Placeholder: front cover

UK EITI Annual Review 2021

XX February 2021

Table of Contents

[**Ministerial Foreword 3**](#_Toc90308399)

[**Chair’s View** 4](#_Toc90308400)

[**Perspectives on EITI from MSG representatives** 5](#_Toc90308401)

[**Overview of the extractive sectors in the UK** 6](#_Toc90308402)

[Oil and Gas sector 6](#_Toc90308403)

[Mining and Quarrying Sector 7](#_Toc90308404)

[**Review of MSG Activities in 2021** 11](#_Toc90308405)

[Overview…… 12](#_Toc90308406)

[Assessment of progress on EITI Standard requirements 14](#_Toc90308407)

[Addressing corrective actions from the UK’s first EITI validation 16](#_Toc90308408)

[Addressing corrective actions from the UK’s second EITI validation 19](#_Toc90308409)

[Addressing corrective actions from the 2020 reconciliation 22](#_Toc90308410)

[Progress against workplan, including impacts 23](#_Toc90308411)

[Efforts to strengthen the impact of EITI implementation on natural resource governance 24](#_Toc90308412)

[UK EITI Website 25](#_Toc90308413)

[**EITI in the UK - Timeline** 27](#_Toc90308414)

[**Glossary of Abbreviations** 28](#_Toc90308415)

Placeholder Ministerial Foreword

*Insert signature*

**Lord Callanan**

**Minister for Climate Change and Corporate Responsibility and UK EITI Champion**

Placeholder Chair’s View

*Insert signature*

**Matthew Ray**

**Chair of the UK EITI Multi-Stakeholder Group**

Perspectives on EITI from MSG representatives

Industry

The UK offshore oil[[1]](#footnote-2) and gas industry places a high value on the UK EITI and plays an active role in it. We support its aim to promote open and accountable management of natural resources, and industry cooperation is reflected in the high score achieved by the UK in its recent validation. As a major contributor to the economy, supporting hundreds of thousands of jobs and ensuring security of energy supply, it is vitally important that our industry is transparent in all aspects of its activities. Through our voluntary participation in the EITI we are demonstrating active corporate responsibility across the sector, maintaining trust and confidence that the UK Continental Shelf (UKCS) is an attractive, ethical place to do business. OGUK is proud to represent the UK Oil and Gas industry on the MSG and will continue to work closely with UK EITI to promote the EITI principles.

**Mike Tholen, Sustainability Director, OGUK**

The UK mining and quarrying, oil and gas industries are honoured to have contributed to the UK EITI’s great achievement in implementing the 2019 EITI Standard. It resulted in a high score at the last validation, particularly in relation to stakeholder engagement, transparency, and outcomes and impact.

Our support is unwavering. We are committed to continue working towards maintaining and further improving transparency and accountability. We are also looking forward to 2022 as an opportunity to explore the potential role for the UK EITI in the Energy Transition debate, as well as on the criticality of minerals to the infrastructure and housing investment required to ‘Build Back Greener’, climate change mitigation and the net zero target by 2050.

**Aurelie Delannoy, Director Economic Affairs, Mineral Products Association (MPA)**

Civil Society

The high score achieved by UK EITI in the recent revalidation is a great reflection of the hard work and commitment to transparency of the secretariat and the volunteers from all three constituencies. Looking forward, the Civil Society Network (CSN) hopes that the UK EITI can fully engage with the energy transition agenda and strive to make a positive impact here. Achieving a just transition to low carbon energy is now a societal imperative and we believe that openness and transparency will play a vital part in ensuring that this happens both effectively and without leaving any stakeholders behind. The EITI is uniquely positioned to contribute in this regard through its experience in promoting transparency and its tripartite governance structure. Going forward the CSN is keen to foster deeper ties with those in local communities affected by extractives and hope that the currently evolving communication strategy will help us to do this. We would also be very keen to hear from anyone in the wider civil society who may wish to engage with the CSN and share their views on the transparency in the extractives sectors.

**Martyn Gordon, Lecturer in Accounting and Finance, Robert Gordon University Aberdeen and Civil Society Network**

Overview of the extractive sectors in the UK

The UK’s extractive industries comprise oil and gas production, mining and quarrying. The extractive sector has made a sizeable contribution to the UK economy for many years and remains an important sector in the UK. In 2020, industry gross value added (GVA) was £13 billion, down from £22 billion in 2019. The extraction of oil and gas and associated support service activities accounted for some 90% of the sector’s GVA. The UK EITI website provides more detailed information on the [sector in general](https://www.ukeiti.org/sector-data) and the [oil and gas](https://www.ukeiti.org/oil-gas) and [mining and quarrying](https://www.ukeiti.org/mining-quarrying) sectors in the UK.

Oil and Gas sector

The UK oil and gas industry is in its sixth decade of offshore production. Despite the maturity of the sector there are still significant opportunities in responsible oil and gas recovery along with those presented by the sectors positive contribution to the drive to net zero greenhouse gas emissions.

Despite an increase in output of around one third between 2014-2019, current production levels are significantly lower than peak levels seen over 20 years ago. The improved production rate in the latter half of the decade was driven by both improved performance of existing oil and gas fields and the addition of capacity from new field start-ups which more than compensated for the natural decline from existing fields. Production volumes in the next decade and longer term are expected to return to a position of decline. The management of this profile will require new investment in the UKCS to support prevailing indigenous resource demand, alongside the need to transition to a low-carbon economy as the UK works to meet its legally-binding target to bring greenhouse gas emissions to net zero by 2050. Through the North Sea Transition Deal the sector has committed to halve its own greenhouse gas (GHG) emissions by 2030, cut them by 90% by 2040 and be net zero by 2050. As well as this, with the support of government and stakeholders, the sector will actively support the development of carbon capture storage and hydrogen opportunities to reduce the UK’s carbon emissions.

The industry continues to transform and reinvent itself. In real terms, total operating costs fell by around 40% between 2014 and 2020, with much of these cost savings deemed sustainable in the long-term. However, ongoing uncertainty and volatility in commodity prices have contributed to a conservative investment outlook with new projects undergoing increased scrutiny Only two new offshore field developments were approved in 2020, the lowest number since 1981, and drilling activity was also at historically low levels.

Oil and gas prices fell significantly during the pandemic following a drop in global energy demand, severely undermining exploration and development activity levels across the industry. The UK Government is committed to having an oil and gas tax regime that balances attracting investment, while at the same time ensuring a fair return for the nation. Oil and gas prices are a key determinant of taxation revenues. Due to low and volatile prices, net receipts from taxation were only just positive in 2020/21 (c£0.2bn).

The UK oil and gas industry supports hundreds of thousands of jobs in Scotland and across the rest of the UK. According to latest ONS data, the sector was directly responsible for around 40,000 jobs in 2020, with many more supported in the industry’s wider supply chain plus those jobs that depend on the UK’s oil and gas industry. OGUK estimate a total of around 180,000 jobs in the UK were supported by the upstream oil and gas industry in 2020, many of them highly skilled.

The prioritisation and protection of employees’ health and safety offshore and onshore remains industry’s primary concern. Whilst cost control and capital discipline remain high on industry’s agenda, the ingenuity of the UK oil and gas industry’s people and the communities they work in cement the long-standing importance of this industry to the UK’s economy. This is not just through the payment of production taxes and licence fees (as disclosed in the EITI payments report), but also ensuring the UK’s security of energy supply through providing the equivalent of over 90% of the UK’s oil demand and more than half of the UK’s gas demand in 2020, thus giving a significant contribution to the balance of trade, as well as through the development of technology, innovation and skills that cascade out of industry and often support the transition to a lower carbon future.

In the short term, the industry is continuing to manage the ongoing impact of the restrictions caused by the pandemic. The long-term impacts will depend on many factors including the future oil price and global demand and, the ability of the UK sector to attract and retain investment.

Maintaining investment in the sector is an important element of ensuring a fair and managed transition for workers. Whilst transitioning to a net-zero economy will present employment opportunities, concerns as to how this can be done equitably and with opportunities for the current workforce to re-skill and transition are key for communities dependent on the oil and gas industry as a primary employer.

Mining and Quarrying Sector

Construction Minerals

Construction minerals are essential to the UK economy, improving our housing stock, transport networks, commercial and industrial buildings, energy and water infrastructure, schools and hospitals.

The main element of construction minerals in volume terms is the extraction of primary aggregates, including quarried crushed rock and both land-won and marine dredged sand & gravel. A total of 199 million tonnes of primary aggregates were produced in the UK in 2019, compared with 91 million tonnes of energy minerals, including coal, oil and gas.[[2]](#footnote-3)

Primary aggregates are largely recovered from indigenous sources and imports remain limited, estimated to represent less than 5 million tonnes per annum. Information available at GB-level provides further insight on the relative balance of the various sources of aggregates. The MPA estimates that in 2020, some158.6 million tonnes of primary aggregates were produced in Great Britain, a 10.5% decline on 2019 as a result of the impact of the first national Covid-19 lockdown during the Spring. Within primary aggregates a total of 107.8 million tonnes of crushed rock and 50.7 million tonnes of sand & gravel were produced. Marine-dredged aggregates satisfied about 12.1 million tonnes (24%) of the total construction needs for sand & gravel.[[3]](#footnote-4)

In addition to the extraction of primary aggregates, materials can also be obtained from the recycling of Construction, Demolition and Excavation Wastes (CDEW), or derived from other industrial, production or extractive processes, referred to as secondary aggregates. Recycled aggregates are the product of processing inert construction and demolition waste, asphalt planings and used railway ballasts into construction aggregates. Secondary aggregates are derived from other industrial processes, such as other mineral extraction operations including ball clay and china clay production, or waste from slate production. Other sources of secondary materials include blast furnace and steel slags, incinerator bottom ash (IBA), furnace bottom ash (FBA), coal-derived fly ash (CDFA) and crushed glass sand. Collectively, recycled and secondary aggregates contribute significantly to the total aggregates demand: although there are no official statistics available on the contribution of these materials to the total aggregates market, the MPA estimates that, in 2018, recycled and secondary sources of aggregates accounted for 28% of total aggregates supply in Great Britain,[[4]](#footnote-5) significantly higher than the European average.

The underlying geology across the UK determines the local availability of construction minerals, and aggregates (especially crushed rock) may be transported long distances when necessary. As resources are not always distributed evenly, inter-regional movement of aggregates is required to balance local availability with the wider geographic demands of the market. The South East, for example, has its own supplies of sand & gravel alongside recycled aggregates, but relies heavily on crushed rock brought in by rail from the East Midlands and South West and by sea from Scotland. It also uses marine dredged sand & gravel from coastal waters.

Market drivers for construction minerals include general UK economic and construction growth. Short-term weaknesses had already emerged in construction minerals demand since 2018, driven by slowing activity in commercial constructions. In 2020, market sales of primary aggregates and construction mineral products such as ready-mixed concrete, asphalt and mortar, slumped as a result of the Covid-19 pandemic and the impact of the spring lockdown on general construction activity. As a result, sales volumes of construction minerals in Great Britain were significantly lower in 2020 compared to 2019, with ready-mixed concrete and mortar the weakest, down 18.2% and 23.5% respectively, while primary aggregates declined by 10.5% and asphalt by 8.6%.[[5]](#footnote-6)

However, sales of construction minerals and mineral products started to recovery quickly from a low base during the summer of 2020, fuelled by released pent-up activity from delayed construction projects as well as momentum building on major infrastructure and highways investment plans.

The long-term demand prospects for aggregates demand are -also positive, underpinned by higher planned investment in infrastructure projects and housing over the next decade. At the time of writing the MPA recorded a strong acceleration in demand throughout 2021, and expects further growth in sales over 2022 and 2023 supported by work on major infrastructure projects, including High Speed 2, and the anticipated delivery of various five-year investment programmes within regulated sectors in roads, rail and water and sewerage.

Whilst there appear to be sufficient indigenous mineral resources available to support future demand requirements, there are issues around the supply-mix that will need to be addressed. Industry statistics point to a persistent under-replenishment of land-won sand and gravel permitted reserves. Survey data from the MPA indicates that in the past decade, for every 100 tonnes of land-won sand and gravel extracted and sold, only 63 tonnes on average have been replaced with new sand and gravel permissions. Meanwhile, whilst recycled and secondary sources of aggregates and imports have a definite role to play, their growth potential is constrained by the amount of suitable material available to recycle (mainly from demolition) and its suitability for various applications. Demand for indigenous quarried and dredged aggregates is likely to remain significant and these remain subject to often lengthy and complex planning and environmental permitting controls before they can be extracted.

Construction minerals extraction and related downstream manufacturing activities are distributed throughout the UK and extraction businesses make a variety of tax, financial and non-financial contributions to national and local governments and local communities that are outside the current scope of EITI reporting. This includes the Aggregates Levy, employment taxes and businesses rates. At the extraction stage, the annual cost of the Aggregates Levy reached £352m in 2020.[[6]](#footnote-7) The industry also supports a significant supply chain of plant, equipment and transport suppliers and professional services. Other construction-related mineral extraction includes clay for brick-making, limestone and chalk for cement manufacture and the production of high-quality dimension stone and slate.

The construction minerals industry is also in the scope of the European Union Emissions Trading System, Climate Change Agreements linked to the UK Climate Change Levy, Streamlined Energy and Carbon Reporting and Energy Saving Opportunity Scheme, all of which are focused on carbon reduction or energy efficiency. In 2020, the UK concrete and cement sector set out a roadmap to become net negative by 2050, removing more carbon dioxide from the atmosphere than it emits each year[[6](https://thisisukconcrete.co.uk/Perspectives/UK-concrete-and-cement-sector-sets-out-roadmap-for.aspx)]. It has identified that net zero can be met through decarbonised electricity and transport networks, fuel switching, greater use of low-carbon cements and concretes as well as Carbon Capture, Utilisation or Storage (CCUS) technology for cement manufacture. A net negative industry by 2050 could be achieved by using the natural, in-use properties of concrete which include its ability to absorb carbon dioxide during use, and the benefit of using the thermal properties of concrete in buildings and structures to reduce operational emissions. The concrete and cement industry has already taken considerable early joint action and due to investment in fuel switching, changes in product formulation, and energy efficiency including plant rationalisation, its direct and indirect emissions are 53% lower than 1990 - decarbonising faster than the UK economy as a whole.

Coal

Whilst coal still plays a part in the UK’s energy mix, its contribution is declining. Although the UK still has a significant coal resource there are only a small number of operating mines, both for surface mining and underground. In terms of underground mines, Aberpergwm in Wales and Ayle Colliery in the North East, continue to operate alongside five Forest of Dean mines. That said, a new potential underground mine, Woodhouse Colliery, is seeking to obtain planning permission, it is anticipated it could produce up to 3.1 million tonnes/year of metallurgical coal for the steelmaking industry.  In terms of surface mining Ffos-y-Fran in South Wales and Hartington Reclamation in Derbyshire continue to operate

Industrial and metal minerals

Minerals such as limestone and silica sand have numerous non-construction uses, ranging from iron and steel and glass making to cleaning acidic power station emissions and improving the performance and sustainability of UK agriculture. China Clay or Kaolin support a wide range of industrial markets including ceramics, paper and specialist applications such as fillers for pharmaceuticals, paints, adhesives and animal feeds, while Ball Clays are used principally in the ceramics industry for industrial applications, including sanitaryware, tile manufacture and tableware. Future extraction trends for industrial minerals will depend on movements in UK and overseas markets and on the competitiveness of operating costs and the business environment in the UK.

Over the last 18 months there have been significant developments in this area. Anglo American plc took over Sirius Minerals in March 2020 and development of the Woodsmith Mine, a major new polyhalite mine in the North Yorkshire moors is accelerating. In the South West, the Drakelands Tungsten mine that was closed in October 2018 has a new owner, Tungsten West, which is developing plans to restart the mine early in 2021. Elsewhere, plans to reopen the South Crofty Tin mine in Cornwall by Cornish Metals (formally Strongbow Exploration) continue and the company reported on a successful drilling programme in summer 2020. Cornish Lithium recently reported it has found “globally significant” lithium grades in geothermal waters and is preparing for work on its pilot plant. Cornwall Resources are also moving forward with the development of their Redmoor project, of a significant tin, tungsten and copper deposit and a mining scoping study has recently been completed. The significant resource of gold at Curraghinalt in Northern Ireland (Dalradian) and Cononish in Scotland (Scotgold), where a recent announcement has been made to accelerate plans to double production, are other exciting examples that illustrate the continuing importance of the UK as a mineral producer.

National Policies

The UK has had no overarching national mineral strategy, policy or plan recognising the economic importance of a steady supply of essential minerals and mineral products, from domestic sources or imported. The current relevant planning documents for each part of the United Kingdom are:

* In England, the [National Planning Policy Framework (England)](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/810197/NPPF_Feb_2019_revised.pdf),
* In Scotland, Scottish Planning Policy 4: “[Planning for Minerals](https://www2.gov.scot/resource/doc/146319/0038293.pdf)” and [“National Planning Framework/Scottish Planning Policy”](https://www.gov.scot/policies/planning-architecture/)
* In Wales, Planning Policy Wales and Minerals Technical Advice Note 1 and 2 ([MTAN1](https://gov.wales/minerals-technical-advice-note-mtan-wales-1-aggregates) and [MTAN2](https://gov.wales/minerals-technical-advice-note-mtan-wales-2-coal))
* In Northern Ireland, [Strategic Planning Policy Statement for Northern Ireland,](https://www.infrastructure-ni.gov.uk/publications/strategic-planning-policy-statement) (SPPS)

The English National Planning Policy Framework (NPPF) states in paragraph 203 that “It is essential that there is a sufficient supply of minerals to provide the infrastructure, buildings, energy and goods that the country needs. Since minerals are a finite natural resource, and can only be worked where they are found, best use needs to be made of them to secure their long-term conservation.”

In 2018, in response to the lack of overarching strategy, the minerals industry produced the UK Minerals Strategy[[7]](#footnote-8) which sets out the importance of the sector to the UK economy and highlights measures necessary to ensure that demand for minerals and mineral products is supplied sustainably over the next 25 years.

Review of MSG Activities in 2021

EITI is a global initiative that ensures transparency and accountability on how a country’s natural resources are managed. This is a major concern in many resource-rich developing nations where the benefits of resource extraction are sometimes lost through mismanagement and corruption.

EITI is currently being implemented in 56 countries around the world, including the UK. The [EITI International Secretariat](https://eiti.org/), based in Oslo, supports countries in implementing a published set of requirements, the [EITI Standard](https://eiti.org/standard/overview)[[8]](#footnote-9). As a stakeholder-led initiative, EITI is overseen in each implementing country by a Multi-Stakeholder Group (MSG) comprising representatives from industry, civil society and government.

A core part of EITI requires oil, gas and mining companies to voluntarily disclose their payments to government agencies and for the reconciliation of these payments with government receipts from these companies. This ‘reconciliation process’ takes place on an annual basis and is conducted by an independent administrator (in the UK’s case BDO LLP), overseen by the UK EITI MSG. The [2020 payments report](https://www.ukeiti.org/news-item/2020-payments-report) was the seventh annual report and delivered in record time in July 2021. Disclosures of UK EITI payments data now lead all EITI implementing countries in terms of timeliness.

All EITI implementing countries are validated against the EITI Standard, in order to provide an impartial assessment of whether implementation is consistent with the provisions of the EITI Standard. Countries are assessed against their progress in meeting the different requirements of the EITI Standard. [EITI’s validation model](https://eiti.org/validation) was revised in December 2020. The new approach seeks to maintain a rigorous approach to validation, while ensuring that EITI implementation can respond to national priorities. It acknowledges that countries have different starting points and face diverse challenges in implementing the EITI, and that they will use the EITI to address their most pressing priorities for improving extractives governance.

From 1 April 2021, countries undergoing validation receive a score based on the assessment of three components. Each component corresponds to a subset of requirements in the EITI Standard. The three components are: stakeholder engagement, transparency and outcomes and impact. Each component receives a score out of 100, and the overall score represents an average of the component scores. The available scores are low (0-49), fairly low (50-69), moderate (70-84), high (85-92) and very high (93-100). Within each component, validation assesses the extent to which each EITI requirement is met, i.e. the level of progress made, using five categories: ‘not met’ (0 points), ‘partly met’ (30 points), ‘mostly met’ (60 points), ‘high’ (90 points) or ‘very high’ (100 points).

The UK underwent its second validation in 2021, its first one against the 2019 Standard, and was [awarded an overall score of ‘high’](https://eiti.org/board-decision/2021-63), achieving 90%. It was assessed as ‘exceeded’ in two requirements and ‘fully met’ in all other except for one requirement where it was assessed as ‘mostly met’.

The UK’s high score reflects the UK’s Multi-Stakeholder Group’s concerted efforts to ensure that the EITI becomes a tool for increasing the accessibility of extractive sector data, and for centralising information on opportunities for multi-stakeholder input into oil, gas and mining sector governance. The UK’s achievements in improving transparency in beneficial ownership disclosures have established best practice that have inspired other EITI implementing countries.

UK EITI disclosures of extractives sector payment and revenue data now lead all 56 EITI implementing countries in terms of timeliness. The UK’s 2020 payments were published on the UK EITI website in July 2021.

The UK completed its first validation against the 2016 EITI Standard in 2018. The UK was assessed under the previous validation model and received an overall assessment of ‘meaningful progress’, an amber-green rating. This meant that significant aspects of each requirement had been implemented and the broader objectives of the requirements were being fulfilled, but that are a number of areas needed to be addressed before an assessment of ‘satisfactory progress’ could be achieved. The UK received eight corrective actions to address in order to achieve EITI compliance and these were assessed as part of the second validation in 2021.

This section of the report covers progress made on the corrective actions from the first validation and the implementation against the EITI Standard in calendar year 2021. It also acknowledges the outcome of the UK’s second validation, however full updates on corrective actions emanating from there will be covered in future annual reviews.

Overview

2021 has been another busy year for UK EITI. The 7th [payments report](https://www.ukeiti.org/news-item/2020-payments-report), covering payments made in 2020, was published in record time in July 2021.

Further significant progress was made in implementing the EITI Standard. The UK completed its second validation against the 2019 EITI Standard in October 2021 and achieved a ‘high score’ of 90%, with only one corrective action, but several encouragements to consider. The MSG and UK Secretariat spent much of 2021 addressing corrective actions from the UK’s first validation, as well as working to address the new requirements of the 2019 EITI Standard, including those on [contract and licence transparency](https://www.ukeiti.org/contract-and-licence-transparency). Significant time and effort also went into producing robust and well-presented evidence for UK EITI’s second validation. This included the three templates covering [stakeholder engagement](https://www.ukeiti.org/publication/uk-eiti-validation-stakeholder-engagement-template), [outcomes and impact](https://www.ukeiti.org/publication/uk-eiti-validation-outcomes-and-impact-template) and [transparency](https://www.ukeiti.org/publication/uk-eiti-validation-transparency-template). This was followed by a document that provided [further evidence and feedback](https://www.ukeiti.org/publication/uk-eiti-response-draft-validation-assessment) to the initial draft validation assessment.

The UK Secretariat has continued to make good use the [UK EITI website](https://www.ukeiti.org) to maximise the impact of EITI implementation in the UK. Information on new and emerging topics, such as [energy transition](https://www.ukeiti.org/energy-transition) has been expanded to help inform the debate around extractive industries and climate change. The website continues to be an important tool in taking forward the work on systematic disclosure. It allowed UK EITI to publish the 7th annual payments report covering payments made by extractives companies in 2020 and their repayments to Government. MSG members were able to publicise this with stakeholders in a matter of minutes by sharing relevant links to the website. The website also ensures that up to date sectoral data and background information is made available to industry and the public in a timely manner.

The MSG continued to meet at least every two months[[9]](#footnote-10) and held bespoke discussions as part of UK EITI’s validation preparation. The various subgroups covering the more detailed work on reconciliation, mainstreaming, compliance, sectoral information, mining and quarrying and communications engagement, and mainstreaming continued to meet regularly throughout the year. The sectoral information and communications and engagement subgroups were from June 2021 chaired by an external communications specialist with support from the Independent Administrator (IA), allowing more dedicated and focused attention on these areas.

Assessment of progress on EITI Standard requirements

The table below provides the assessment score of each EITI Requirement awarded by the second validation in October 2021.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Validation scorecard** | | | | | | |
| **Component & module** | **EITI Requirement** | **Progress** | | **Score** | | | |
| **Outcomes and impact** | | **High** | | **91/100** | | | |
| Extra points | Effectiveness and sustainability indicators | | 1 | |  | |
| Outcomes and impact | Work plan (#1.5) | Fully met | | 90 | | = | |
| Public debate (#7.1) | Fully met | | 90 | | ↑ | |
| Data accessibility and open data (#7.2) | Fully met | | 90 | | ↑ | |
| Recommendations from EITI (#7.3) | Fully met | | 90 | | = | |
| Outcomes & impact (#7.4) | Fully met | | 90 | | ↑ | |
| **Stakeholder engagement** | | **High** | | **90/100** | | | |
| Multi-stakeholder oversight | Government engagement (#1.1) | Fully met | | 90 | | = | |
| Industry engagement (#1.2) | Fully met | | 90 | | = | |
| Civil society engagement (#1.3) | Fully met | | 90 | | ↑ | |
| MSG governance (#1.4) | Fully met | | 90 | | ↑ | |
| **Transparency** | | **High** | | **88/100** | | | |
| Overview of the extractive industries | Exploration data (#3.1) | Fully met | | 90 | | = | |
| Economic contribution (#6.3) | Fully met | | 90 | | = | |
| Legal and fiscal framework | Legal framework (#2.1) | Exceeded | | 100 | | = | |
| Contracts (#2.4) | Mostly met | | 75 | | ↑ | |
| Environmental impact (#6.4) | Not assessed | | - | | = | |
| Licenses | Contract and license allocations (#2.2) | Fully met | | 90 | | ↑ | |
| License register (#2.3) | Fully met | | 90 | | ↑ | |
| Ownership | Beneficial ownership (#2.5) | Fully met | | 90 | | ↑ | |
| State participation | State participation (#2.6) | N/A | | - | | = | |
| In-kind revenues (#4.2) | N/A | | - | | = | |
| SOE transactions (#4.5) | N/A | | - | | = | |
| SOE quasi-fiscal expenditures (#6.2) | N/A | | - | | = | |
| Production and exports | Production data (#3.2) | Fully met | | 90 | | = | |
| Export data (#3.3) | Fully met | | 90 | | = | |
| Revenue collection | Comprehensiveness (#4.1) | Fully met | | 90 | | = | |
| Barter agreements (#4.3) | N/A | | - | | = | |
| Transportation revenues (#4.4) | N/A | | - | | = | |
| Disaggregation (#4.7) | Fully met | | 90 | | ↑ | |
| Data timeliness (#4.8) | Exceeded | | 100 | | ↑ | |
| Data quality (#4.9) | Fully met | | 90 | | = | |
| Revenue management | Distribution of revenues (#5.1) | Fully met | | 90 | | = | |
| Revenue management & expenditures (#5.3) | Not assessed | | - | | = | |
| Subnational contributions | Direct subnational payments (#4.6) | N/A | | - | | = | |
| Subnational transfers (#5.2) | Fully met | | 90 | | = | |
| Social and environmental expenditures (#6.1) | Fully met | | 90 | | ↑ | |
| **Overall score** | | **High** | | **90/100** | | | |

The table below provides a summary of the MSG’s assessment of progress in meeting each EITI requirement.

| **EITI Requirements and second validation score** | **Progress summary[[10]](#footnote-11)** |
| --- | --- |
| **Validation component: Outcomes and impact** | |
| * Workplan (#1.5) - fully met * Public debate (#7.1) - fully met * Data accessibility and open data (#7.2) - fully met * Recommendations from EITI (#7.3) - fully met * Outcomes and impact (#7.4) - fully met | The MSG is pleased that the validation recognised progress made and assessed these Requirements as fully met. The MSG has started to consider the new corrective actions and recommendations from the second validation. The Compliance subgroup has reviewed and updated [UK EITI’s Open Data Policy](https://www.ukeiti.org/publication/uk-eiti-open-data-policy?highlightTerm=Open%20data) to ensure it reflects the level of accessibility provided on the UK EITI website. The MSG is currently finalising its 2022 workplan and considering whether to include specific objectives around energy transition and other national priorities. |
| **Validation component: Stakeholder engagement** | |
| Multi-Stakeholder Group (MSG):   * Government engagement (#1.1) - fully met * Industry engagement (#1.2) - fully met * Civil society engagement (#1.3) - fully met * MSG governance (#1.4) - fully met | The MSG is pleased that the validation recognised progress made and assessed these Requirements as fully met. The MSG is currently taking action to replace civil society members who left at the end of 2021 to ensure this constituency continues to be fully engaged. |
| **Validation component: Transparency** | |
| Overview of the extractive industries:   * Exploration data (#3.1) - fully met * Economic contribution (#6.3) - fully met | The MSG is pleased that the validation recognised progress made and assessed these Requirements as fully met. The MSG and UK Secretariat continues to update the UK EITI website regularly to ensure sectoral data is current. |
| Legal and fiscal framework:   * Legal Framework (#2.1) - exceeded * Contracts (#2.4) - mostly met | The MSG is pleased that the validation recognised progress made and assessed #2.1 as exceeded. The MSG has started to consider the new corrective actions from the second validation on #2.4. The UK Secretariat continues to work with all UK licencing authorities who have not yet complied with #2.4 to help them achieve this. Significant issues around commercial sensitivity and confidentiality, both in contracts and statutory legislation, however remain. The MSG will need to make a proportionate decision about how it proceeds given these challenges and plans to do so in early 2022. |
| Licences:   * Contract & license allocations (#2.2) - fully met * License register (#2.3) - fully met | The MSG is pleased that the validation recognised progress made and assessed both requirements as fully met. The UK Secretariat continues to work with UK licencing authorities to meet these requirements and will refer any specific issues to the MSG for discussion and decision making. |
| Ownership:   * Beneficial ownership (#2.5) - fully met | The MSG is pleased that the validation recognised progress made and assessed this requirement as fully met. The UK Secretariat continues to ensure that the MSG is adequately updated on the UK Government’s legislative plans on Corporate Governance and Register Reform, which will increase the transparency and improve the accuracy of Companies House data including on beneficial ownership. |
| Production and exports:   * Production data (#3.2) - fully met * Export data (#3.3) - fully met | The MSG is pleased that the validation recognised progress made and assessed these Requirements as fully met. The MSG is ensuring that this data continues to be made available systematically via Government websites and through the annual payments report. |
| Revenue Collection:   * Comprehensiveness (#4.1) - fully met * Disaggregation (#4.7) - fully met * Data timeliness (#4.8) - exceeded * Data quality (#4.9) - fully met | The MSG is pleased that the validation recognised progress made and assessed these Requirements as fully met and #4.8 as exceeded. The MSG has started discussing timelines for the 2021 payments report, which it plans to deliver to the same level of timeliness as for 2020. |
| Revenue management:   * Distribution of revenues (#5.1) - fully met | The MSG is pleased that the validation recognised progress made and assessed these Requirements as fully met. The MSG and UK Secretariat continues to ensure that UK EITI disclosures and respective Government websites provide comprehensive information on the management of extractive industry revenues and related expenditures. |
| Subnational contributions:   * Subnational transfers (#5.2) - fully met * Social & environmental expenditures (#6.1) - fully met | The MSG is pleased that the validation recognised progress made and assessed these Requirements as fully met. The Mining and Quarrying subgroup continues to explore the possibility of including the Aggregates Levy in EITI reporting with industry colleagues. |

Addressing corrective actions from the UK’s first EITI validation

The table below provides the latest progress by the MSG in addressing the corrective actions from the 2018 validation at the time of publication of this report. These corrective actions were assessed as part of the UK’s second validation in 2021, and the table includes the latest assessment score awarded.

| **N°** | **Corrective action** | **Progress** |
| --- | --- | --- |
| 1 | In accordance with Requirement 1.3.a, the civil society constituency should demonstrate that they are fully, actively and effectively engaged in the EITI process. Specifically, civil society should ensure that they are able to fully contribute and provide input to the EITI process by ensuring that the constituency is adequately represented on the MSG, with agreed mechanisms for wider constituency engagement. | * Requirement 1.3 was assessed as fully met in the second validation. * The Civil Society Network Coordinator (CSN) has continued in post during 2021. Considerable effort has been made to find local CSN representation to the MSG, however success has so far remained elusive. The Coordinator and the UK Secretariat hold regular discussions to discuss opportunities for local representation. * Civil Society is actively looking to replace long-standing members who resigned from UK EITI in September 2021. * Civil Society remains particularly active in the Communications and Engagement subgroup and has been proactive in initiating MSG discussions on energy transition and climate change. For example, Civil Society invited Carbon Tracker to present to the MSG on their Fossil Fuel Registry in July, and several civil society members attended the [Beneficial Ownership Transparency Forum](https://eiti.org/blog/network-effect-growing-commitment-to-beneficial-ownership-transparency) in September. |
| 2 | In accordance with Requirement 1.4.a.ii, the MSG should ensure that the civil society constituency is adequately represented, and that the civil society constituency appoints its own representatives, bearing in mind the desirability of pluralistic and diverse representation. | * Requirement 1.4 was assessed as fully met in the second validation. * Civil Society is engaged in both the MSG and its subgroups, although search for local community representatives continues. The CSN [membership principles](https://www.ukeiti.org/sites/default/files/reports/1.4%20UK-EITI-CSN-Membership-Principles-Feb2019.pdf) are published on the UK EITI website and detail mechanisms for appointments and information sharing. * The UK EITI Civil Society Network recognise that representation could be more diverse and hope to secure some women representatives through this nominations process. The CSN nominations process includes a nomination call with a statement: "The UK CSN is committed to achieving greater diversity in MSG representation and strongly encourages nomination of, including self-nomination by, women". |
| 3 | In accordance with Requirement 2.2, the UK should disclose information related to the award or transfer of licences pertaining to the companies covered in EITI reporting. This information should include the number of mining, oil and gas licenses awarded and transferred in the year covered by the EITI reporting cycle, a description of the award procedures, including specific technical and financial criteria assessed, and highlight any non-trivial deviations in practice. The UK is encouraged to consider innovative solutions for embedding a public accountability mechanism to ensure transparency on any non-trivial deviations from statutory procedures in its systematic disclosures of information per Requirement 2.2. | * Requirement 2.2 was assessed as fully met in the second validation. * The UK Secretariat has worked closely with all UK licencing authorities to ensure that information on the date of application, transfer and expiry of licences are disclosed. This requirement was addressed as ‘mostly met’ in the UK’s second validation, however it was noted that the UK appears to have fulfilled the requirement’s broader objectives. The UK Secretariat will work with licencing authorities to address corrective actions emanating from the second validation. * Following engagement with all 11 licencing authorities, the MSG has now publicly states that it does not believe there are any non-trivial deviations in the award of licences on the UK EITI website: [oil and gas](https://www.ukeiti.org/oil-gas), [mining and quarrying](https://www.ukeiti.org/mining-quarrying?highlightTerm=non-trivial). The MSG has decided to undertake this consultation exercise on an annual basis. |
| 4 | In accordance with Requirement 2.3, the UK should maintain a publicly available register or cadastre system(s), including comprehensive information on all active licenses held by all mining and quarrying companies included in the scope of EITI reporting. In the interim the UK should ensure that future EITI reporting provides the information set out under Requirement 2.3.b for all mining and quarrying companies. The UK is encouraged to consider the extent to which integration of EITI reporting with the work of organisations like the British Geological Survey (BGS) could ensure systematic disclosure of information mandated under Requirement 2.3.b. | * Requirement 2.3 was assessed as fully met in the second validation. * The UK Secretariat has worked closely with all UK licencing authorities to ensure that information under requirement 2.3 is publicly disclosed for all government agencies in scope of EITI. This requirement was addressed as ‘mostly met’ in the UK’s second validation, and it was noted that the UK has fulfilled the requirement’s objective. The UK Secretariat will work with licencing authorities to address corrective actions emanating from the second validation. |
| 5 | In accordance with Requirement 2.4, the UK should ensure that the government’s policy on disclosure of contracts and licences that govern the exploration and exploitation of oil, gas and minerals is publicly codified. | * Requirement 2.4 was assessed as mostly met in the second validation. * The MSG decided in 2020 that it did not deem it necessary for the UK Government to publish a specific policy on the disclosure of contracts and licences governing the extractive sector provided that individual licencing authorities offered an acceptable level of transparency. The MSG instead agreed that this corrective action could be met by being clear on our website that government does not have a specific policy on this and explain what level of information is disclosed by each organisation and, where it can be found, outlining any cases where the full text of licences is not disclosed and the reasons for this. This information is now available on the [Contract and Licence Transparency](https://www.ukeiti.org/contract-and-licence-transparency) section of the website. In addition, a [table](https://www.ukeiti.org/publication/uk-extractive-licence-and-contract-structure) showing the structure and nature of the UK extractive licence and contract regime has been uploaded. |
| 6 | In accordance with Requirement 6.1, the UK should assess the materiality of mandatory social expenditures ahead of future EITI reporting and ensure that reporting of mandatory social expenditures be disaggregated by type of payment, nature of in-kind contributions and beneficiary(ies), clarifying the name and function of any non-government (third-party) beneficiaries where applicable. | * Requirement 6.1 was assessed as fully met in the second validation. * The UK has successfully addressed this corrective action and now fully meets the objective of this requirement. UK EITI has published companies’ unilateral disclosures of mandatory social expenditure (‘section 106 payments’). Disaggregated data on s106 payments was included in the [2020 payments report,](https://www.ukeiti.org/news-item/2020-payments-report) and will be included on the 2021 payments report template. The MSG has reviewed the guidance and templates and are content that they cover social expenditure adequately and that no further detail beyond s106 payments is required. |
| 7 | In accordance with Requirement 7.1, the UK should ensure that outreach events, whether organised by government, civil society or companies, are undertaken to spread awareness of and facilitate dialogue about the EITI Report across the country. | * Requirement 7.1 was assessed as fully met in the second validation. * The UK generally has high standards of good governance in tax and public administration, and there are not major public concerns about corruption. Nor are extractive revenues as material to the national finances as they were some decades ago. As a result, it has been a challenge to generate community-level interest in UK EITI. The global pandemic has further contributed to the challenge of generating interest. * The Communications and Engagement subgroup was relaunched during 2021 under the leadership of an external communication expert and now includes more members with a comms background. Work is ongoing to identify more outreach events. Events and examples of dialogue facilitation during 2021 include the following: * UK EITI article in the Summer edition of [Mineral Products Today.](https://www.mineralproducts.org/Publications/Mineral-Products-Today.aspx) * Data from the UK EITI Payments Report quoted in a [Sky news article](https://news.sky.com/story/revealed-some-of-the-worlds-biggest-oil-companies-are-paying-negative-tax-in-the-uk-12380442) about UK tax receipts. The UK EITI Secretariat responded to an enquiry to the Department for Business, Energy and Industrial Strategy (BEIS) Press team to help answer Sky’s queries before the article was published. * Use of UK EITI data to inform discussions among UK civil society organisation members of the [Global Gas & Oil Network](http://ggon.org/). * The NGO Oil Change International cited UK EITI North Sea oil and gas tax payment and rebate data in its blog post “[Only 6 months left till COP26. What must the UK do to make it a success?](http://priceofoil.org/2021/05/11/uk-needs-to-act-on-oil-and-gas/)”. The blog post was itself cited on the civil society campaign website <https://paidtopollute.org.uk/> (stating that the UK Government “has paid £3.2bn of public money to North Sea oil and gas companies” since signing the Paris Agreement in 2016), to accompany a legal challenge to UK government financial support for North Sea production.) (<https://paidtopollute.org.uk/news/campaigners-launch-legal-challenge> |
| 8 | In accordance with Requirement 7.4, the MSG, with the full, active and effective engagement of civil society, should review the impact of the first five years of EITI implementation and explore the opportunities to further leverage the EITI platform to enrich public debate on the governance and stewardship of the UK's oil, gas and mineral resources. | * Requirement 7.4 was assessed as fully met in the second validation. * The Secretariat drafted an [impact paper](https://www.ukeiti.org/publication/what-has-been-impact-eiti-implementation-uk-2013-2020?highlightTerm=impact%20of) covering these topics. The study sought views from various stakeholders and identified several areas in which the MSG could see to increase UK EITI’s impact. |

Addressing corrective actions from the UK’s second EITI validation

The UK received one additional corrective action and several encouragements from its second validation in 2021. The clock to start addressing these actions commenced on 20th October 2021, so do not substantively form part of this annual review. The MSG discussed how it will take forward these correction actions forward at its November meeting. The MSG decided that the corrective action and encouragements would feed into its 2022 workplan and that the compliance subgroup would continue to oversee their detailed implementation. The draft 2022 workplan was discussed and agreed at the November meeting and the [final version](https://www.ukeiti.org/publication/uk-eiti-workplan-2022) of the workplan was published on the UK EITI website.

The EITI Board agreed the following corrective action to be undertaken by the UK. Progress in addressing this corrective action will be assessed in the next Validation commencing on **1 October 2024**:

**Corrective Action**

1. 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.

The UK is encouraged to consider the following recommendations to strengthen EITI implementation:

**Encouragements**

**Outcomes and impact**

1. To strengthen implementation and the alignment of EITI objectives with national priorities, the UK is encouraged to consider ways of strengthening the UKEITI’s engagement on the energy transition debate with a view to expanding the leadership by example for other EITI implementing countries, as is planned by the MSG for 2022. The MSG may wish to consider ways to strengthen its role as a platform for public debate on domestic and international policy issues relevant to EITI.
2. To strengthen implementation, the UK may wish to consider additional capacity-building efforts, especially with civil society, to improve public understanding of UKEITI findings and encourage use of the information by citizens, the media, and others. The UK could consider opportunities to use the UKEITI to facilitate access and citizen input to existing channels of multi-stakeholder consultations on extractive governance, for example by building on their work to date in referencing ongoing public consultations on the UKEITI website.

**3**. To strengthen the accessibility and usability of data, the UKEITI and government are encouraged to ensure that extractive sector data used in all charts and tables published by UKEITI is systematically published in machine readable and inter-operable format, and to code or tag EITI disclosures and other data files so that the information can be compared with other publicly available data in accordance with Requirement 7.2.d.

**4**. To further strengthen the UKEITI’s accountability, the MSG is encouraged to consider innovative ways of engaging the broader constituencies in the MSG’s annual review of outcomes and impact of implementation in accordance with Requirement 7.4, building on the findings of its impact assessment in 2020.

1. In order to increase its impact and the efficiency of its activities, the UKEITI may wish to consider mechanisms to more closely align the findings of impact studies with annual work planning and activity planning.

**Stakeholder engagement**

1. To further strengthen civil society engagement, the civil society constituency is encouraged to continue outreach efforts toward civil society representatives from local communities hosting extractive industries and to sustain efforts to further broaden the constituency. The constituency is encouraged to consider what new areas of UKEITI focus, such as the energy transition and prospects for strategic minerals, could help engage a broader segment of civil society in EITI implementation.
2. To strengthen implementation and the multi-stakeholder oversight of EITI implementation, all constituencies on the MSG are encouraged to continue efforts to ensure that all MSG seats are filled by members that are proactively engaged in all aspects of EITI implementation. As the MSG continues its strategic discussions about the future focus of UKEITI on emerging areas of implementation, such as oil and gas infrastructure decommissioning, prospects for strategic minerals and other areas such as the energy transition, it may wish to reconsider the structure of constituencies’ representation on the MSG to ensure that all appropriate stakeholders are represented on the MSG to make a meaningful contribution on these areas. All constituencies on the MSG, including government, are encouraged to consider proactive ways of fulfilling the national UKEITI objective of contributing to international efforts to further transparent and accessible disclosure systems, including in collaboration and peer exchanges on emerging issues of focus for UKEITI including environmental aspects of the extractive industries, the energy transition and beneficial ownership transparency.

**Transparency**

1. To strengthen environmental aspects of EITI implementation, the UK may wish to consider using its EITI disclosures to cover the rules and practices of environmental management and monitoring of extractive investments in accordance with Requirement 6.4.a. The UK could also consider disclosures on regular environmental monitoring procedures, administrative and sanctioning processes, as well as environmental liabilities, environmental rehabilitation and remediation programmes in accordance with Requirement 6.4.b.
2. To strengthen implementation, the UK is encouraged to ensure public disclosure of information on awards and transfers of licenses on an annual basis, for all types of extractive licenses awarded by each of the 11 licensing authorities. This information should include the technical and financial criteria assessed, as well as clarity on license transfer rules and practices.
3. To strengthen implementation, the UK is encouraged to ensure that information on active licenses in the mining, oil and gas sectors is comprehensively disclosed, at the least for licenses held by material companies include in the scope of UKEITI reporting. This information should include license coordinates, dates of application, award and expiry, and commodity(ies) covered.
4. To strengthen implementation, the UK is encouraged to ensure that the MSG publishes an assessment of the comprehensiveness and reliability of beneficial ownership disclosures of all companies holding or applying for a mining or oil and gas license on a regular basis as a means of providing a diagnostic of disclosures in practice. The UK is urged to ensure that any politically exposed persons be identified in public disclosures of the beneficial ownership of extractive companies in accordance with Requirement 2.5.d.
5. To strengthen implementation, the UK may wish to publish clarifications of whether there are any instances of multiple extractive agreements that are substantially interconnected and considered to form a single project for the purposes of levying any revenue streams imposed at a project-level in the UK.
6. To strengthen implementation, the UK may wish to consider strengthening disclosures in the framework of Requirement 5.3 to address issues of public concern highlighted in the UKEITI’s 2020 impact study, such as the energy transition and intergenerational equity.
7. To strengthen implementation, the UK may wish to reconsider its approach to materiality and expand the scope of UKEITI disclosures of financial data to include indirect taxes related to the environment such as the Aggregates Levy, disclosing the requisite information listed under Requirement 6.1.b. In order for Requirement 6.1 to be considered exceeded, the UK would have to ensure comprehensive and reliable disclosures of voluntary social expenditures and environmental payments to government, while ensuring that disclosures of information mandated under Requirement 6.1 was systematically disclosed through government and company systems.

The MSG are encouraged to consider these recommendations, and to document the MSG’s responses to these recommendations in the next annual review of outcomes and impact of EITI implementation.

Addressing corrective actions from the 2020 reconciliation

The MSG discussed the IA’s recommendations from the 2020 reconciliation exercise and lessons learnt at its September meeting. Three recommendations were made which the MSG delegated to the Reconciliation subgroup to monitor. The Reconciliation subgroup reported its progress to the MSG in November 2021:

| **N°** | **Recommendation** | **Progress** |
| --- | --- | --- |
| 1 | Review of the scope of the reconciliation with a view to capturing all revenue streams. | There was some discussion as to whether Diverted Profits Tax and Aggregates Levy should be captured as additional revenue streams. Work is still underway to assess the materiality and feasibility of these proposals and the Reconciliation subgroup will report back to the MSG once discussions have taken place. |
| 2 | Consider maintaining a contacts database for extractive companies and government agencies. | The Reconciliation subgroup discussed and it was agreed that a contact database is not currently required, but the initial request email, guidance and templates should remind companies to inform the IA of any changes in personnel or contact information. **The MSG endorsed at their meeting on 25th November 2021.** |
| 3 | No Politically Exposed Persons (PEP) data has been disclosed in the seven years of UK EITI reporting. The MSG should consider updating the guidance notes to provider greater clarity and consider reducing the minimum level shareholding in the reporting entity (currently 5% minimum). | The Reconciliation Subgroup discussed whether there should be a greater coverage of reporting, and why the coverage appears to low. Possibly due to PEPs more likely to be with the smaller companies that aren’t 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 (the operator reports on behalf of all joint venture partners so companies that are non-operator licensees are not included in scope – they will only be caught if they are tax paying above the threshold). The MSG agreed at their meeting on 25th November that there were no immediate concerns but agreed to maintain a watching brief and revisit at a later date. |

Progress against workplan, including impacts

Every year the UK EITI MSG agrees a workplan setting out its priorities for the year and how they align against UK EITI’s four overarching objectives. The following table provides an overview of the progress made by the MSG against each action on the workplan at the time of publication of the report. More detail can be found in our [2021 workplan](https://www.ukeiti.org/publication/uk-eiti-workplan-2021), on the UK EITI website.

| **N°** | **Objective** | **Progress** |
| --- | --- | --- |
| 1 | Uphold the principles set out in the 2019 EITI Standard and implement them in a way suitable for the UK context. | * UK EITI has successfully completed its second validation during 2021, achieving a ‘high score’ of 90 out of 100 against the 2019 EITI Standard. * The UK MSG has met seven times throughout 2021 and has had robust discussions on a wide range of topics, including further mainstreaming, contract and licence transparency and energy transition. These discussions have included guest speakers and regular attendance from the EITI Secretariat and Validation team. * The UK EITI Secretariat have worked together with the Civil Society Co-ordinator to increase local representation on the MSG. * The MSG reviewed its [Terms of Reference](https://www.ukeiti.org/publication/uk-eiti-msg-terms-reference?highlightTerm=terms%20of%20reference) and discussed how to manage the appointment of members who have exceeded their default term. |
| 2 | Promote transparent and accessible disclosure systems and good governance in the extractives sector. Enhance accountability on revenues from the UK’s extractives industries. | * The [2020 payments data](https://www.ukeiti.org/news-item/2020-payments-report) was published in record time in July 2021. Disclosures of UK EITI payments data now lead all EITI implementing countries in terms of timeliness. * UK EITI has successfully worked with 11 UK licencing authorities to improve contract and licence disclosures. The [contract and licence transparency](https://www.ukeiti.org/contract-and-licence-transparency) website page has also been significantly updated, including the addition of a [table](https://www.ukeiti.org/publication/uk-extractive-licence-and-contract-structure) showing the structure and nature of the extractive licence and contract regime in the UK. * The MSG had an initial discussion about energy transition in [January](https://www.ukeiti.org/publication/43rd-uk-eiti-msg-meeting-14th-january-2021-minutes). Further discussions have taken place, including guest speakers on the Task Force for Climate-related Disclosures (TCFD) in [March](https://www.ukeiti.org/publication/44th-uk-eiti-msg-meeting-16th-march-2021-minutes) and the Caron Tracker Fossil Fuel Registry in [July](https://www.ukeiti.org/publication/47th-uk-eiti-msg-meeting-21st-july-2021-minutes). A further energy transition discussion is planned for January 2022. |
| 3 | Increase public understanding of the social and economic impacts of the UK's extractive industries and enrich public debate on the governance and stewardship of the UK's oil, gas and mineral resources. | * The UK EITI Secretariat has continued to make improvements to the UK EITI [website](https://www.ukeiti.org). In particular, the [energy transition](https://www.ukeiti.org/energy-transition) page includes information and links to related UK Government policies and consultations, stakeholder responses and policies and academic articles discussing the link between EITI and climate change. * The UK EITI Secretariat conducts regular reviews of the website to ensure it remains accessible and up to date. This includes the commissioning of an accessibility audit, the results of which are being taken forward by the Secretariat and our website providers. * The Communications and Engagement subgroup has been relaunched under the leadership of an external comms expert who brought increased focus to the group’s work. The subgroup also now includes more members with comms experience. Brainstorming sessions seeking views from subgroup members on core elements of the emerging Strategy were held ahead of launching benchmarking surveys in Q1 of 2022 for all three constituent groups to improve n outreach by understanding stakeholder priorities and their preferred ways of engaging in UK EITI issues. * improved outreach took place to help better focus the work of the subgroup. * An article about UK EITI was published in the Summer edition of [Mineral Products Today.](https://www.mineralproducts.org/Publications/Mineral-Products-Today.aspx) * Data from the UK EITI Payments Report was quoted in a [Sky news article](https://news.sky.com/story/revealed-some-of-the-worlds-biggest-oil-companies-are-paying-negative-tax-in-the-uk-12380442) about UK tax receipts. The UK EITI Secretariat responded to an enquiry to the BEIS Press team to help answer Sky’s queries before the article was published. |
| 4 | Contribute to international efforts to further transparent and accessible disclosure systems, common global reporting standards and good governance in the extractives sector. | * The UK Secretariat continued to hold regular meetings with colleagues from the secretariats in Germany and the Netherlands. The Norwegian Secretariat have recently joined this forum and provided a teach-in on adapted EITI implementation and how this works in Norway. * The UK Secretariat is in regular contact with the International Secretariat, particularly with regard to the UK’s second EITI validation, Guidance Notes clarifying the 2019 EITI Standard, energy transition and technical detail on contract and licence transparency. The International Secretariat took part in several discussions with UK licencing authorities on contract and licence transparency, where they provided advice and case studies from other EITI implementing countries. * The UK Secretariat contributed to preparations for the [Beneficial Ownership Transparency Forum](https://eiti.org/blog/network-effect-growing-commitment-to-beneficial-ownership-transparency) in September (hosted by EITI, the B Team and Open Ownership). The UK EITI Chair and several civil society MSG members also attended the conference in London. * The UK Secretariat took part in discussions with EITI and other UK Government colleagues about EITI and energy transition/climate change in the run up to the COP 26 climate change conference. * The UK Secretariat attended several virtual events arranged by EITI. |

Efforts to strengthen the impact of EITI implementation on natural resource governance

The UK already benefits from a high level of extractives sector transparency and much of the information required by EITI to be made publicly accessible is systematically disclosed. However, as outlined in our [Mainstreaming Feasibility Study](https://www.ukeiti.org/publication/uk-eiti-mainstreaming-feasibility-study), this data is often spread across a range of sources meaning there was no single place for people and organisations to go to learn more about the impact of UK extractive industries on their lives. UK EITI provides a key role in collating the data available into a more accessible format, and signposting additional data sources, so that the public have the tools – via the UK EITI website - available to hold the extractive sector to account.

The [Payments Data](https://www.ukeiti.org/payments-data) section of the UK EITI website not only includes the latest UK payments data, but also includes links to the Companies House extractives service, the Financial Conduct Authority (FCA) National Storage Mechanism and the Natural Resource Governance Institute (NRGI) database. The [2020 payments data](https://www.ukeiti.org/news-item/2020-payments-report) was published in record time in July 2021. Availability of UK EITI payments data now leads all 56 EITI implementing countries for timeliness.

UK EITI also worked successfully with 11 UK licencing authorities to improve contract and licence disclosures, with updates posted to our [contract and licence transparency](https://www.ukeiti.org/contract-and-licence-transparency) page , including the addition of a [table](https://www.ukeiti.org/publication/uk-extractive-licence-and-contract-structure) showing the structure and nature of the extractive licence and contract regime in the UK.

UK EITI Website

The UK EITI website ([www.ukeiti.org](http://www.ukeiti.org)) is a primary tool for engaging stakeholders and communicating the impact of UK EITI, It makes available data specific to extractives that had been published only within relevant annual reports on Gov.uk and was not broken out to facilitate its use by the UK public or sector stakeholders with less interest in other aspects covered by annual reports. The sectoral information collated and packaged in user-friendly ways by UK EITI is now an integral part of the website and is updated as soon as new data becomes available, rather than once annually. Links to key sites were also added to ease access and verification of data from original sources. This increases UK EITI’s systematic data disclosure, a key requirement for implementing countries.

The website contains all MSG documents including reports and minutes. The News section offers updates on news items of relevance to the sector. The website is written in plain English with minimal industry jargon or unfamiliar acronyms. To ensure that UK EITI remains accessible to all users, we commissioned an independent audit (see below). Measures have been taken to address the findings and recommendations.

Given public interest in the issue a particular focus has been on the [energy transition](https://www.ukeiti.org/energy-transition) page, which includes information and links to related UK Government policies and consultations, stakeholder responses and policies and academic articles discussing the link between EITI and climate change.

Eighteen months since its launch, the UK EITI website has received a total of 20,637[[11]](#footnote-12) page views from 3,712 users, The most visited pages are the reports and publications section, followed by the oil and gas sector and the mining and quarrying sector sections. The importance of the website for outreach and informing debate to UK EITI stakeholders took on new importance in 2021 due to the Covid pandemic when in-person engagement was restricted. Last year’s investment in upgrading the website allowed UK EITI to publish the fastest payments report of all 56 EITI countries. That will continue in 2022.

Meanwhile, the UK EITI MSG continued to serve as a forum for debate on issues of national interest, such as the decommissioning of oil and gas infrastructure, prospects for strategic minerals production, and the [transition to a net-zero economy](https://eiti.us5.list-manage.com/track/click?u=691e61806662528c68908252f&id=ac770514b3&e=9aa6d88e5f). That dialogue is expected to intensify in 2022 following the COP 26 Climate Summit.

Indeed, a key part of the updated UK EITI Communication and Engagement Strategy will focus on supporting the MSG to “turn its attention to areas of UK extractive industries where there is greater public interest, in particular the debate on energy transition, and the challenges facing the extractives sector as the UK works to meet its legally-binding target to bring greenhouse emissions to net zero by 2050.” Since June 2021, an independent EITI communications and engagement expert has been supporting the MSG and Secretariat.

Whilst the EITI Validation gave UK EITI high marks for overcoming previous setbacks to engagement of civil society, looking ahead to 2022 a key engagement objective will be CSO recruitment to bring new voices to the MSG and improve our reach into local communities.

MSG members and the UK Secretariat continued to raise awareness of UK EITI while broadening public understanding and engagement via mainstream and social media as well as by organising and participating in media and public engagement events, for example:

* An article about UK EITI was published in the Summer edition of [Mineral Products Today.](https://www.mineralproducts.org/Publications/Mineral-Products-Today.aspx)
* Data from the UK EITI Payments Report was quoted in a [Sky news article](https://news.sky.com/story/revealed-some-of-the-worlds-biggest-oil-companies-are-paying-negative-tax-in-the-uk-12380442) about UK tax receipts. The UK EITI Secretariat responded to an enquiry to the BEIS Press team to help answer Sky’s queries before the article was published.
* Participation by members and Chair at the Beneficial Ownership Transparency Forum, which took place taking place on 7th September 2021 in London. The one-day event hosted by BHP, the EITI, The B Team and Open Ownership brought together industry leaders and supporters of corporate ownership transparency.
* UK EITI MSG invited Chatham House researchers to present their study: ["Transparency in Transition: Climate Change, Energy Transition and the EITI"](about:blank) focusing on the strategic direction of EITI and the implementing countries; <https://www.ukeiti.org/energy-transition>

A number of relevant news stories were published in the [“News and Events”](https://www.ukeiti.org/news-events) section of the UK EITI website including:

* A story about the UK Government bringing forward the end to coal power by October 2024 <https://www.ukeiti.org/news-item/end-coal-power-brought-forward-october-2024>
* Published “Area Involved” report by The Crown Estate and the British Marine Aggregate Producers Association.

EITI in the UK - Timeline

| **Date** | **Event** |
| --- | --- |
| 22 May 2013 | The UK Prime Minister announced commitment to EITI. |
| 9 July 2013 | A Multi-Stakeholder Group (MSG) was formed to oversee EITI implementation in the UK. |
| 9 October 2013 | The MSG held its first meeting. |
| 5 August 2014 | The UK submitted its application to become an ‘EITI Candidate’ country to the EITI Board. |
| 15 October 2014 | The UK became an EITI candidate country. |
| 15 April 2016 | First UK EITI Report published. (Period covered: calendar year 2014 / Sectors covered: Oil, Gas, Mining and Quarrying.) |
| 31 March 2017 | Second UK EITI Report published. (Period covered: calendar year 2015 / Sectors covered: Oil, Gas, Mining and Quarrying.) |
| 30 April 2018 | Third UK EITI Report published. (Period covered: calendar year 2016 / Sectors covered: Oil, Gas, Mining and Quarrying.) |
| 1 July 2018 | UK Validation against the 2016 EITI Standard commenced. |
| 25 February 2019 | Fourth UK EITI Report published. (Period covered: calendar year 2017 / Sectors covered: Oil, Gas, Mining and Quarrying.) |
| 2 May 2019 | UK draft Validation report published. |
| 14 November 2019 | Validation announcement that UK had made “meaningful progress” in implementing the 2016 EITI Standard. |
| 20 December 2019 | Fifth UK EITI Report published. (Period covered: calendar year 2018 / Sectors covered: Oil, Gas, Mining and Quarrying.) |
| 29 May 2020 | Launch of UK EITI website |
| 9 December 2020 | Sixth UK EITI Report published. (Period covered: calendar year 2019 / Sectors covered: Oil, Gas, Mining and Quarrying.) |
| 1 July 2021 | Second UK Validation against the 2019 Standard commenced. |
| 27 July 2021 | Seventh UK EITI payments data published on UK EITI website. |
| 20 October 2021 | EITI Board announce that UK has achieved a “high score” of 90 out of 100 in their validation against the 2019 Standard |

Glossary of Abbreviations

|  |  |
| --- | --- |
| BEIS | Department for Business, Energy and Industrial Strategy |
| BGS | British Geological Survey |
| CCUS | Carbon Capture, Utilisation or Storage |
| CDEW | Construction, Demolition and Excavation Wastes |
| CDFA | Coal-Derived Fly Ash |
| COP | Conference of Parties |
| CSN | Civil Society Network |
| CSO | Civil Society Organisation |
| EITI | Extractive Industries Transparency Initiative |
| FBA | Furnace Bottom Ash |
| FCA | Financial Conduct Authority |
| GB | Great Britain |
| GHG | Greenhouse Gas |
| GVA | Gross Value Added |
| IA | Independent Administrator |
| IBA | Incinerator Bottom Ash |
| MPA | Mineral Products Association |
| MSG | UK EITI Multi-Stakeholder Group |
| MTAN | Minerals Technical Advice Note |
| N/A | Not applicable |
| NGO | Non-Governmental Organisation |
| NPPF | National Planning Policy Framework |
| NRGI | Resource Governance Institute |
| OGA | Oil and Gas Authority |
| ONS | Office of National Statistics |
| PEP | Politically Exposed Person |
| SPPS | Strategic Planning Policy Statement for Northern Ireland |
| TCFD | Taskforce on Climate-related Financial Disclosures |
| UK | United Kingdom |
| UKCS | UK Continental Shelf |

1. Wytch Farm in Dorset, England is the only substantial onshore field and is covered by a “seaward” licence; the drilling sites are onshore, but some of the wells extend under Poole Harbour [↑](#footnote-ref-2)
2. <https://www.gov.uk/government/statistics/building-materials-and-components-statistics-may-2021> [↑](#footnote-ref-3)
3. <https://www.gov.uk/government/statistics/building-materials-and-components-statistics-may-2021> [↑](#footnote-ref-4)
4. <https://www.mineralproducts.org/MPA/media/root/Publications/2020/Contribution_of_Recycled_and_Secondary_Materials_to_Total_Aggs_Supply_in_GB_2020.pdf> [↑](#footnote-ref-5)
5. <https://www.mineralproducts.org/News-CEO-Blog/2021/release03.aspx> [↑](#footnote-ref-6)
6. <https://www.gov.uk/government/statistics/aggregates-levy-bulletin> [↑](#footnote-ref-7)
7. <https://www.ukeiti.org/sector-introduction#reference-7> [↑](#footnote-ref-8)
8. All references to the ‘Standard’ are the current 2019 EITI Standard unless otherwise stated. [↑](#footnote-ref-9)
9. The MSG met 7 times during 2021 [↑](#footnote-ref-10)
10. Please see the [2nd validation evidence and report](https://eiti.org/board-decision/2021-63) for full details of progress between January and September 2021. [↑](#footnote-ref-11)
11. Data from Google Analytics, sourced 9th December 2021 and covering the period 29th May 2020 – 9th December 2021. [↑](#footnote-ref-12)