

Validation of the United Kingdom (2021):

Final assessment of progress in implementing the EITI Standard

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Acronyms

BEIS	Department for Business, Energy & Industrial Strategy
BGS	British Geological Survey
CA	Coal Authority
CES	Crown Estate Scotland
CSN	Civil Society Network
DAERA	Department of Agriculture, Environment and Rural Affairs
DfE	Northern Ireland's Department for the Economy
EITI	Extractive Industries Transparency Initiative
EU	European Union
GB	Great Britain
GDP	Gross Domestic Product
HMRC	Her Majesty's Revenue & Customs
IA	Independent Administrator
MMO	Marine Management Organisation
MPL	Mineral Prospecting Licence
MSG	Multi-Stakeholder Group
NRW	Natural Resources Wales
OGA	Oil and Gas Authority
ONS	Office for National Statistics
PEARS	Petroleum e-business assignments and relinquishment system
PEP	Politically Exposed Person
PSC	People with Significant Control
RFES	Ring Fence Expenditure Supplement
SC	Supplementary Charge
TCE	The Crown Estate
ToR	Terms of Reference
UK	United Kingdom
UKCS	UK Continental Shelf
UKEITI	United Kingdom Extractive Industries Transparency Initiative

Executive summary

This final Validation report presents the findings of the International Secretariat's Validation of the United Kingdom (UK), which commenced on 1 July 2021. The draft report was finalised for review by the multi-stakeholder group (MSG) on 16 August 2021. Following comments from the MSG on 13 September 2021, the Validation report was finalised for consideration by the EITI Board. The Secretariat's assessment is that five of the eight corrective actions from the UK's previous Validation have been fully addressed and that there has been significant improvements on the other three. The assessment suggests that the UK has exceeded two EITI Requirements, fully met 20, and mostly met three requirements.

Key achievements

- Since the previous Validation completed in November 2019, the UKEITI has established a platform for multi-stakeholder dialogue on the governance of the extractive industries through the MSG. The resolution of conflicts within the civil society constituency and establishment of clear accountability mechanisms has freed up the MSG's capacity to consider expanding the coverage of UKEITI implementation to new areas of opportunity and challenge such as decommissioning of oil and gas infrastructure, prospects for strategic minerals production, and the transition to a net-zero economy by 2050 among others.
- The past three years have marked a step change in systematic disclosures as UKEITI disclosures have increasingly built on routine disclosure systems within government and companies. Almost all non-payments information is now systematically disclosed through the UKEITI website, with the MSG working directly with government entities to strengthen the comprehensiveness of these routine publications. The UK has achieved substantial progress in its collaboration with the 11 licensing authorities in strengthening their systematic disclosure of license and lease information in accordance with Requirement 2.3. Disclosures of UKEITI payments data now lead all EITI implementing countries in terms of timeliness. These improvements have strengthened the public accessibility of extractive industry data in the UK.
- The UKEITI has increasingly transitioned towards a tool for increasing the accessibility of extractive data, although further improvements to ensure machine-readable interoperable formats for all data disclosures are needed. The focus on centralising access to information spread across disparate government agencies has increasingly been matched by a focus on centralising information on opportunities for multi-stakeholder input to extractive industry governance, for instance by mapping public hearing announcements on extractive issues.

Areas for development

- While the MSG has revised the objectives of the annual UKEITI work plan in 2020, there is a need to align objectives for EITI implementation more closely with stakeholder

priorities and the results of the MSG's annual review of outcomes and impact. The UKEITI's 2020 impact study highlights opportunities to strengthen the relevance of the EITI by focusing attention on issues outside the scope of the EITI Standard, such as payments to Government Regulations, the energy transition, intergenerational equity and wider issues of corporate transparency. Building linkages between work planning and monitoring and evaluation could help strengthen the relevance of UKEITI to public debate and policy making, while enhancing the attractiveness of EITI engagement to a broader cross-section of relevant stakeholder groups.

- The growing public debate on the environmental impacts of the extractive industries creates an opportunity to revisit the scope of EITI disclosures to ensure a closer alignment between the supply of UKEITI data and public demands for information, for instance with regards to environmental payments to government such as the Aggregates Levy and other forms of environmental taxes.
- Given the timely comprehensive disclosures of revenue data and the lack of material discrepancies in reconciliation, the UK is encouraged to further integrate the comprehensive and reliable disclosure of disaggregated data on company payments and government revenues in the extractive industries within routine government and company systems. This could reduce the resources allocated to reconciliation over medium term and allow the MSG to focus on issues of greater public interest.

Progress in implementation

EITI Validation assesses countries against three components – “Stakeholder engagement”, “Transparency” and “Outcomes and impact”.

Stakeholder engagement

The government, civil society and extractive companies are generally actively engaged in EITI implementation, having resolved the civil society constituency challenges that were disruptive in the period covered by the previous Validation. The MSG appears to be functioning in an efficient and equitable manner, with adequate representation from the three constituencies and robust representation across relevant government departments. The civil society constituency's efforts, supported by the UKEITI Secretariat, to engage stakeholders from communities hosting extractive activities are commendable, even if they have not yet been successful in ensuring direct participation of such groups on the MSG. The pandemic has curtailed MSG plans for in-person outreach across the country, which has affected progress to build local stakeholder engagement. The MSG appears to be fulfilling its role of representing the views of the three broader constituencies, within the constraints of limited public interest in UKEITI findings and local stakeholders' capacity constraints.

Transparency

The UK has made progress on reforming some of the government's data management systems for its extractive industry disclosures to address corrective actions from the previous Validation. Most non-financial information required by the EITI Standard now appears to be systematically disclosed on government websites, with the UKEITI website increasingly playing the role of data aggregator to improve the accessibility of extractive industry data in the UK. Despite the

significant progress in improving disclosures related to extractive license and contract data, there remain gaps in public disclosure of the licensing procedure, license data and the full text of licenses and contracts among some of the UK's 11 licensing authorities. Information on licenses that give rise to the most material revenues to government is mostly in the public domain, however. While the UK's beneficial ownership disclosures were pioneering globally, the MSG could accelerate work to review the comprehensiveness and reliability of these disclosures to retain the UK's leading global role in beneficial ownership transparency. There is an opportunity for the UKEITI to expand public disclosures of environmental aspects of extractive industry governance, including in environmental taxes and in monitoring rules and practices, responding to growing public demand for this kind of information.

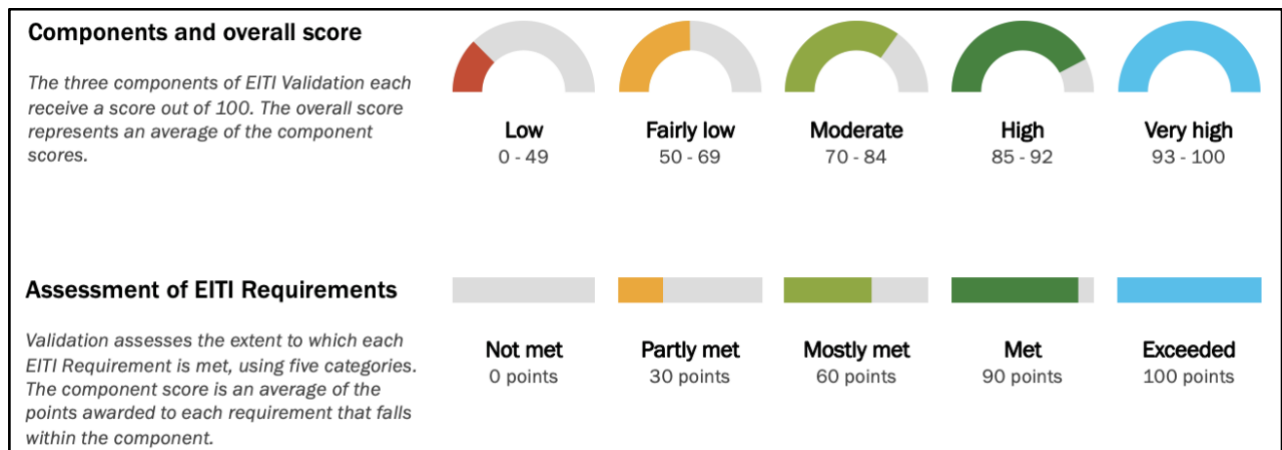
Outcomes and impact

The UK has revised the objectives of its EITI work plan in 2020, although more could be done to strengthen the connection between the MSG's annual review of implementation outcomes and EITI work planning. The UK's achievements in improving transparency in extractive rights and licensing and international leadership on beneficial ownership disclosures have led to impacts internationally in establishing best practice that have inspired other EITI implementing countries. The three constituencies on the MSG are contributing to outreach and dissemination of UKEITI data and findings, primarily through digital channels particularly since the onset of the health pandemic in March 2020. There is some evidence of use of UKEITI data to inform public debate, although interest in UKEITI data is curbed by the widespread pre-existing availability of extractive sector data and public debate that is increasingly focusing on the energy transition. Nonetheless, many stakeholders consulted highlighted the value of the new UKEITI website in improving the accessibility of extractive data by centralising government and company data in a central portal. There are mechanisms for consistent follow-up on recommendations from EITI reporting and Validation, with limited evidence of administrative reforms attributable to EITI. Expanding the scope of EITI implementation to areas of greater public interest, such as oil and gas infrastructure decommissioning and the potential for strategic minerals production in the UK, could help improve the outcomes and impact of EITI implementation. Recent MSG discussions on the EITI's potential contribution to the energy transition debate have the potential of garnering greater public interest in the outputs and outcomes of the UK's EITI implementation.

Figure 1 Scorecard: Summary of progress in the Validation of the United Kingdom

EITI Requirements			Assessment		
Validation of the United Kingdom: final assessment per EITI Requirement			Level of progress	Score	Direction
Component	Module	Requirements			
Outcomes and impact	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	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	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 & license allocations (#2.2)	Mostly met	75	→
		License register (#2.3)	Mostly met	75	→
	Ownership	Beneficial ownership (#2.5)	Fully met	90	→
	State participation	State participation (#2.6)	Not applicable	-	=
		In-kind revenues (#4.2)	Not applicable	-	=
		SOE transactions (#4.5)	Not applicable	-	=
		SOE quasi-fiscal expenditures (#6.2)	Not applicable	-	=
	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)	Not applicable	-	=
		Transportation revenues (#4.4)	Not applicable	-	=
		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)	Not applicable	-	=
		Subnational transfers (#5.2)	Fully met	90	=
Social & environmental expenditures (#6.1)		Fully met	90	→	

How EITI Validation scores work



The overall score (out of 100) represents an average of the scores of each component.

Each requirement will be assessed following the scale below and assigned corresponding points:

- **Exceeded (100 points):** All aspects of the requirement, including ‘expected’, ‘encouraged’ and ‘recommended’ aspects, have been implemented and the broader objective of the requirement has been fulfilled through systematic disclosures in government and company systems.
- **Fully met (90 points):** The broader objective of the requirement has been fulfilled, and all required aspects of the requirement have been addressed.
- **Mostly met (60 points):** Significant aspects of the requirement have been implemented, and the broader objective of the requirement is mostly fulfilled.
- **Partly met (30 points):** Significant aspects of the requirement have not been implemented, and the broader objective of the requirement is not fulfilled.
- **Not met (0 points):** All or nearly all aspects of the requirement remain outstanding, and the broader objective of the requirement is far from fulfilled.
- **Not assessed:** Disclosures are encouraged, but not required and thus not considered in the score.
- **Not applicable:** The MSG has demonstrated that the requirement doesn’t apply.

Where the evidence does not clearly suggest a certain assessment, stakeholder views on the issue diverge, or the multi-stakeholder group disagrees with the Secretariat’s assessment, the situation is described in the assessment.

1. Effectiveness and sustainability indicators

The country is awarded 0, 0.5 or 1 point for each of the five indicators. The points are added to the component score on Outcomes and impact.

1.1 National relevance of EITI implementation

This indicator considers the extent to which EITI implementation in the UK addresses nationally relevant extractive sector challenges and risks.

An [impact study](#) conducted by the UKEITI for the implementation period 2013-2020 noted that MSG discussions have often “focused on the mechanics of EITI reporting, which does not always reflect the most pertinent issues to the UK extractive industries.” The report highlighted an opportunity to strengthen the relevance of the EITI by focusing attention on issues outside the scope of the EITI Standard, such as “payments to Government Regulations, the energy transition, intergenerational equity and wider issues of corporate transparency.”

This ambition is to some extent represented in the [UKEITI's most recent annual work plan \(covering 2021\)](#), which identifies four overarching objectives (upholding the principles of the 2019 EITI Standard, promoting transparent and accessible disclosure systems, increasing public understanding and debate in regard to the extractive industries' social and economic impacts, and contributing to international transparency efforts). Of these, the second objective on promoting transparent disclosure systems encompasses actions to comply with the EITI Standard, and the MSG has explicitly engaged with priority policy issues not directly included within the scope of the 2019 Standard, the energy transition being most notable. A section on the energy transition has also been added to the UKEITI website, and a [Feasibility Study](#) has supported some preliminary work on mainstreaming EITI disclosures, particularly among public authorities.

The UKEITI's work on the energy transition has moved beyond discussions and website content, however. Yet the UKEITI's objectives do not appear significantly aligned with other national priorities, with some stakeholders consulted having suggested that the EITI should play a more prominent role in the decommissioning of oil and gas infrastructure and prospects for strategic minerals. Despite the widely shared expectation that the MSG will position itself to adapt its activities in response to reflect the changing nature of the extractives sector in the UK, there have been no significant steps taken in this direction yet.

The Secretariat proposes that 0 additional points be added to the score on Outcomes and impact for this indicator.

1.2 Systematic disclosures of extractive industry data

With some exceptions related to some of the financial data on government revenues, the data curated on the UKEITI website appears to be consistently and systematically disclosed by individual reporting agencies and organisations. Stakeholder consultations have consistently suggested that the main value added by the UKEITI website is the collection, curation, and

presentation of data that is disclosed elsewhere. In practice, the MSG has completely reengineered reporting processes towards helping reporting agencies to update and regularly maintain their own data reporting platforms and websites, which is simultaneously collected and curated on the EITI website. This has been successfully implemented for all aspects of EITI data, except data on auditing procedures. This in itself would merit awarding one additional point under this indicator, but, additionally, there is evidence that EITI implementation has resulted in increased systematic disclosure by some agencies, such as license and contract information from the Crown Estate (as discussed in the section Legal environment and fiscal regime).

The Secretariat proposes that 1 additional point be added to the score on Outcomes and impact for this indicator.

1.3 Environment for citizen participation in extractive industry governance

This indicator considers the extent to which there is an enabling environment for citizen participation in extractive sector governance, and whether the EITI has had an impact on communities or improved civic space related to extractives governance.

The legislative and regulatory environment for the UK extractive industries supports the active participation of citizens and affected communities, and mechanisms for feedback and consultation are mainstreamed in the UK's public administration, notably through public hearings. This is a central feature of public administration in the UK and cannot be attributed to the EITI.

Public engagement and participation have nevertheless been elusive to the UKEITI, and stakeholder consultations suggest that the initiative remains largely unknown to the general public and even to the local communities where extractive industries play an important role. The MSG has planned and executed several activities in hopes of increasing public engagement and participation, including improvements to the UKEITI website, the establishment of an MSG subgroup dedicated to outreach, and close engagement with the EITI Champion, Lord Callanan. These efforts have not, however, had a discernible effect on public awareness or engagement, improvements in civic space, or communities in regions with extractive activities.

The Secretariat proposes that 0 additional points be added to the score on Outcomes and impact for this indicator.

1.4 Accessibility and use of extractive industry data

This indicator considers the extent to which extractive sector data is accessible and used for analysis, research and advocacy.

Data published on the EITI website is comprehensive and timely and presents information about EITI in clear and accessible language. It also does a commendable job of collecting and curating data from a variety of disparate sources. The data published here, however, is generally presented in tables, graphs, and pdf files, and does not adhere to the criteria of the [open definition](#) by making data available for bulk download in machine readable formats. Though some EITI data is available in csv format on the UK's open data portal, this falls short of the

stated intent in UKEITI's own [Open Data Policy](#), which notes that "In general, tabulated data will be made available in CSV (Comma Separated Values) format and the MSG will consider options to move to publishing linkable and linked data." The MSG's comments on the draft assessment highlighted that the UKEITI website now provides an email address through which data underlying tables and figures may be requested in open (CSV) format. While the opportunity to request underlying data is welcome, in practice this requires additional steps for users seeking access UKEITI data, and positions the UKEITI MSG as a gatekeeper for open data, and thereby meet international standards for open data, which require that data sets be made available "as a whole and [...] downloadable via the Internet"¹ or the UKEITI's own data standard, which is currently being reviewed.

Stakeholder consultations have indicated that UKEITI would be ready and willing to provide access to machine to tabulated data downloads if it were requested, but that there has been no such demand expressed by EITI stakeholders, researchers, or members of the general public. This is in keeping with lack of robust public engagement and awareness of UKEITI more generally, and it is not clear whether improved public engagement would also reveal a demand for increased accessibility and usability of EITI data. As the UKEITI increases their efforts to improve public engagement and awareness, analysis of different user profiles could help determine the extent to which different stakeholder groups or members of affected communities have particular needs or demands for particular types of data or data formats.

There is nonetheless some evidence that EITI and EITI data contributed to public debate and accountability in the UK, insofar as UKEITI and EITI data has been referenced in several civil society blogposts and campaigns, and at least one judicial review process. It is impossible to know whether increased accessibility to data in keeping with UKEITI's own [Open Data Policy](#) would have increased UKEITI's contributions to public debate and accountability.

The Secretariat proposes that 0 additional points be added to the score on Outcomes and impact for this indicator.

1.5 EITI-related changes to extractive industry policy and practice

This indicator considers the extent to which EITI has informed changes in extractive sector policies and practices.

There is evidence that EITI activities have facilitated changes to disclosure practices among some government agencies, particularly systematic disclosures related to the licensing process and license data by the Crown Estate and Crown Estate Scotland. There has also been significant engagement with at least one government agency regarding the appropriateness of fundamental transparency norms and practice. There is not, however, clear evidence that EITI analysis or data has been used in extractive sector policies development or oversight or led to improvements in the fundamental systems or operations of companies or public agencies. Such improvements were not highlighted as expected outcomes of the UK's EITI implementation by stakeholders consulted.

¹ Open Knowledge Foundation, Open Definition, see <http://opendefinition.org/od/2.1/en/>.

The Secretariat proposes that 0 additional points be added to the score on Outcomes and impact for this indicator.

2. Outcomes and impact

This component assesses EITI Requirements 7 and 1.5, which relate to progress in addressing national priorities and public debate.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

EITI Requirement / past corrective action	Summary of progress in addressing the EITI Requirement	Assessment
Work plan (Requirement #1.5)	There is no evidence of back-sliding since the previous Validation, in which Requirement 1.5 was assessed as “satisfactory progress”.	Fully met
Public debate (Requirement #7.1)	<p>Resolution of conflicts within the civil society constituency has allowed the MSG to focus more attention on outreach and dissemination of UKEITI findings. There is clear evidence of progress since the previous validation on the coordination of communication activities to explain and promote EITI data. The MSG has engaged a communications consultant and the civil society constituency has appointed a coordinator, who together have helped increase the MSG’s capacity for outreach and dissemination. The pandemic has restricted UKEITI plans for in-person outreach events nationwide since March 2020, although the MSG appears to have made reasonable efforts to overcome these challenges through digital engagement. Outreach events have been held both by the MSG and by the different constituencies to raise awareness around UKEITI findings.</p> <p>The MSG has provided evidence of some use of UKEITI data. Civil society provided input to the development of Mandatory Climate-Related Financial Disclosures and public consultation on new oil and gas licensing. Sky News reporting on decommissioning included a reference to EITI payments data. However, stakeholders consulted conceded that the use of UKEITI data was not as robust as originally expected given the widespread availability of extractive data prior to UKEITI implementation.</p> <p>There is evidence of the MSG discussing these issues and constituency submissions at their regular meetings. The energy transition is an area of interest for public debate where the MSG is actively engaged in considering how UKEITI data can add value. A Chatham House study on energy transition and the strategic direction of EITI helped to inform public debate. The UKEITI website energy transition page sets out the context and regular publication of news items have highlighted energy and climate policy developments. Thus, the Secretariat’s assessment is that</p>	Fully met

	all required aspects of the requirement have been addressed and that the requirement's objective has been fully met.	
Data accessibility and open data (Requirement #7.2)	The launch of the new UKEITI website in 2020 has made a tangible improvement in the MSG's efforts to make UKEITI data comprehensible and accessible. The new website is widely viewed by MSG members as a robust platform through which the UK can centralise extractive data that is systematically disclosed on various government and company websites. Several stakeholders from all constituencies highlighted the UKEITI's impact on the accessibility of extractive data. The UKEITI has agreed an open data policy , and EITI data on revenues and payments is available in csv format through the UKEITI website . Reconciliation tables for 2019 are available in .xlsx format. Field-level oil and gas production data is published in .xls format by the OGA, while the Digest of UK Energy Statistics (DUKES) provides annual production and export data for coal, oil and gas in .xls format. On the extractive industries' contribution to the economy, the ONS publishes gross value-added data , the Department for BEIS publishes employment data and the OGA publishes government oil and gas revenues in open format, although data on government revenues from mining and quarrying are not yet published in open format. Summary data files have been submitted to the International Secretariat (in April 2021), although feedback on the 2019 file is yet to be addressed by UKEITI. The MSG noted in its Validation template that data for all charts and tables in UKEITI Reports and the UKEITI website (aside from per-company revenue data) are available in open format upon request, which was confirmed in stakeholder consultations. An email address has been made available on the UKEITI website, through which data underlying tables and figures may be requested. The overall objective of enabling the broader use and analysis of information on the extractive industries has been addressed.	Fully met
Recommendations from EITI implementation (Requirement #7.3)	There is no evidence of back-sliding since the previous Validation, in which Requirement 7.3 was assessed as "satisfactory progress". There is a clear mechanism for the MSG's consistent follow-up on recommendations from past EITI Reports and Validation, with reforms since the previous Validation for instance in systematic disclosures of licensing rules across the 11 licensing authorities in the UK as a result of follow-up on EITI recommendations.	Fully met
Review the outcomes and impact of EITI implementation (Requirement #7.4)	The MSG has undertaken efforts to review the outcomes and impact of the EITI beyond the minimum required aspects of this provision. Having published annual progress reports in the 2014-2018 period, the MSG transitioned to a standalone impact study in 2020 that sought views from different stakeholders on EITI implementation in 2013-2020. This study identified several areas in which the MSG might seek to increase the UKEITI's impact,	Fully met

	<p>including increased MSG capacity to address national priority issues. Not all of these areas were clearly represented in the UKEITI's 2021 work plan, released the following month.</p> <p>The annual EITI Report (most recently the UKEITI Annual Review 2020) contains viewpoints from the MSG Champion, MSG Chair and representatives of each of the three constituencies, including an overview of the year's key activities, progress on work plan objectives and against EITI Requirements. The MSG's annual review has highlighted progress in meeting work plan objectives, including in contributing to international efforts to further transparent and accessible disclosure systems through collaborations with MSGs in other EITI implementing countries and establishing examples of best practice, for instance in beneficial ownership transparency. The 'News & Events' page of the UKEITI website provides an overview of activities and public consultations. Stakeholders can provide feedback on the EITI process through launch events of EITI Reports and the UKEITI website, as well as through the website's 'contact us' function and the constituencies' outreach to their constituencies. MSG members from the three constituencies appear to have canvassed their respective constituencies in preparing the annual review of outcomes and impact. Stakeholders consulted noted the MSG's plans to publish the 2020 annual progress report towards the end of 2021 or early 2022 to take account of the findings of Validation and outcomes of the COP26 climate change conference hosted by the UK. The requirement's overall objective of regular public monitoring and evaluation of implementation that ensures the EITI's accountability has been addressed. However, encouraged aspects of the requirement including documentation of the MSG's efforts to take gender considerations and inclusiveness into account have not yet been comprehensively addressed, which implies that Requirement 7.4 has not yet been exceeded.</p>	
New corrective actions and recommendation		
<ul style="list-style-type: none"> • 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. • 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. • 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.

- 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.
- 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.

3. Stakeholder engagement

This component assesses EITI Requirements 1.1 to 1.4, which relate to the participation of constituencies and multi-stakeholder oversight throughout the EITI process.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

EITI Requirement / past corrective action	Summary of progress in addressing the EITI Requirement	Assessment
Government engagement (Requirement #1.1)	There is no evidence of back-sliding since the previous Validation, in which Requirement 1.1 was assessed as “satisfactory progress”.	Fully met
Industry engagement (Requirement #1.2)	There is no evidence of back-sliding since the previous Validation, in which Requirement 1.2 was assessed as “satisfactory progress”.	Fully met
Civil society engagement (Requirement #1.3)	<p>Evidence and stakeholder consultations indicate progress in improving civil society engagement in all aspects of EITI implementation. The constituency appears to have moved past a conflict, which had negatively impacted on stakeholder representation on the MSG and the broader constituency’s EITI engagement. The UKEITI Civil Society Network (CSN) appointed a constituency coordinator in January 2020 and agreed the CSN MSG nomination process in April 2020, which established a robust constituency coordination mechanism that aims to include host communities. The CSN coordinator has made a positive contribution to strengthen engagement, outreach and coordination during the period under review, although there are sustainability risks related to the future availability of funding for the coordinator’s position. There is evidence of regular outreach by MSG members to the broader constituency, even if this has not generated significant feedback or input. There is evidence of UK civil society’s use of UKEITI data in their research and advocacy, including at the international level.</p> <p>There is no evidence of any barriers to civil society participation or input to the EITI process related to freedom of association, expression, operation or access to public decision-making. Although work remains to engage community-based stakeholders, there was consensus among stakeholders consulted that the CSN, with support from the UKEITI Secretariat, had undertaken all possible efforts to expand the constituency to include representatives of host communities. Stakeholders consulted noted the challenge of generating local and public interest in the UKEITI, given that the extractive industries were not widely seen as a priority area of focus for public debate and given capacity constraints of local stakeholders, although several stakeholders highlighted the potential for topics such as the energy transition and strategic minerals could stimulate local community engagement in future. Thus, the Secretariat’s assessment is that all</p>	Fully met

	required aspects of the requirement have been addressed and the requirement's objective has been fulfilled.	
Multi-stakeholder group (Requirement #1.4)	<p>The government remains fully committed to working with civil society and industry through the MSG, which operates in an open and transparent manner. Internal governance rules and procedures are set out in the MSG Terms of Reference (last updated August 2020 and reviewed in September 2021 with no changes) which clearly explain the role, rights and responsibilities of members. Stakeholder consultations and review of MSG meeting records indicate that the civil society constituency had resolved a conflict regarding the process for selecting MSG members. The selection procedure is described in Section 4.3 of the MSG Terms of Reference and Section 6 of the CSN Membership Principles (last updated September 2020), which codify an open, fair and transparent process for MSG member selection. There was no evidence of deviations from the procedures for nomination of civil society MSG members in practice. While former civil society MSG members were welcome to participate in the nominations process, two members withdrew from the MSG in 2020.</p> <p>In terms of MSG representation, one full seat and one alternate seat are designated for civil society representatives from local communities, although these seats remained vacant at the start of Validation. However, there was consensus among stakeholders consulted that the civil society constituency, supported by the UKEITI Secretariat, had undertaken all possible efforts to engage community-based representatives including local council members but that the lack of interest and spare capacity to engage in EITI were the reasons for the MSG seats being left vacant to date. The Scottish Government appointed a new representative to the alternate member position in the government constituency.</p> <p>The pandemic has curtailed MSG plans for in-person outreach across the country, which has affected progress in building local stakeholder engagement. Civil society representatives consulted noted plans to continue engagement efforts with local stakeholders and considered that one civil society member based in Aberdeen provided some local perspective to MSG proceedings. No conflicts of interest were highlighted in stakeholder consultations and the EITI Code of Conduct appears to be followed in practice. Records of MSG meetings and stakeholder consultations provide evidence of the MSG's oversight of all aspects of EITI implementation, including through virtual participation since the onset of the Covid-19 pandemic in March 2020. The Secretariat's assessment is thus that all required aspects of the requirement have been addressed and that the requirement's objective has been fully met.</p>	Fully Met
New corrective actions and recommendation		

- 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.
- 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.

4. Transparency

This component assesses EITI Requirements 2 to 6, which are the requirements of the EITI Standard related to disclosure.

Overview of the extractive sector (Requirements 3.1, 6.3)

Overview of progress in the module

The UKEITI disclosures on its website and through its UKEITI annual reviews continue to provide comprehensive information on the extractive industries and their contribution to the economy. This information is systematically disclosed on government websites.

The MSG clarified in its comments on the draft assessment that all information listed under Requirement 6.3 is systematically disclosed and referenced in EITI reporting as referenced in MSG comments, aside from government revenues from the extractive industries. However, information on total government revenues from the extractive industries is not yet systematically disclosed through government systems, even if non-tax government revenues systematically disclosed.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

EITI Requirement / past corrective action	Summary of progress in addressing the EITI Requirement	Assessment
Exploration (Requirement #3.1)	There is no evidence of back-sliding since the previous Validation, in which Requirement 3.1 was assessed as “satisfactory progress”.	Fully met
Contribution of the extractive sector to the economy (Requirement #6.3)	There is no evidence of back-sliding since the previous Validation, in which Requirement 6.3 was assessed as “satisfactory progress”.	Fully met
New corrective actions and recommendation		
<ul style="list-style-type: none"> • N/A 		

Legal environment and fiscal regime (Requirements 2.1, 2.4, 6.4)

Overview of progress in the module

The UKEITI disclosures and respective government websites continue to provide comprehensive information on the legal environment and fiscal regime for the extractive industries, with reference to systematic disclosures.

Contract disclosure has been a priority area of work for the MSG and Secretariat, and a challenging one coordinating across 11 licensing authorities. The UKEITI has successfully worked with the Coal Authority to ensure disclosure of the newer coal licenses, including the full text of all licenses awarded since the start of 2021. The OGA discloses the full text of all oil and gas licenses, including annexes. Yet while the Crown Estate and Crown Estate Scotland have engaged in the discussion on disclosing contracts (terrestrial mining licenses and Mines Royal options), there have been no publications to date due to commercial confidentiality concerns. While the MSG's work with licensing authorities on contract and license disclosures has in many ways been exemplary, it has not yet published a comprehensive list of all licenses and contracts, indicating which are disclosed in full (including annexes, amendments and riders where applicable, in both exploration and production licenses) in the public domain in accordance with Requirement 2.4.c.ii. Aside from the coal, oil and gas licenses awarded by the Coal Authority and the Oil and Gas Authority, stakeholder consultations indicated that there were no new contracts (agreements or leases) awarded by the Crown Estate in the first six months of 2021, although it is unclear whether any new contracts (agreements or leases) were awarded by Crown Estate Scotland in this period, which would have had to be disclosed in accordance with Requirement 2.4.a. However, stakeholder comments on the draft assessment confirmed the lack of new contract awards or amendments by Crown Estate Scotland in the first six months of 2021. The full text of all licenses in the coal, oil and gas sectors as well as marine aggregates licenses from the devolved licensing authorities awarded in the first six months of 2021 have been disclosed, included annexes where applicable. Stakeholder consultations did not uncover any particular evidence of use of licenses and contracts disclosed.

Despite these outstanding gaps with regards to Requirement 2.4.a,c, the Secretariat's assessment is that the UK has made progress on contract and license disclosures since the previous Validation where Requirement 2.4 was assessed as "meaningful progress" (the equivalent of "mostly met"). The MSG has publicly clarified the policies and practices of each of the 11 licensing authorities and some of the new licenses (in the coal, oil and gas sectors as well as marine aggregates licenses from the devolved licensing authorities) awarded since the start of 2021 have been publicly disclosed, whereas the policies and practices related to contract disclosure were not sufficiently clear in the period reviewed by the previous Validation. However, while the MSG has started discussing concerns from the Crown Estate and Crown Estate Scotland around commercial sensitivity concerns in publishing the full text of agreements, the UKEITI has not yet publicly documented and explained claims of barriers to the disclosure of the full text of agreements from the TCE and CES. Therefore, the Secretariat's assessment is that the UK has mostly met Requirement 2.4, with improvements since the previous Validation. Indeed, licenses granted, entered into and amended after 1 January 2021 that are not covered by legal or practical barriers requiring long-term solutions (e.g., those granted by Crown Estate Scotland)

have been comprehensively disclosed in full, including relevant annexes, addendum and riders where applicable. In its comments on the draft assessment, the MSG accepted that it had not yet fully documented and explained barriers to the disclosure of the full texts across some licencing authorities and explained that it was unlikely that the UK could achieve full contract transparency due to legal (contractual and statutory) barriers which would take disproportionate resources to resolve given the limited demand for this information. The MSG highlighted its plans to schedule a discussion in early 2022 to discuss and agree a public position on the matter.

The UK has started to gradually expand its EITI reporting to cover aspects related to the environmental impact of the extractive industries, by providing a high-level overview of government policy on the energy transition and climate change policy. However, the MSG has not yet used annual EITI disclosures to map the rules and practices related to environmental management, government's administrative and sanctioning processes, nor environmental liabilities, environmental rehabilitation, and remediation programmes. Stakeholder consultations highlighted significant interest in these issues, particularly among civil society and some government officials. Several MSG members noted that the MSG had been considering the role that the UKEITI could play with regards to energy transition issues, while acknowledging the plethora of institutions and initiatives that had already been established to tackle these issues. Nonetheless, most stakeholders consulted considered that the UKEITI could provide a meaningful contribution to public debate on some issues related to the energy transition, even if the MSG had not yet agreed on what those specific issues were. Thus, the Secretariat's assessment is that the requirement's objective has not yet been exceeded and that Requirement 6.4 should remain as not assessed in order not to penalise the UK for gaps in progress towards an aspect of the EITI Standard that is only encouraged. There is however substantial scope for the UKEITI to undertake further disclosures in line with Requirement 6.4 to contribute to the robust public debate on the environmental impacts of the extractive industries in the context of the energy transition.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action	Summary of progress in addressing the EITI Requirement	Assessment
Legal framework and fiscal regime (Requirement #2.1)	There is no evidence of back-sliding since the previous Validation, in which Requirement 2.1 was assessed as "outstanding progress".	Exceeded
Contracts (Requirement #2.4)	The Secretariat's assessment is that the UK has mostly met the objective of Requirement 2.4 in ensuring public accessibility of licenses and contracts in the extractive sector, with several gaps in disclosures related to the technical aspects of the requirement. There appeared to be consensus among stakeholders consulted that the	Mostly met (with improvements since previous Validation)

	<p>requirement’s objective of ensuring the public accessibility of all licenses and contracts underpinning extractive activities had not yet been fulfilled and that this was an issue the MSG should continue considering in coming months. UKEITI has described the policies and practices of each of the 11 licensing authorities in the absence of an overarching government policy on disclosure of all extractive contracts. All OGA licenses are publicly disclosed in full text. The Coal Authority has published the full text of coal licenses awarded since 1 January 2021 on its website. There do not appear to be mining licenses and leases awarded by the Crown Estate since January 2021, although it is unclear from public documents if other entities such as Crown Estate Scotland may have awarded new contracts since the start of the year without publicly disclosing them in accordance with Requirement 2.4.a. However, stakeholder comments on the draft assessment confirmed the lack of contract awards or amendments involving Crown Estate Scotland in the first six months of 2021. While the MSG has integrated work on license and contract disclosure in its annual EITI work plan, it has not published a comprehensive list of licenses, clearly indicating which are publicly accessible in accordance with Requirement 2.4.c.ii. The Secretariat’s assessment is that there have been improvements since the previous Validation, given the UKEITI’s clarification of the policies and practices related to contract disclosure by the 11 licensing authorities and the publication of some of the licenses awarded since the start of 2021.</p>	
<p>Environmental impact (Requirement #6.4)</p>	<p>The UK has not yet fully met the objective of this requirement, which is therefore marked as “not assessed”. The UK has not provided relevant legal and administrative rules for environmental management but has shared high-level details on how policy is expected to restrict domestic petroleum extraction and may revive domestic minerals extraction, with a particular focus on climate policy. The MSG has not identified any databases of impact assessments, certification schemes or other environmental-management documentation. It has highlighted the independent Committee on Climate Change as the main advisory body to the government on the energy transition, and the North Sea Transition Deal as a government agreement with petroleum producers to address the energy transition and protect energy jobs.</p>	<p>Not assessed</p>
<p>New corrective actions and recommendation</p>		

- 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.
- 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.

Licenses and property rights (Requirements 2.2, 2.3)

Overview of progress in the module

The UKEITI has had an impact on disclosure practices related to licensing activities by the 11 different licensing authorities in the UK as a result of following up on the corrective action related to Requirement 2.2 from the previous Validation. The MSG and Secretariat have devoted significant effort to improve licensing disclosures, including from the devolved authorities of Wales, Scotland and Northern Ireland, the Coal Authority, the Crown Estate and Crown Estate Scotland.

It is important to contextualise the gaps with regards to technical aspects of the Standard by recalling the MSG's scope of reporting (materiality decisions) to date. The most significant share of the government's extractive revenues, 95% (GBP 1.443bn net) in 2019, comes from oil and gas revenues, all of which is collected by the OGA. The devolved authorities appear not to collect any revenues from their onshore oil and gas licenses, while the revenues collected by the Crown Estate and CES are related to oil and gas pipelines. Stakeholder consultations confirmed that the only license awards and transfers in 2019 and 2020 were under OGA jurisdiction as the oil and gas prospects were offshore in the UKCS and territorial waters, not onshore Wales, Scotland, Northern Ireland or the seabed licensed by TCE and CES.

The OGA has addressed the vast majority of gaps related to Requirement 2.2 identified in the previous Validation, for instance by disclosing the oil and gas field history for licenses since 2014. Stakeholders consulted explained that the field history was of greater public interest than the history of license ownership, although the OGA intended to also publish the license history shortly. The only two gaps related to OGA-awarded licenses were the lack of publication of the full list of bidders for licenses awarded in 2019 and the lack of confirmation of non-trivial deviations from statutory procedures in licenses transfers in 2019. Government stakeholders consulted confirmed this was an oversight that would be corrected given that the 31st Offshore Licensing

Round bid documents included clauses forewarning of these disclosures in accordance with EITI. They clarified that the licensing authorities had been asked to confirm both awards and transfers up to 2019, even if the UKEITI website had not been updated.

The other 5% of government revenues are split between marine aggregates dredging licenses, marine aggregates licenses, and terrestrial mining leases from the Crown Estate and Crown Estate Scotland. The MSG has not considered revenues related to coal licenses and Mines Royal (gold and silver) options and leases as material for UKEITI reporting. With regards to mining and quarrying licenses that gave rise to material revenues to government in 2019, the respective government websites and UKEITI provide the majority of data points listed under Requirement 2.2. In terms of marine aggregates licenses from the Crown Estate and Crown Estate Scotland, the two entities' respective websites have gradually improved in their coverage of the statutory licensing procedures, although the specific technical and financial criteria assessed remain unclear and the possibility and procedure of license transfers are not described. With regards to marine aggregates licenses from the devolved licensing authorities in England, Wales, Scotland and Northern Ireland, the respective organisations' websites have clarified the process for awarding licenses aside from the specific criteria assessed for awards in England. While the websites do not clarify the procedures for transferring marine aggregates licenses, stakeholder consultations seemed to indicate that marine aggregates licenses could not be assigned by one company to another. Finally for terrestrial mining licenses, the websites of the Crown Estate and Northern Ireland's Department for the Economy (DfE) provide the majority of required data, while there are more significant weaknesses in Crown Estate Scotland website coverage of license awards and transfers. Stakeholders consulted from all constituencies highlighted the public interest in disclosures on terrestrial mining licensing given prospects for the UK's mining sector in light of growing demand for its strategic mineral reserves such as lithium and rare earths.

With regards to the licenses that did not give rise to material payments in 2019 (or in previous years), UKEITI has also made progress with the respective licensing authorities. The Coal Authority has added new information to its website and covered most information listed under Requirement 2.2, aside from the technical and financial criteria assessed in license awards and transfers, and the full list of bidders for licenses awarded through competitive bidding. Some stakeholders consulted noted the value of public disclosure of the specific criteria for devolved licensing authorities in particular, such as in Wales where the line Minister is involved in the Coal Authority's license awards. For Mines Royal options and leases, the Crown Estate and Crown Estate Scotland websites clarify the rules and practices of awards, but not of transfers. None of the stakeholders consulted expressed any particular interest in this information. Stakeholders consulted explained that the National Secretariat assessed the existence of any non-trivial deviations in mining license awards, even if the UKEITI website had only been updated to cover 2018, which would be corrected shortly. In its comments on the draft assessment, the MSG highlighted updates to the assessments of non-trivial deviations in license awards and transfers up to and including 2020 on the UKEITI website's sections on [oil and gas](#) and [mining and quarrying](#), based on confirmations from the licensing authorities.

The MSG has been transparent in its assessment of strengths and weaknesses of license data disclosures, submitting a self-assessment of 'mostly met' for Requirement 2.2 in the 'Transparency' template submitted for Validation. Despite the technical gaps, there was consensus among stakeholders consulted that the licensing authorities' systematic disclosures

were sufficient to fulfil the objective of providing a public overview of awards and transfers of extractive licenses and that UKEITI had played a role in identifying and addressing weaknesses in disclosures on the various licensing procedures and practices. The [EITI Validation Guide](#) is clear that the Secretariat does not have the discretion to weigh minor gaps in disclosures against progress towards the overall objective. Thus, the Secretariat's assessment is that the UK has mostly met the technical aspects of the requirement despite appearing to have fulfilled the requirement's broader objective. However, the Validation Guide states: "*The EITI Board has the discretion to weigh minor gaps against progress in achieving the broader objective and may conclude that the requirement is fully met, if the implementing country is able to demonstrate that the broader objective of the EITI Requirement has been fulfilled.*" In its comments on the draft assessment, the MSG accepted that there were still some outstanding technical gaps in disclosures on licensing but considered that it provided adequate information on the way licence authorities discharged their duties. The MSG noted stakeholders' view that the licensing authorities' systematic disclosures were sufficient to fulfil the objective of providing a public overview of awards and transfers of extractive licenses and that UK EITI had played a role in identifying and addressing weaknesses in the disclosure of the various licensing procedures and practices. Therefore, the MSG encouraged the EITI Board's Validation Committee to exercise its discretion to weigh minor gaps against progress in achieving the broader objective, and consider that the UK has fully met Requirement 2.2.

Despite these outstanding gaps with regards to Requirement 2.2.a,c, the Secretariat's assessment is that the UK has made progress on contract and license allocations since the previous Validation where Requirement 2.2 was assessed as "meaningful progress" (the equivalent of "mostly met"). The MSG has publicly clarified the majority of statutory procedures for awarding licenses and has undertaken a partial assessment of non-trivial deviations in practice for the 11 licensing authorities, particularly in the mining and quarrying sector, a marked improvement over the period reviewed by the previous Validation. Therefore, the Secretariat's assessment is that the UK has mostly met Requirement 2.2, with improvements since the previous Validation, and that the requirement's objective has been fulfilled despite minor technical gaps.

The UK has achieved substantial progress in its collaboration with the 11 licensing authorities in strengthening their systematic disclosure of license and lease information in accordance with Requirement 2.3. The improvements have been most visible in disclosures by the Crown Estate's [Open Data](#) portal, although more incremental improvements by the other licensing authorities have also been notable. The most consistent gap across the majority of licensing authorities' registers and portals is the lack of dates of application, although none of the stakeholders consulted raised this as a concern or of particular public interest. There remain larger disclosure gaps on terrestrial mining license information from the Crown Estate and Crown Estate Scotland, including gaps in dates of award, expiry and license coordinates. However, stakeholder comments on the draft assessment highlighted the upcoming publication of a register of contracts by Crown Estate Scotland, expected later in 2021. The Coal Authority only maintains an offline license register, although stakeholder consultations confirmed its comprehensiveness and accessibility. Some limited information is publicly available on Mines Royal (gold/silver) leases, although much of the required information is missing.

The only gap in disclosures on oil and gas licenses is the lack of dates of application for licenses awarded by OGA (and, of less importance given the limited number of licenses, by the Scottish Government). Stakeholder consultations clarified that this had been an oversight and that OGA would be able to quickly provide the close of bids date for each license awarded through competitive tender, but that the process of collecting dates of application for licenses awarded ‘out of round’ would be far more cumbersome and involve manual review of large volumes of hard-copy documents for what was seen as being of limited public interest.

As in the assessment of Requirement 2.2, the Board may wish to exercise its discretion in line with the ‘general guidance’ section of the [EITI Validation Guide](#) to weigh minor gaps in disclosures against progress towards the overall objective. The Secretariat’s assessment is that the UK has mostly met the technical aspects of Requirement 2.3 but has fulfilled the overall objective of ensuring the public accessibility of comprehensive information on property rights related to extractive deposits and projects, through systematic disclosures on the UK’s 11 extractive licensing authorities’ respective websites.

Despite these outstanding gaps with regards to Requirement 2.3.b, the Secretariat’s assessment is that the UK has made progress on license registers since the previous Validation where Requirement 2.3 was assessed as “meaningful progress” (the equivalent of “mostly met”). The MSG has worked with the 11 licensing authorities to strengthen the public availability of basic license information. Therefore, the Secretariat’s assessment is that the UK has mostly met Requirement 2.3, with improvements since the previous Validation, and has fulfilled the requirement’s objective.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action	Summary of progress in addressing the EITI Requirement	Assessment
Contract and license allocations (Requirement #2.2)	<p>The Secretariat’s assessment is that the UK Has mostly met the technical aspects of the requirement. However, stakeholders consulted appeared to consider that the objective of providing a public overview of awards and transfers of oil, gas and mining licences, the statutory procedures for licence awards and transfers and whether these procedures are followed in practice had been achieved despite what were considered to be minor technical gaps in disclosures. The number of data gaps has significantly declined since the period reviewed in the previous Validation. The specific gaps in disclosures, irrespective of the materiality of payments associated with each type of license, are the following (per 11 licensing authorities):</p> <p>OIL & GAS: The OGA is the only oil and gas licensing authority that awarded any licenses in 2019, and there do not appear to have been transfers of licenses awarded by the devolved licensing</p>	Mostly met (with improvements since previous Validation)

	<p>authorities. The OGA website provides all of the information listed under Requirement 2.2 aside from the full list of bidders for the four licenses awarded in 2019. While the UKEITI website notes the MSG’s assessment of non-trivial deviations in awards in 2019, it does not cover transfers. As noted in the MSG’s comments, the UKEITI website has been updated since the commencement of Validation with confirmation from the licensing authorities of the lack of non-trivial deviations in license awards and transfers up to and including in 2020. Stakeholders consulted confirmed this was a typo and explained that confirmation had been sought on transfers as well and that the website would be corrected. The websites of the devolved licensing authorities of Wales, Scotland and Northern Ireland provide a general description of the process for awarding onshore oil and gas licenses in their jurisdictions, although not of the list of license awards and transfers. However, stakeholder consultations confirmed that there were no licensing activities in recent years.</p> <p>MARINE AGGREGATES: For the UK (ex. Scotland), the Crown Estate website provides all information listed under Requirement 2.2 aside from the specific technical and financial criteria assessed in aggregates dredging license awards and transfers, the full list of bidders for each license awarded, the list of license transfers per year or the statutory process for transferring (assigning) licenses.</p> <p>For marine aggregate dredging licenses from Crown Estate Scotland, the UKEITI website confirms that there are no currently commercial marine aggregate extraction licenses in Scotland, implying no new awards in 2019. However, there does not appear to be any description of the statutory marine aggregates license award and transfer procedures on the CES or UKEITI websites.</p> <p>For marine aggregates licenses in England, the Marine Management Organization website provides all the required information aside from the specific technical and financial criteria assessed in license awards, or the number of and process for transfers (assignments) of licenses in the year under review, if applicable.</p> <p>For marine aggregates licenses in Wales, Scotland and Northern Ireland, the Natural Resources Wales, Marine Scotland and DAERA websites provide all of the required information aside from clarity on the number of and procedure for license transfers (assignments) in the year under review and, in the case of DAERA the full list of bidders for any licenses awarded through bidding, if applicable.</p> <p>TERRESTRIAL MINING: For the UK (ex. Scotland), the Crown Estate website provides all required information aside from the specific technical and financial criteria assessed (if any), the number of</p>	
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	<p>license transfers in the year under review or the statutory procedure for transferring (assigning) agreements, if allowed.</p> <p>For Scotland, Crown Estate Scotland’s website provides some of the required information but does not provide a list of terrestrial mining agreements, nor the technical and financial criteria assessed in the award of agreements (if any).</p> <p>For Northern Ireland, the Department for the Economy (DfE) website provides all required information aside from the number of mining license transfers by year and the statutory procedure for transferring licenses.</p> <p>COAL: The Coal Authority website provides some of the required information but only provides the list of coal licenses awarded and transferred in 2021, not in prior years, and only provides the general procedure for awarding and transferring licenses, not specific technical and financial criteria considered, nor the full list of bidders for any license awarded through bidding.</p> <p>MINES ROYAL (GOLD AND SILVER): For the UK ex-Scotland, the Crown Estate website provides all required information aside from clarifying the number of license transfers and the procedures for transferring licenses, if allowed.</p> <p>For Scotland, Crown Estate Scotland’s website provides all required information aside from a clear list of license awards per year, the number of license transfers and the procedures for transferring licenses, if allowed.</p> <p>The UAEITI website notes that the MSG does not believe there are any non-trivial deviations in the award of mining and quarrying licences for 2018 or previous years, but not 2019. As noted in the MSG’s comments, the UAEITI website has been updated since the commencement of Validation with confirmation from the licensing authorities of the lack of non-trivial deviations in license awards and transfers up to and including in 2020.</p>	
<p>Register of licenses (Requirement #2.3)</p>	<p>The Secretariat’s assessment is that the UK has mostly met the technical aspects of this requirement. However, there appeared to be consensus among stakeholders consulted that the requirement’s objective of ensuring the public accessibility of comprehensive information on property rights related to extractive deposits and projects had been fulfilled. The number of data gaps has significantly declined since the period reviewed in the previous Validation. Licence registers are available online from most licensing authorities that have issued active licences, leases and options in the mining or petroleum sectors, and cover all active licences regardless of the materiality of the licence holder’s payments to government. For others, basic licence information is available either online or offline by request, either for free or at a nominal cost. Licensing data typically specify the license holder</p>	<p>Mostly met (with improvements since previous Validation)</p>

	<p>name, and in most cases the commodities covered and coordinates, dates of award and dates of expiry.</p> <p>OIL AND GAS: For oil and gas licenses, all of the information listed under Requirement 2.3.b is publicly accessible for licenses awarded by OGA and Marine Scotland aside from dates of application. There is no registry for Wales and no active licenses in Northern Ireland. Stakeholders consulted confirmed that there were no active licenses in Wales. Stakeholders confirmed that there is no registry for Scotland in respect of 2018 onwards, as no new licences have been issued in Scotland since devolution.</p> <p>MARINE AGGREGATES: For marine aggregates licences and agreements with the Crown Estate, all information aside from dates of application of licenses is available.</p> <p>For marine aggregates licences and agreements with Crown Estate Scotland, it is not clear if historical maps or details on expired licenses are available. Stakeholder comments on the draft assessment noted that the focus of disclosures by Crown Estate Scotland had been on active and newly issued licenses rather than historical information on expired licenses.</p> <p>For marine mining licences from Natural Resources Wales, all information aside from dates of application, award and expiry are available.</p> <p>TERRESTRIAL MINING: For terrestrial mining licences from the Crown Estate, all information aside from dates of application, award and expiry, license coordinates and commodities covered are available.</p> <p>For terrestrial mining licences from Crown Estate Scotland, it is not clear if historical maps or details on expired licences are available, the map for terrestrial mining does not name licence holders, coordinates, dates of application, award, or expiry, or specify commodities covered.</p> <p>For terrestrial mining licenses from Northern Ireland's Department for the Economy, all information aside from dates of application is available.</p> <p>COAL: For coal, the UKEITI website clarifies that the Coal Authority maintains an offline register that is publicly accessible upon request. Stakeholders consulted confirmed that there was comprehensive license information in physical format.</p> <p>MINES ROYAL: For Mines Royal licences from the Crown Estate, online maps lack coordinates, an online list of extraction agreements lacks dates of application, and it is unclear if agreements cover gold, silver or both.</p>	
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	For Mines Royal licenses from Crown Estate Scotland, online maps and agreement lists do not include holder names, coordinates, any relevant dates, or specifics on whether agreements cover gold, silver or both.	
New corrective actions and recommendation		
<ul style="list-style-type: none"> • In accordance with Requirement 2.2, the UK is required 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, clarity on license transfer rules and practices, and an annual assessment of non-trivial deviations from statutory procedures in license awards and transfers, in accordance with Requirement 2.2.a. • In accordance with Requirement 2.3.b, the UK is required 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. 		

Beneficial ownership (Requirement 2.5)

Overview of progress in the module

Adherence to Requirement 2.5 on beneficial ownership is assessed in Validation as of 1 January 2020 as per the framework agreed by the Board in June 2019.² The assessment consists of a technical assessment focusing on initial criteria and an assessment of effectiveness.

Technical assessment

The technical assessment is included in the Transparency template, in the tab on Requirement 2.5. As noted in the previous EITI Validation, the UK has been a leader internationally in establishing a public beneficial ownership register covering all sectors of the economy since June 2016.

It demonstrates that the UK has a well-established legal basis for collecting and disclosing beneficial ownership information since 2016 through Companies House. There have been independent reviews of the Companies House register from civil society, although not yet a comprehensive review by government. A review of every person of significant control (beneficial owner) in the Companies House register is planned for 2022. Annual UKEITI reporting reviews the beneficial ownership disclosures of material companies in the scope of EITI reporting. However, there were two technical gaps in the UK's progress against the initial criteria as of the start of Validation. The first is the lack of a clear list of publicly listed companies holding extractive licenses with links to their respective stock exchange filings in accordance with Requirement 2.5.f.iii. The Secretariat understands that the MSG intends to publish new information to address this weakness in the coming weeks. The second gap is the lack of a review by the MSG of the comprehensiveness and reliability of beneficial ownership disclosures

² <https://eiti.org/document/assessing-implementation-of-eitis-beneficial-ownership-requirement>.

of all companies holding extractive licenses, as mandated by Requirement 2.5.c. In its comments on the draft assessment, the MSG highlighted the publication of a full list of material extractive license-holders that were publicly listed entities (or wholly owned subsidiaries of publicly listed companies) in the [2020 Payments Report](#) (Table 7) published in August 2021, including specific links to their respective stock exchange filings. The MSG's comments also noted its discussion of an assessment of comprehensiveness and reliability of beneficial ownership disclosures of extractive companies to date at its 21 July 2021 meeting, [minutes](#) of which have been published on the UKEITI website. This MSG assessment was based on a discussion paper prepared by the UKEITI Secretariat.

Assessment of effectiveness

The UK has comprehensively addressed the initial criteria for the Validation of beneficial ownership aside from two procedural gaps related to publicly listed companies and the MSG's assessment of disclosures to date. The UK operates one of the most well-established beneficial ownership registers since 2016 and has provided technical assistance and peer exchanges with other EITI implementing countries developing public registers. Companies House is under the same Department of BEIS that hosts the UKEITI Secretariat.

The UKEITI's coverage of beneficial ownership in the extractive industries started with its first (2014) EITI Report, with annual reviews of material companies' disclosures to Companies House. The MSG has only recently started reviewing the broader disclosures by extractive companies, beyond the scope of EITI reporting. There have been independent reviews of the Companies House register however. The 2018 FATF [review](#) of the UK found the government compliant on the beneficial ownership transparency framework. The Department for BEIS published [research](#) in 2019 reviewing the implementation of the UK's PSC register. Civil society organisations such as Global Witness have published analysis such as this 2019 [briefing](#) on the PSC register. Therefore, while procedurally the MSG has not undertaken its own assessment of the robustness of disclosures to date, this has not precluded work by other organisations on monitoring and evaluation of the UK's beneficial ownership disclosures. However, stakeholder consultations highlighted the value of the MSG's planned discussion of an assessment of the comprehensiveness and reliability of beneficial ownership disclosures to date, which took place at the MSG's 21 July 2021 meeting. Several civil society representatives expressed concern over the lack of disclosure of foreign politically exposed persons (PEPs) in the UK's beneficial ownership register. While the lack of identification of any UK PEP in the beneficial ownership register was explained as due to the lack of PEP ownership of extractive license-holding companies in the UK, the lack of disclosure of foreign PEPs was seen as a significant gap given the use of UK-registered corporate entities by foreign individuals, including PEPs. Examples such as the Iran Oil Company were provided in consultations, where the reported beneficial owners were legal entities until this was rectified in June 2021. The Secretariat's assessment is that the lack of foreign PEP disclosures does not represent a gap in fulfilling the initial criteria for the Validation of Requirement 2.5, given the existence of a PEP definition in UK legislation that is in line with international standards. In its comments on the draft assessment, the MSG noted that the lack of PEP disclosures had been highlighted in the IA's recommendations from the 2020 Payments Report and had been discussed at the MSG's 2 September meeting, with plans for the MSG's reconciliation sub-group to further deliberate on the issue at its next meeting in October 2021.

The MSG's comments on the draft assessment noted its view that the requirement's objective had been fulfilled. The Secretariat's assessment is that the UK has fully met the initial criteria of Requirement 2.5, including disclosing the MSG's assessment of the comprehensiveness and reliability of beneficial ownership disclosures to date and publishing references to publicly listed companies' stock exchange filings after the commencement of Validation.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action	Summary of progress in addressing the EITI Requirement	Assessment
Beneficial ownership (Requirement #2.5)	The Secretariat's assessment is that the UK has fully met the initial criteria for the Validation of Requirement 2.5. The government has established a clear policy on and definition of beneficial ownership in law and regulation. Beneficial ownership information is collected and made publicly available by Companies House for entities that hold and apply for licenses in the extractives industry. Quality assurances are in place and publicly documented, while the Companies House beneficial ownership registry covers all extractives companies. As noted in the MSG's comments on the draft assessment, the MSG has undertaken and published a review of the comprehensiveness and reliability of beneficial ownership disclosures by all companies in the extractive industries in accordance with Requirement 2.5.c after the start of Validation. There have been assessments conducted of the beneficial ownership register by government and civil society organisations, although stakeholders consulted recognised the value of the MSG conducting its own discussion of the comprehensiveness and reliability of beneficial ownership disclosures by extractive companies. UKEITI reporting has highlighted publicly listed companies and identified the stock exchanges where they are listed, and has disclosed specific links to relevant companies' stock exchange filings in accordance with Requirement 2.5.f.iii as part of the 2020 Payments Report published after the start of Validation. The Secretariat understands that the government has planned a comprehensive overview and verification of every beneficial owner in the Companies House register in 2022. While civil society stakeholders have raised concerns over the lack of identification of foreign politically exposed persons in the UK register, the Secretariat's assessment is that this would not constitute a gap under the Phase 1 criteria and that the broader objective has been fulfilled.	Fully met
New corrective actions and recommendation		
<ul style="list-style-type: none"> 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.

State participation (Requirements 2.6, 4.2, 4.5, 6.2)

Overview of progress in the module

The UKEITI has demonstrated that there continues to be no state participation in the extractive industries.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action	Summary of progress in addressing the EITI Requirement	Assessment
State participation (Requirement #2.6)	There is no evidence of back-sliding since the previous Validation, in which Requirement 2.6 was assessed as “not applicable”.	Not applicable
Sale of the state’s in-kind revenues (Requirement #4.2)	There is no evidence of back-sliding since the previous Validation, in which Requirement 4.2 was assessed as “not applicable”.	Not applicable
Transactions related to state-owned enterprises (Requirement #4.5)	There is no evidence of back-sliding since the previous Validation, in which Requirement 4.5 was assessed as “not applicable”.	Not applicable
Quasi-fiscal expenditures (Requirement #6.2)	There is no evidence of back-sliding since the previous Validation, in which Requirement 6.2 was assessed as “not applicable”.	Not applicable
New corrective actions and recommendation		
<ul style="list-style-type: none"> N/A. 		

Production and exports (Requirements 3.2, 3.3)

Overview of progress in the module

The UKEITI disclosures on its website and through its UKEITI annual reviews continue to provide access to comprehensive information on mining, quarrying, coal, oil and gas production and exports. This information is systematically disclosed on government websites.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action	Summary of progress in addressing the EITI Requirement	Assessment
Production (Requirement #3.2)	There is no evidence of back-sliding since the previous Validation, in which Requirement 3.2 was assessed as “satisfactory progress”.	Fully met
Exports (Requirement #3.3)	There is no evidence of back-sliding since the previous Validation, in which Requirement 3.3 was assessed as “satisfactory progress”.	Fully met
New corrective actions and recommendation		
<ul style="list-style-type: none"> N/A. 		

Revenue collection (Requirements 4.1, 4.3, 4.4, 4.7, 4.8, 4.9)

Overview of progress in the module

Disclosures through the UKEITI annual reviews and on the UKEITI website continue to provide comprehensive and reliable disclosures of company payments and government revenues in accordance with Requirements 4.1 and 4.9. There continues to be no barter-type arrangements or transportation revenues in the UK.

The UKEITI has made progress in the disaggregation and timeliness of its financial disclosures. UKEITI disclosures for 2019 were disaggregated by project for revenue streams levied on a per-project basis for the first time, in accordance with Requirement 4.7. UK legislation defines ‘project’ in the same way as the EU Transparency Directive. However, in practice in the oil and gas sector HMRC levies and discloses Petroleum Revenue Tax by field not by license, with certain fields covering several licenses, while the OGA levies and discloses license fees and OGA levy by license. The disclosure of per-project data for revenues collected by the Crown Estate and Crown Estate Scotland required deliberations and follow-up from the MSG. Civil society stakeholders consulted noted that evidence of mandatory reporting of payments to government by construction materials company Hanson (a subsidiary of Germany-domiciled Heidelberg Cement Group³) that disaggregated payments to the Crown Estate by individual project were key in ensuring disaggregation of TCE-collected revenues by individual project.

Stakeholder consultations focused on the lack of disaggregation of reconciled financial data by individual revenue stream for some of the revenues disclosed by UKEITI. In the oil and gas

³ See Heidelberg Cement Group’s mandatory report on payments to government for 2020, accessible at https://www.heidelbergcement.com/en/system/files_force/assets/document/e1/1b/group_payment_report_2020_web.pdf?download=1, p.19.

sector, payments for Ring-Fenced Corporation Tax (RFCT) and Supplementary Charge (SC) collected by HMRC as well as payments to Crown Estate Scotland (CES) are reported combined for revenues collected by HMRC and CES respectively. In the mining and quarrying sector, payments to the Crown Estate (TCE) are reported combined. However, as confirmed in the previous Validation, payments to TCE and CES consisted only of one material revenue stream, implying that revenues collected by the two entities is effectively disaggregated by revenue stream, while it would not be possible to disaggregate RFCT from SC within two years of the period covered given the 24-month period for tax liability adjustments. Therefore, the Secretariat's assessment is that the objective of Requirement 4.7 to enable the public to assess the extent to which the government can monitor its revenue receipts as defined by the legal and fiscal framework has been achieved.

The MSG has progressively improved the timeliness of EITI reporting, with 2019 disclosures published within one year of the end of the calendar year covered (in December 2020) and 2020 disclosures expected to be published within seven months of the end of the calendar year covered (in July 2021). The MSG Chair's ambition is to bring down the reporting lag to a minimum, within six months of the end of the year. Subject to feedback from the MSG in its comments on the draft assessment reflecting the publication of 2020 UKEITI data, the increasing timeliness of disclosures, combined with the accessibility and inter-operability of UKEITI financial disclosures, would support an assessment that the objective of Requirement 4.8 of ensuring EITI data is sufficiently timely to be relevant to inform public debate and policymaking has been exceeded.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action	Summary of progress in addressing the EITI Requirement	Assessment
Comprehensive disclosure of taxes and revenues (Requirement #4.1)	There is no evidence of back-sliding since the previous Validation, in which Requirement 4.1 was assessed as "satisfactory progress".	Fully met
Infrastructure provisions and barter arrangements (Requirement #4.3)	There is no evidence of back-sliding since the previous Validation, in which Requirement 4.3 was assessed as "not applicable".	Not applicable

Transportation revenues (Requirement #4.4)	There is no evidence of back-sliding since the previous Validation, in which Requirement 4.4 was assessed as “not applicable”.	Not applicable
Level of disaggregation (Requirement #4.7)	The UK has fully met the objective of this requirement. Disaggregated figures for company payments and government revenues from oil, gas and mining are published, disaggregated by government entity, revenue stream and company. The UK has defined the term 'project' in legislation, a definition that is consistent with that in Requirement 4.7. While UKEITI has not published a list of projects that encompass several licenses, all revenues levied per project were disclosed for 2019 in the same way as they were levied, i.e., per field for Petroleum Revenue Tax levied by HMRC and per license for revenues levied by the OGA, the Crown Estate and Crown Estate Scotland. Therefore, it appears that all of the material government revenues from the extractive industries that are levied on a per-project basis have been published disaggregated as such. As confirmed in the previous Validation, the lack of disaggregation of RFCT from SC is not considered a material gap in EITI reporting.	Fully met
Data timeliness (Requirement #4.8)	The UK has fully met the objective of this requirement in producing 2019 UKEITI data within one year of the end of the calendar year covered and given the MSG's approval of the reporting period. Subject to the MSG's feedback on the draft assessment confirming the publication of 2020 financial data within seven months of the end of the period covered (in July 2021), the Secretariat's assessment is that this requirement has been exceeded in the UK in the period under review.	Exceeded
Data quality and assurance (Requirement #4.9)	There is no evidence of back-sliding since the previous Validation, in which Requirement 4.9 was assessed as “satisfactory progress”.	Fully met
New corrective actions and recommendation		
<ul style="list-style-type: none"> 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. 		

Revenue management (Requirements 5.1, 5.3)

Overview of progress in the module

The UKEITI disclosures and respective government websites continue to provide comprehensive information on the management of extractive industry revenues and related expenditures. This information is systematically disclosed on government websites.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action	Summary of progress in addressing the EITI Requirement	Assessment
Distribution of extractive industry revenues (Requirement #5.1)	There is no evidence of back-sliding since the previous Validation, in which Requirement 5.1 was assessed as “satisfactory progress”.	Fully met
Revenue management and expenditures (Requirement #5.3)	There is no evidence of back-sliding since the previous Validation, in which Requirement 5.3 was marked as “not assessed”. The UK does not appear yet to have addressed all aspects of Requirement 5.3 through systematic disclosures by government entities and extractive companies.	Not assessed
New corrective actions and recommendation		
<ul style="list-style-type: none"> 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 UAEITI’s 2020 impact study, such as the energy transition and intergenerational equity. 		

Subnational contribution (Requirements 4.6, 5.2, 6.1)

Overview of progress in the module

The UAEITI has demonstrated that there are no material direct subnational payments by the extractive industries in the UK. The UAEITI disclosures and respective government websites continue to provide comprehensive information on subnational transfers of extractive revenues to Northern Ireland.

The UAEITI has faced more challenges in ensuring comprehensive disclosures of mandatory social and environmental expenditures, but has made progress in addressing the corrective action related to mandatory social expenditures from the previous Validation. The only form of mandatory social expenditures in the UK consist of mining and quarrying companies’ cash or in-kind payments to host communities and local councils for infrastructure not for the purpose of the extractive project, in accordance with section 106 of the Town and Country Planning Act 1990 (and equivalent legislation in Scotland and Northern Ireland). The MSG has included these ‘Section 106 payments’ in the scope of companies’ unilateral disclosures since the 2014 EITI Report, with the same materiality threshold as that for payments to government (GBP 86,000).

There has only ever been one mining and quarrying company (Aggregate Industries Ltd) to have reported such material expenditures in any EITI Reports. While the 2019 data on these payments in the 2020 UKEITI Annual Review were only provided in aggregate, in July 2021 the UKEITI website published the company's expenditures disaggregated by beneficiary, with descriptions of the cash nature of payments, the purpose of the expenditure and the identity of each of the four beneficiaries. Stakeholders consulted confirmed the lack of disaggregation of this data had been an oversight. Although some stakeholders consulted expressed uncertainty over whether the disclosures by a single company were comprehensive of all such in-scope Section 106 payments by material mining and quarrying companies included in the scope of UKEITI reporting. However, there does not appear to be evidence of any other material mining and quarrying companies' payments under in-scope Section 106 payments based on a review of publicly available documents.⁴ The Secretariat's assessment is therefore that UKEITI disclosures of extractive companies' mandatory social expenditures are comprehensive.

The MSG has considered types of environmental payments to government undertaken by companies in the extractive industries and has identified three types of relevant environmental taxes: Government revenue from energy taxes (including from the EU Emissions Trading System), Government revenue from transport taxes, and Government revenue from pollution and resource taxes. The latter includes a levy on the aggregates industry, the 'Aggregates Levy', which is a tax on the commercial exploitation of sand, gravel or rock consumed in the UK (i.e., paid by both domestic producers and importers that sell in the UK, but not UK producers on their exported aggregates production). As confirmed in consultations, the Aggregates Levy was originally introduced as an encouragement to recycle aggregates, although it is no longer managed by a central fund and entirely transferred to the Treasury. The MSG has discussed whether the Aggregates Levy is in scope of UKEITI reporting on several occasions in 2021 and the MSG's Mining and Quarrying Sub-group continues to consider the issue as of the start of Validation. With regards to 2019 disclosures however, the MSG's original materiality decisions agreed ahead of the UKEITI's first report (covering 2014) remained in place. As in the period reviewed in the previous Validation (up to and including the 2016 EITI Report), the MSG considered environmental taxes like the Aggregates Levy to be beyond the scope of UKEITI reporting given that it was considered an indirect tax on the extractive industries (i.e., levied on consumption rather than production). There was considerable interest in expanding the scope of UKEITI reconciliation to the Aggregates Levy in future on the part of some stakeholders consulted however, particularly from civil society, the mining and quarrying sub-constituency and some government representatives. However, some industry representatives noted the potential commercial sensitivities involved in disclosures of Aggregates Levy payments per company and project, given the potential for estimating volumes of aggregates production on the basis of these figures. Nonetheless, the significant value of such payments, which totalled GBP 367 million in 2019, was highlighted by several industry stakeholders who considered that its inclusion in UKEITI reconciliation would be warranted to reflect the industry's overall contribution to government revenues. Therefore, the Secretariat's assessment is that there were no material mandatory environmental payments to government in 2019 based on the MSG's agreed

⁴ For instance, see Heidelberg Cement Group's mandatory report on payments to government for 2020, accessible at https://www.heidelbergcement.com/en/system/files_force/assets/document/e1/1b/group_payment_report_2020_web.pdf?download=1, pp.17-19.

approach to defining materiality of revenue streams since the start of UKEITI reporting. No voluntary social expenditures or environmental payments to government were disclosed in the 2020 UKEITI Annual Review (2019 data).

While the MSG may reassess its scoping decisions for future UKEITI reporting to address stakeholder demands for information on environmental payments to government, the Secretariat's assessment is that the UK has fully met the requirement's objective of enabling public understanding of extractive companies' material social and environmental contributions and provide a basis for assessing extractive companies' compliance with their legal and contractual obligations to undertake social and environmental expenditures.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action	Summary of progress in addressing the EITI Requirement	Assessment
Subnational payments (Requirement #4.6)	There is no evidence of back-sliding since the previous Validation, in which Requirement 4.6 was assessed as "not applicable".	Not applicable
Subnational transfers (Requirement #5.2)	There is no evidence of back-sliding since the previous Validation, in which Requirement 5.2 was assessed as "satisfactory progress".	Fully met
Social and environmental expenditures (Requirement #6.1)	The UK has fully met the objective of Requirement 6.1, given that the corrective action on mandatory social expenditures has been addressed and that the new requirements on environmental payments to government are not considered applicable given the MSG's materiality decisions. The UKEITI has published companies' unilateral disclosures of mandatory social expenditures ('Section 106 payments'), with detailed information on the one reporting company's Section 106 payments including disaggregation by beneficiary, confirmation that the payment was made in cash and description of the purpose of each expenditure, published just after the commencement of Validation on the UKEITI website. The publication of disaggregated data on 'Section 106 payments' for 2019 and 2020 on the UKEITI website was confirmed in the MSG's comments on the draft assessment. The UKEITI has piloted aggregate disclosures of environmental taxes from the extractive industries in the 2020 UKEITI Annual Review (2019 data), although it has maintained its traditional material decisions (since the 2014 EITI Report) to exclude indirect taxes on the extractive industries (e.g., taxes on consumption rather than production) from the scope of UKEITI reconciliation. While the MSG has	Fully met

	<p>extensively discussed the possibility of expanding the scope of UKEITI reconciliation to the Aggregates Levy in 2021, no decision was yet taken as of the commencement of Validation and consulted stakeholders confirmed the MSG's deliberations on the Aggregates Levy continued. There was consensus among stakeholders consulted that the scope of UKEITI disclosures for 2019 did not consider indirect levies such as the Aggregates Levy as within scope given existing materiality definitions, even if there were different views across the different about the need to reconsider this scope in future to cover the Aggregates Levy. Therefore, while the inclusion of some information on environmental taxes such as the Aggregates Levy in 2019 is welcome, even if only in aggregate, the lack of disaggregation in Aggregates Levy revenue data disclosed for 2019 is not considered a gap with regards to Requirement 6.1.b pending the MSG's reconsideration of the scope of UKEITI reporting to include indirect environmental taxes. The UKEITI has not disclosed any voluntary social or environmental expenditures, where applicable.</p>	
New corrective actions and recommendation		
<ul style="list-style-type: none"> • 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. 		

Background

Overview of the extractive industries

An overview of the extractive industries is accessible on the [country page](#) of the EITI website for the UK.

History of EITI implementation

The history of implementation is accessible on the [country page](#) of the EITI website for the UK.

Explanation of the Validation process

An overview of the Validation process is available on the EITI website.⁵ The [Validation Guide](#) provides detailed guidance on assessing EITI Requirements, while the more detailed [Validation procedure](#) include a standardised procedure for undertaking Validation by the EITI International Secretariat.

The International Secretariat's country implementation support team include Sam Bartlett, while the Validation team was comprised of Alex Gordy, Christopher Wilson, Mark Burnett and Matt Mossman.

Confidentiality

The detailed data collection and assessment templates are accessible on the internal Validation Committee page [here](#).

The practice in attribution of stakeholder comments in EITI Validation reports is by constituency, without naming the stakeholder or its organisation. Where requested, the confidentiality of stakeholders' identities is respected, and comments are not attributed by constituency.

Timeline of Validation

The Validation of the UK commenced on 1 July 2021. A public call for stakeholder views was issued on 1 June 2021. Stakeholder consultations were held virtually on 7-22 July 2021. The draft Validation report was finalised on 16 August 2021. Following comments from the MSG on 13 September 2021, the Validation report was finalised for consideration by the EITI Board.

⁵ See <https://eiti.org/validation>

Resources

- Validation data collection file – [Stakeholder engagement](#)
- Validation data collection file – [Transparency](#)
- Validation data collection file – [Outcomes and impact](#)