed in consultation with TCE legal colleagues.
 - **Crown Estate Scotland** - Only a half a dozen exploration contracts that are all small amounts (£10,000-£15,000 over four-year period). Big challenge in terms of the amount of work which outweighs the demand.
 - **Scottish Government** - Currently only have two onshore licences. No new licences have been issued since devolution in 2018 or amendments made since the introduction of requirement 2.4 but recognise there could be amendments in future.
 - **Welsh Government** - The Welsh Government consider that they are fully compliant with 2.4 and have processes in places to ensure compliance going forward.
 - **Department for the Economy Northern Ireland** - Only one mining licence for salt extraction. No new licences issued since 1 January 2021. GDPR is also an issue but will redact commercially sensitive data on website.
 - **Coal Authority** - All statutory licences now available online. Signatures are redacted.

10 – AOB

30. The next meeting will take place on Wednesday 28th June 2023.

Action points:

- Circulate Payments to Governments Regulations Post Implementation Review slides to MSG and ask for any further comments to be sent directly to the DBT Team. **(Action: UK Secretariat and MSG).**
- Circulate UK EITI Reconciliation Process 2022 – updated data collection report. **(Action: UK Secretariat).**
- Circulate UK EITI Comms & Engagement Strategy Implementation Plan and ask MSG for any comments and to identify industry events that we can use to promote UK EITI. **(Action: UK Secretariat and MSG).**
- Circulate EITI Global Conference programme and ask members for any final interest in attending before the deadline for registration on 28 April. **(Action: UK Secretariat and MSG).**
- Circulate a link to the CMA article on the UK presence at the Prospectors & Developers Association of Canada (PDAC) in March. **(Action: UK Secretariat).**