

**EXTRACTIVE
INDUSTRIES**
in the UK

UK EITI
Extractive Industries/Transparency Initiative
United Kingdom



UK EITI Annual Review 2022
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Table of Contents

Ministerial Foreword	3
Chair’s View	4
Perspectives on EITI from MSG representatives	5
Overview of the extractive sectors in the UK	7
Oil and Gas sector	7
Mining and Quarrying Sector.....	8
Review of MSG Activities in 2022	13
Overview	13
Progress against workplan, including impacts	15
Efforts to strengthen the impact of EITI implementation on natural resource governance ...	17
Communications and Engagement	17
EITI in the UK - Timeline	19
Glossary of Abbreviations	20

Ministerial Foreword

Geopolitical events and market turbulence throughout 2022 have highlighted the importance of having a secure and reliable UK extractives sector. At the same time, the UK Government remains committed to the energy transition and reaching Net Zero by 2050.

A key achievement this year has been the publication of the UK's first critical minerals strategy, which will help to bolster our energy security and domestic industrial resilience by making our critical minerals supply chains more robust. Ensuring UK companies have sustainable access to these minerals is vital for the UK's economic growth and stability. Critical minerals are key to the growth of several UK industries, including electric vehicle manufacturing which supports many current and future jobs.



Many new and exciting new projects are already happening across the UK, including the first large-scale merchant lithium refinery, which provides battery grade materials for use in the electric vehicle, renewable energy, and consumer technology supply chains. This project alone is expected to deliver more than 1,000 construction jobs and 250 long-term high-skilled jobs for local people when the refinery is up and running.

A new gigafactory in Sunderland, set up with support from the Automotive Transformation Fund (ATF), will be a major consumer of battery materials such as lithium and cobalt. Cornish Lithium Ltd have earlier this year received investment for the construction of a geothermal lithium recovery plant near Redruth as well as funding for a scoping study for a hard rock lithium project at Trelavour Downs. Critical mineral exploration is also taking place in Scotland and critical minerals refineries are being set up in Wales.

Russia's illegal invasion of Ukraine has led to a renewed focus on domestic energy security across Europe. As a result, the Government published the British Energy Security Strategy in April this year. Whilst we scale up low carbon energy sources there will continue to be ongoing demand for oil and gas over the coming years during the energy transition, with oil and gas needed to maintain security of the UK's energy supply. As a result the North Sea Transition Authority (NSTA) launched a new round of oil and gas licencing in October. This followed the design of a climate compatibility checkpoint after a public consultation. Producing gas from our domestic reserves has a lower carbon footprint than importing it by ship as liquefied natural gas (LNG) from abroad and this licencing round will further help support highly skilled jobs across the UK's energy industry, boosting both our energy security and our economy.

Given the key role UK extractives play in our economy and energy security, the need for transparency and accountability in how we manage our valuable natural resources and the work of UK EITI remains of paramount importance. I was therefore delighted to hear that the UK EITI Multi-Stakeholder Group published its 2021 payments data in record time for the second year running. I would also like to congratulate the Multi-Stakeholder Group for ensuring that the UK continues to lead all 57 EITI implementing countries in the timeliness of its data.

The UK of course pays keen attention to global developments in extractives transparency to ensure we stay at the forefront global standards. At the time of writing, we await refinement of the EITI Standard which is due to be finalised in Summer 2023. These refinements will determine the direction that UK EITI takes in the next few years, with an expected greater emphasis and focus on the energy transition. I know that UK EITI are already working with EITI International on this and look forward to seeing how things develop in 2023.

A handwritten signature in blue ink, appearing to read 'Mark Callanan', written in a cursive style.

Lord Callanan
Minister for Business, Energy and Corporate Responsibility and UK EITI Champion

Chair's View

Welcome to the UK Extractive Industries Transparency Initiative (EITI) Annual Review of 2022. This has been a year of consolidation for the UK EITI Multi-Stakeholder Group (MSG), following our successful 2021 Validation. This year's reconciliation covering UK payments in 2021 broke our previous record and I'm very pleased that we continue to lead all 57 EITI implementing countries for data timeliness. Thanks, should be recorded to the UK EITI Reconciliation subgroup and our Independent Administrator (IA) BDO LLP for their support in making this happen.



I am delighted that we can continue to work closely with BDO LLP over the next three years after they were awarded the new IA contract following a competitive process in the Autumn.

The global picture has dominated the extractives sector for much of 2022, with the focus very much on the need for domestic energy security and the increasing importance of critical minerals, whilst at the same time maintaining the UK's commitment to achieving net zero by 2050. Against this backdrop, UK EITI continues to await news of refinements to the EITI Standard which we expect to be announced in June 2023. MSG members have already been working with EITI International on these refinements and I fully expect these global issues including energy transition to be reflected in the revised Standard.

Over the course of 2022, the UK EITI MSG has continued to work at addressing our single corrective action from last year's Validation on contract and licence transparency. Despite a number of challenges, good progress is being made and I am grateful for the continued support of all 11 UK licensing authorities in helping us achieve this.

Finally, I am delighted that we have now secured a number of new civil society representatives on the MSG, which is particularly timely given refinements to the EITI Standard next year. I would like to take this opportunity to welcome our new representatives and look forward to their contributions. I would also like to thank Martyn Gordon for his efforts in helping recruit new members and his continued commitment as our sole civil society representative for much of 2022.

Matthew Ray
Chair of the UK EITI Multi-Stakeholder Group

Perspectives on EITI from MSG representatives

Industry

The UK offshore oil and gas sector places a high value on the UK EITI, and Offshore Energies UK (OEUK) is proud to represent the industry in the initiative's governance structures, playing an active role on the MSG and various working groups. Our support for UK EITI is unwavering and we will continue to work closely with them to promote the EITI principles.

The oil and gas industry remains a major contributor to the UK economy, supporting hundreds of thousands of jobs and ensuring the security of our energy supply. At a time of rapid change, it is more important than ever to reinforce our commitment to transparency and long-range thinking, accelerating the transition to cleaner energies with careful long-term investment in our home-grown oil and gas resources. Reliable and responsible supplies of energy from the UK continental shelf have never been more important. This is why the North Sea Transition Deal remains crucial, with industry committed to accelerating the energy transition, reducing UK emissions, creating new jobs and generating taxes in the UK.

The year ahead is an opportunity to reinforce that the UK oil and gas sector makes a significant contribution to the exchequer and is key to delivering both energy security and net zero.

Mike Tholen, Sustainability Director, OEUK

The UK mining and quarrying industry, including the Mineral Products Association (MPA) and the Mining Association of the UK (MAUK), continue to support the UK EITI, working with the wider extractive industry, Government and civil society in implementing the 2019 EITI Standard. We are committed to maintaining and further improving transparency and accountability in extraction and promoting open and accountable management of natural resources, whilst helping improve public information and dialogue on the essential contribution and role of extractive industries to the UK economy.

The Mining and Quarrying industry is the foundation for building and improving our infrastructure and homes, and underpins the delivery of Government's strategy for the energy transition, climate change mitigation and adaptation, and net zero by 2050. EITI helps to bridge the gap in society's understanding of the role minerals play as a key enabling industry required for other parts of the economy to thrive.

Aurelie Delannoy, Director Economic Affairs, Mineral Products Association

Civil Society

The publication of 2021 payments data in record time was a great achievement for the UK EITI. The speed at which data was gathered is credit to the efficiency of all involved and demonstrates the ongoing commitment to transparency in the UK's extractive sectors, especially as many companies were still operationally impacted by the lingering effects of the Covid-19 pandemic.

For the civil society constituency, a just energy transition continues to be our main focus of activity. The continued and arguably worsening threat posed by climate change and the more recent instability in the energy market caused by Russia's invasion of Ukraine heighten the need for reliable and timely data, which can be used by citizens to hold policy makers and companies to account. We will therefore continue to advocate for EITI to evolve to meet these challenges. We are also keen to continue our dialogues on tackling other major issues (some are non-financial in nature) including human rights, corruption, modern slavery and forced labour within the extractive sector.

The civil society constituency has seen a year of change with three longstanding contributors from resource governance charities leaving. The vacant places have been taken up by two notable academics, Professors Muhammad Azizul Islam and Hafez Abdo; and an experienced anti-corruption advocate, Chara De Lacey, who heads up the business integrity unit at Transparency International UK. These new appointments put the civil society constituency in a strong position to contribute in respect of the issues identified above.

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

Overview of the extractive sectors in the UK

The UK's extractive industries comprise oil and gas production, mining and quarrying. The extractive sector has made a sizeable contribution to the UK economy for many years and remains an important sector. In 2021, industry gross value added (GVA) was £18 billion, up from £15 billion in 2020. The extraction of oil and gas and associated support service activities accounted for over 85% of the sector's GVA. The UK EITI website provides more detailed information on the [sector in general](#) and the [oil and gas](#) and [mining and quarrying](#) sectors in the UK.

Oil and Gas sector

The UK oil and gas industry is in its sixth decade of offshore production. Despite the maturity of the sector there are still significant opportunities in responsible oil and gas recovery along with those presented by the sector's positive contribution to the drive to net zero greenhouse gas emissions as well as help meet energy security targets.

The overall rate of UK oil and gas production in 2020 was around the same level as in 2012, driven by both improved performance of existing oil and gas fields and the addition of capacity from new field start-ups which more than compensated for the natural decline from existing fields. Partly as a result of significant maintenance, including a lot delayed from 2020 because of the Covid-19 pandemic, the overall rate of production fell in 2021 by 17%.

Production rates of both oil and gas in the next decade and longer term are expected to continue to decline with especially rapid falls for gas. To achieve the projected rate of decline will require continued investment in the UK Continental Shelf (UKCS) in parallel with investment in wind generation, hydrogen and carbon storage to support the transition to a low-carbon economy as the UK works to meet its legally-binding target to bring greenhouse gas (GHG) emissions to net zero by 2050. Through the North Sea Transition Deal, agreed with the UK Government in 2021, the sector has committed to halve its own GHG emissions by 2030 compared with a 2018 baseline. It has separately committed to cut them by 90% by 2040 and be net zero by 2050.

Only one new offshore field development was approved in 2021, the lowest number since 1981, and drilling activity remained at historically low levels.

The UK oil and gas industry supports hundreds of thousands of jobs in Scotland and across the rest of the UK. According to latest Office of National Statistics (ONS) data, the sector was directly responsible for around 37,000 jobs in 2021, with many more supported in the industry's wider supply chain plus those jobs that depend on the UK's oil and gas industry. OEUK estimate a total of around 196,000 jobs in the UK were supported by the upstream oil and gas industry in 2021, many of them highly skilled.

The prioritisation and protection of employees' health and safety offshore and onshore remains industry's primary concern. Whilst cost control and capital discipline remain high on industry's agenda, the ingenuity of the UK oil and gas industry's people and the communities they work in cement the long-standing importance of this industry to the UK's economy. This is not just through the payment of production taxes and licence fees (as disclosed in the EITI payments report), but also ensuring the UK's security of energy supply through providing the equivalent of 72% of the UK's oil demand and 43% of the UK's gross

gas demand in 2021, thus reducing significantly the cost of oil and gas imports, as well as through the development of technology, innovation and skills that cascade out of industry and often support the transition to a lower carbon future.

The second half of 2021 saw the beginnings of a shift in world macro-economics as a global shortage of gas supply caused by increased demand for gas in a post-pandemic recovery caused gas prices to rise significantly. This increase in gas prices spilled over into 2022 fuelled by the Russian war in Ukraine and resulted in soaring oil and gas prices thus creating a global energy crisis and sending household energy bills to record highs - triggering the worst cost of living crisis in generations. The industry's role as a focal point for the UK security of energy supply, particularly in the short to medium term, has become all the more evident.

In May 2022, the government announced the introduction of a new tax, the Energy Profits Levy (EPL) - 25% - effective from May 2022 to December 2025 to be levied on extraordinary profits generated from UK oil and gas production with an undertaking to phase out the tax should commodity prices fall to more normal levels. In November 2022, the levy was increased to 35% effective from January 2023 and extended to March 2028. The levy includes an investment allowance to encourage the sector to reinvest its profits in UK oil and gas production, and a more generous investment allowance for expenditure on decarbonisation of upstream production to help support the sector's transition to net zero.

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

Mining and Quarrying Sector

Construction Minerals

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

The main element of construction minerals in volume terms is the extraction of primary aggregates, including quarried crushed rock and both land-won and marine dredged sand & gravel. The British Geological Survey (BGS) estimates that a total of 176 million tonnes of primary aggregates were produced in the UK in 2020, although due to the way the data is published, a small element of this tonnage is used for non-construction industrial uses.¹ This compares with 88 million tonnes of energy minerals, including coal, oil and gas.²

Primary aggregates are largely recovered from indigenous sources and imports remain limited, estimated to represent less than 5 million tonnes per annum. Information available from the MPA at Great Britain (GB) level provides further insight on the relative balance of the various sources of construction aggregates, specifically crushed rock and sand & gravel.

¹ Due to the way the data is published, the total tonnage of aggregates includes chalk, igneous rock, limestone, dolomite, sandstone and land-won and marine dredged sand & gravel. Source: BGS, UKMY 2021:

https://www2.bgs.ac.uk/mineralsuk/download/ukmy/UKMY2021.pdf?_ga=2.198470831.1282004222.1667905373-42002848.1667905373

² Ibid.

The MPA estimates that some 183.3 million tonnes of crushed rock and sand & gravel were produced in GB in 2021, a 15.6% increase compared to Covid-19 impacted 2020 construction demand (from 158.6 million tonnes). Within primary aggregates a total of 125.9 million tonnes of crushed rock and 57.5 million tonnes of sand & gravel were produced. Marine-dredged aggregates satisfied 14.3 million tonnes (25%) of the total construction needs for sand & gravel.¹

In addition to the extraction of primary aggregates, materials can also be obtained from the recycling of Construction, Demolition and Excavation Wastes (CDEW), or derived from other industrial, production or extractive processes, referred to as secondary aggregates. Recycled aggregates are the product of processing inert construction and demolition waste, asphalt plantings and used railway ballasts into construction aggregates. Secondary aggregates are derived from other industrial processes, such as other mineral extraction operations including ball clay and china clay production, or waste from slate production. Other sources of secondary materials include blast furnace and steel slags, incinerator bottom ash (IBA), furnace bottom ash (FBA), coal-derived fly ash (CDFA) and crushed glass sand. Collectively, recycled and secondary aggregates contribute significantly to the total aggregates demand: although there are no official statistics available on the contribution of these materials to the total aggregates market, the MPA estimates that, in 2018, recycled and secondary sources of aggregates accounted for 28% of total aggregates supply in GB,² significantly higher than the European average.

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

Market drivers for construction minerals include general UK economic and construction growth. Some weaknesses had already emerged in construction minerals demand since 2018, driven by slowing activity in commercial constructions. In 2020, market sales of primary aggregates and construction mineral products such as ready-mixed concrete, asphalt and mortar, slumped as a result of the Covid-19 pandemic and the impact of the spring lockdown on general construction activity. As a result, sales volumes of construction minerals in GB were significantly lower in 2020 compared to 2019, with ready-mixed concrete and mortar the weakest, down 18.2% and 23.5% respectively, while primary aggregates declined by 10.5% and asphalt by 8.6%.³

However, sales of construction minerals and mineral products started to recover quickly from a low base in the second half of 2020 and in 2021, fuelled by released pent-up activity from delayed construction projects as well as momentum building on major infrastructure and highways investment plans.

¹ <https://www.thecrownestate.co.uk/media/4097/2022-summary-statistics.pdf>

²

https://www.mineralproducts.org/MPA/media/root/Publications/2020/Contribution_of_Recycled_and_Secondary_Materials_to_Total_Aggs_Supply_in_GB_2020.pdf

³ <https://www.mineralproducts.org/News-CEO-Blog/2021/release03.aspx>

The long-term demand prospects for aggregates demand are also positive, underpinned by higher planned investment in infrastructure projects and housing over the next decade. A recent report¹ suggests that significant and increasing tonnages of aggregates will be needed to supply our future construction needs: around 4 billion tonnes of primary aggregates between 2022 and 2035.

Whilst there appear to be sufficient indigenous mineral resources available to support future demand requirements, there are issues around the supply-mix that will need to be addressed. Industry statistics point to a persistent under-replenishment of land-won sand and gravel permitted reserves. Survey data from the MPA indicates that in the past decade, for every 100 tonnes of land-won sand and gravel extracted and sold, only 63 tonnes on average have been replaced with new sand and gravel permissions.² Meanwhile, whilst recycled and secondary sources of aggregates and imports have a definite role to play, their growth potential is constrained by the amount of suitable material available to recycle (mainly from demolition) and its suitability for various applications.³ Demand for indigenous quarried and dredged aggregates is likely to remain significant and these remain subject to often lengthy and complex planning and environmental permitting controls before they can be extracted.

Construction minerals extraction and related downstream manufacturing activities are distributed throughout the UK and extraction businesses make a variety of tax, financial and non-financial contributions to national and local governments and local communities that are outside the current scope of EITI reporting. This includes the Aggregates Levy, employment taxes and businesses rates. At the extraction stage, the annual cost of the Aggregates Levy reached £409m in 2021.⁴ The industry also supports a significant supply chain of plant, equipment and transport suppliers and professional services. Other construction-related mineral extraction includes clay for brick-making, limestone and chalk for cement manufacture and the production of high-quality dimension stone and slate.

The construction minerals industry is also in the scope of the European Union Emissions Trading System, Climate Change Agreements linked to the UK Climate Change Levy, Streamlined Energy and Carbon Reporting and Energy Saving Opportunity Scheme, all of which are focused on carbon reduction or energy efficiency. In 2020, the UK concrete and cement sector set out a roadmap to become net negative by 2050, removing more carbon dioxide from the atmosphere than it emits each year.⁵ It has identified that net zero can be met through decarbonised electricity and transport networks, fuel switching, greater use of low-carbon cements and concretes as well as Carbon Capture, Utilisation or Storage (CCUS) technology for cement manufacture. A net negative industry by 2050 could be achieved by using the natural, in-use properties of concrete which include its ability to absorb carbon dioxide during use, and the benefit of using the thermal properties of concrete in buildings and structures to reduce operational emissions. The concrete and cement industry has already taken considerable early joint action and due to investment in fuel switching, changes in product formulation, and energy efficiency including plant

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https://www.mineralproducts.org/MPA/media/root/Publications/2022/Aggregates_demand_and_supply_in_GB_Scenarios_for_2035.pdf

² https://www.mineralproducts.org/MPA/media/root/Publications/2021/MPA_AMPS_2021.pdf

³

https://www.mineralproducts.org/MPA/media/root/Publications/2022/Contribution_of_Recycled_and_Secondary_Materials_to_Total_Aggs_Supply_in_GB_2022.pdf

⁴ <https://www.gov.uk/government/statistics/aggregates-levy-bulletin>

⁵ <https://thisisukconcrete.co.uk/Tackling-climate-change/Roadmap-to-beyond-net-zero.aspx>

rationalisation, its direct and indirect emissions are 53% lower than 1990 - decarbonising faster than the UK economy as a whole.

Coal

Whilst coal still plays a part in the UK's energy mix, its contribution is declining. Although the UK still has a significant coal resource there are only a very small number of operating underground and surface mines. In terms of underground mines, Aberpergwm in Wales and Ayle Colliery in the North East, continue to operate alongside six Forest of Dean mines. Operators of a potential new underground mine, Woodhouse Colliery in Cumbria, are seeking to obtain the necessary permissions and if fully approved it is anticipated this mine could produce up to 3.1 million tonnes/year of metallurgical coal for the steelmaking industry. In terms of surface mining Ffos-y-Fran in South Wales continues to operate and the Operator has applied for an extension of term to their planning permission, this application is currently being determined by Merthyr Tydfil Council. Hartington Reclamation in Derbyshire continue to operate, however following discussions with the Operator they anticipate that coal production will cease in the coming months.

Industrial and metal minerals

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

In terms of other operations, ICL's Boulby mine in the North Yorkshire Moors commenced mining polyhalite, a multi nutrient fertilizer in 2016 and aim to produce 1 million tonnes per year, having previously extracted potash. Close to this is the Woodsmith mine, currently being developed by Anglo American plc which also will produce polyhalite. At the time of writing shafts are being sunk and a 37km underground tunnel is being constructed from the site to Teeside where the ore will be processed. In terms of other industrial minerals Gypsum continues to be mined at five sites around England by Saint Gobain and rock salt is mined at Winsford by Compass Minerals who produce approximately 1 million tonnes a year for de-icing roads in winter.

There is a significant resource of gold at Curraghinalt in Northern Ireland (Dalradian) which is currently waiting planning permission and Cononish in Scotland (Scotgold), which has recently started production.

During the year the UK Government produced its Critical Minerals Strategy¹ which sets out its plans for improving the resilience of critical minerals supply chains and increasing the UK's security of supply. In terms of critical minerals, in the South West, Tungsten West have re-started the Drakelands Tungsten mine near Plymouth. In Cornwall, Cornish Metals received a £30 million investment in 2022 which will finally allow them to dewater the mine and undertake core drilling of their resource underground. Cornwall Resources are

¹ <https://www.gov.uk/government/publications/uk-critical-mineral-strategy>

continuing to look into developing their Redmoor project, a significant tin, tungsten and copper deposit and Cornish Tin are looking at a Tin resource at Great Wheal Vor.

National Policies

The UK has had no overarching national mineral strategy, policy or plan recognising the economic importance of a steady supply of essential minerals and mineral products, from domestic sources or imported. The UK Governments Strategy is focused on “critical minerals”. Previous to this the minerals industry in the UK, through the Minerals Products Association produced a UK Minerals Strategy that was last updated in 2022.¹

The current relevant planning documents for each part of the United Kingdom are:

- In England, the [National Planning Policy Framework \(England\)](#)
- In Scotland, Scottish Planning Policy 4: [Planning for Minerals](#) and [National Planning Framework/Scottish Planning Policy](#)
- In Wales, Planning Policy Wales and Minerals Technical Advice Note 1 and 2 ([MTAN1](#) and [MTAN2](#))
- In Northern Ireland, [Strategic Planning Policy Statement for Northern Ireland](#), (SPPS)

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

In 2018, in response to the lack of overarching strategy, the minerals industry produced a *UK Minerals Strategy*, which sets out the importance of the sector to the UK economy and highlights measures necessary to ensure that demand for minerals and mineral products is supplied sustainably over the next 25 years. A second edition of the *Strategy* was published in 2022,² addressing key issues that have emerged and evolved over the previous five years including:

- **Climate change:** Net zero carbon, climate change mitigation, adaptation & resilience, implications for and contribution from minerals;
- **Nature recovery:** Biodiversity gain, and contribution of minerals development, including the legacy provided by restored sites;
- **Essentiality:** Stressing that while some minerals are considered critical, all are essential and may become critical should supply be compromised;
- **Replenishment:** Continued under-replenishment of mineral reserves, production capacity and looming arbitrary end-dates on many reserves.

¹ https://mineralproducts.org/MPA/media/root/Publications/2022/UK_Minerals_Strategy_2022.pdf

² https://mineralproducts.org/MPA/media/root/Publications/2022/UK_Minerals_Strategy_2022.pdf

Review of MSG Activities in 2022

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

EITI is currently being implemented in 57 countries around the world, including the UK. The [EITI International Secretariat](#), based in Oslo, supports countries in implementing a published set of requirements, the [EITI Standard](#).¹ As a stakeholder-led initiative, EITI is overseen in each implementing country by an MSG comprising representatives from industry, civil society and government.

A core part of EITI requires oil, gas and mining companies to voluntarily disclose their payments to government agencies and for the reconciliation of these payments with government receipts from these companies. This 'reconciliation process' takes place on an annual basis and is performed by an IA (in the UK's case BDO LLP), overseen by the UK EITI MSG. The [2021 payments report](#) was the eighth annual report and was delivered in record time in early July 2022. An updated version was issued in November 2022 to include data received after publication. Disclosures of UK EITI payments data lead all EITI implementing countries in terms of timeliness.

Overview

2022 was another busy year for UK EITI. The 8th payments report, covering payments made in 2021, was published in record time in early July 2022.

Further significant progress was made in implementing the EITI Standard. The second validation of the UK against the 2019 EITI Standard highlighted only one corrective action for the UK around contract and licence transparency.

Corrective Action

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

The MSG and UK Secretariat have continued to address this corrective action in several meetings with the UK's main licensing authorities. Progress is being made and a number of licensing authorities are already or nearly compliant. Work will continue to address this requirement during 2023.

¹ All references to the 'Standard' are the current 2019 EITI Standard unless otherwise stated.

The UK Secretariat has continued to make good use of the [UK EITI website](#) to maximise the impact of EITI implementation in the UK. Information on new and emerging topics and relevant news stories to help inform the debate around extractive industries and climate change. The website continues to be an important tool in taking forward the work on systematic disclosure. It allowed UK EITI to publish the 8th annual payments report covering payments made by extractives companies in 2021 and their repayments to Government. MSG members were able to publicise this with stakeholders in a matter of minutes by sharing relevant links to the website. The website also ensures that up to date sectoral data and background information is made available to industry and the public in a timely manner.

The MSG continued to meet regularly with various subgroups covering the more detailed work on reconciliation, mainstreaming, sectoral information, mining and quarrying and communications and engagement, meeting frequently throughout the year. The sectoral information and communications and engagement subgroups continued to be chaired by an external communications specialist with support from the IA, allowing more dedicated and focused attention on these areas.

MSG Membership changes

After intensive work in the first three quarters of the year to recruit new representatives the UK EITI MSG civil society constituency welcomed new members Chara de Lacey and Tilly Prior from Transparency International UK, Professor Azizul Islam from the University of Aberdeen and Professor Hafez Abdo from the University of Nottingham.

There were no other membership changes in 2022, however please note that OGUK changed its name to Offshore Energies UK (OEUK) in February 2022 and the Oil and Gas Authority (OGA) changed its name to the North Sea Transition Authority (NSTA) in March 2022.

Terms of Reference

The MSG Terms of Reference (ToR) did not change throughout 2022 and remained in line with the EITI Association's Code of Conduct. The ToR were reviewed and approved in July 2022 by the MSG.

Independent Administrator

The Independent Administrator (IA) remained BDO during 2022. Their contract ended in August 2022 after an approved two-month extension. A tender for a new IA contract was issued in the May 2022. After a competitive process BDO LLP were awarded the new contract in October 2022.

Progress against workplan, including impacts

Every year the UK EITI MSG agrees a workplan setting out its priorities for the year and how they align against UK EITI's four overarching objectives. The following table provides an overview of the progress made by the MSG against each action on the workplan at the time of publication of the report. More detail can be found in our [2022 workplan](#), on the UK EITI website.

N°	Objective	Progress
1	Uphold the principles set out in the 2019 EITI Standard and implement them in a way suitable for the UK context.	<ul style="list-style-type: none"> The UK MSG has met five times throughout 2022 and has had a number of robust discussions on a wide range of topics, including contract and licence transparency, the UK critical minerals strategy, the independent evaluation of EITI and energy transition. These discussions have included guest speakers and regular attendance and updates from the EITI International Secretariat. The UK EITI Secretariat has continued to work with 11 UK licencing authorities to improve contract and licence disclosures. The only corrective action from the last validation relates to contract and licence transparency. Three meetings took place during 2022 with further meetings planned for 2023. Progress has been made with some of the licensing authorities fully compliant and a number nearly compliant. The UK EITI Secretariat continued to work with the civil society organisations (CSO) to increase representation on the MSG. In October 2022 three new CSO representatives agreed to join the MSG. The MSG reviewed and approved its ToR in July 2022.
2	Promote transparent and accessible disclosure systems and good governance in the extractives sector. Enhance accountability on revenues from the UK's extractives industries.	<ul style="list-style-type: none"> The 2021 payments data was published in record time in early July 2022. Disclosures of UK EITI payments data now lead all 57 EITI implementing countries in terms of timeliness. The IA contract finished in August 2022 (after an approved two-month extension). The new contract went to tender in May 2022. After a competitive process, BDO LLP were awarded the contract in October 2022. The MSG continued specific discussions about energy transition in January 2022. This is an area that strongly aligns with current UK Government priorities and stakeholder priorities. Further discussions have been placed on hold, but the MSG are keen to progress after the direction of travel has been set by the new EITI Standard.
3	Increase public understanding of the social and economic impacts of the UK's extractive industries and enrich public debate on the governance and stewardship of the UK's oil, gas and mineral resources.	<ul style="list-style-type: none"> The UK EITI Secretariat conducts regular reviews of the website to ensure it remains accessible and up to date. This includes updates to data when they are published and meetings of the Sectoral subgroup, who look at the website and provide updates to both text and data. The Communications and Engagement subgroup has continued to make progress under the leadership of an external comms expert who has brought increased focus to the group's work. The subgroup have explored various outreach options, including participation at industry events, a survey of stakeholders and the production of two off-the-shelf leaflets specifically aimed at oil and gas companies and at mining and quarrying companies, explaining the importance of EITI to each area. Initial meetings were held with the UK Open Government Network looking at synergies and possible areas of mutual interest e.g. the validation process. The UK EITI Secretariat secured a stand at the MPA annual conference 2022. This was attended by 150 mining and quarrying companies. A leaflet covering EITI targeted at mining and quarrying companies was included in each of the delegates packs and the stand was visited by a number of companies. A similar EITI promotional leaflet is being drafted for the oil and gas industry that can be used as a future tool at industry events.

N°	Objective	Progress
		<ul style="list-style-type: none"> • A survey of CSO was carried out in the Summer/Autumn 2022. The survey was designed to benchmark their priorities and preferred method of communication. The responses have been evaluated and will be used to inform the updated UK EITI Comms Strategy. • The mainstreaming subgroup has completed work on implementing the recommendations of the mainstreaming feasibility study. The final recommendations from the feasibility study have now been implemented, including the agreement to unilaterally disclose North Sea Transition Authority (formerly OGA) and Petroleum Licence Fee (PLF) payments. • The UK EITI Annual Review 2021 was published in February 2022 after a four-week stakeholder consultation period. • UK EITI MSG and Secretariat were asked for views and contributions to the following: <ul style="list-style-type: none"> • Consultation on refinements to the EITI Standard. • EITI independent evaluation. • Review on the new validation model. • Open Government Network National Action Plan for Extractives. • Payment to Government Regulations briefing for the Foreign, Commonwealth & Development Office (FCDO). • EITI Survey on Extractive Contract Transparency & Energy Transitions. • EITI Europe consultation on data use and strategy.
4	Contribute to international efforts to further transparent and accessible disclosure systems, common global reporting standards and good governance in the extractives sector.	<ul style="list-style-type: none"> • The UK EITI Secretariat continued to hold regular meetings with colleagues from the secretariats in Germany, the Netherlands and Norway. These meetings are also attended by the EITI International Secretariat and are an opportunity to discuss issues of mutual interest and to share knowledge and good practice. The UK Secretariat also shared best practice on workplans and annual reviews with European colleagues. • The UK EITI Secretariat is in regular contact with the International Secretariat. This year this has involved contributions to the independent evaluation of EITI, including a country case study on the UK. The UK were also involved in the consultation process for the review of the EITI Standard and a review of the current EITI validation process. • In January 2022 the MSG meeting included a presentation from Chatham House on EITI and climate change, which was followed by discussions around an energy transition paper on any future role in the energy transition debate for UK EITI. • The UK EITI Secretariat attended a number of virtual events arranged by EITI, including the contract transparency network group, review of the validation process and energy transition and transparency good governance webinars. • The UK EITI Secretariat met colleagues from EITI Mongolia, Publish What You Pay and the Mongolian Ministry of Mining and Heavy Industry to discuss a number of issues around achieving a high score in the validation, main achievements any obstacles to implementation and next steps. • The UK EITI Secretariat met colleagues from the Sierra Leone National Secretariat to discuss how the UK has tackled mainstreaming and systematic disclosure of data. • The UK EITI Secretariat have had contact with the Serious Fraud Office (SFO) to discuss and areas of mutual interest and critical minerals and corruption risks for UK companies in foreign jurisdictions. A representative from the SFO also attended the October MSG meeting as an observer. • MSG Chair attended and provided input on EITI and payments to governments at the Open Government National Action Plan meeting in June 2022 to discuss potential commitment on climate and extractives transparency.

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

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

The [Payments Data](#) section of the UK EITI website not only includes the latest UK payments data, but also includes links to the Companies House extractives service, the Financial Conduct Authority (FCA) National Storage Mechanism and the Natural Resource Governance Institute (NRGI) database. The 2021 payments data was published in record time in early July 2022. Availability of UK EITI payments data now leads all 57 EITI implementing countries for timeliness.

UK EITI also worked successfully with 11 UK licencing authorities to improve contract and licence disclosures, with updates posted to our [contract and licence transparency](#) page, including the addition of a [table](#) showing the structure and nature of the extractive licence and contract regime in the UK.

Communications and Engagement

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

The website contains all MSG documents including reports and minutes from the main MSG meetings. The News section offers updates on news items of relevance to the sector. The content is written in plain English with minimal industry jargon or unfamiliar acronyms. To ensure that UK EITI remains accessible to all users, we carry out periodic independent audits, and take measures to address key findings and recommendations.

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

Across 2022 the website has received a total of 10,361¹ page views from 3,887 users. The most visited pages in 2022 were the homepage followed by the oil and gas sector, beneficial ownership and the mining and quarrying sector pages. The website has enabled the UK to publish the fastest payments report of all 57 EITI countries.

The MSG continues to meet regularly and thus serves as a consistent forum for open debate on issues of national interest including critical minerals, energy transition, and improving communications and public engagement.

A key part of the UK EITI Communication and Engagement Strategy has focused on supporting the MSG to *“turn its attention to areas of UK extractive industries where there is greater public interest, in particular the debate on energy transition, and the challenges facing the extractives sector as the UK works to meet its legally-binding target to bring greenhouse emissions to net zero by 2050.”*

Since June 2021, an independent EITI communications and engagement expert has been supporting the MSG and Secretariat. An updated UK EITI Communication and Engagement Strategy will be published in 2023.

One of the main objectives for 2022 has been achieved with the recruitment of new civil society representatives to bring new ideas and independent voice to the MSG and improve reach into local communities.

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

- UK EITI secured a stand at the MPA annual conference 2022 which was attended by 150 mining and quarrying companies. A [leaflet](#) targeted at mining and quarrying companies was included in each of the delegates’ packs and the stand was visited by a number of companies.
- A similar UK EITI promotional leaflet is being drafted for the oil and gas industry that can be used as an engagement tool at future events to broaden awareness of UK EITI among key stakeholders.
- A survey of CSO was carried out in the Summer/Autumn 2022. The survey benchmarked their priorities and preferred methods of communication. The responses have been evaluated and will be used to inform the updated UK EITI Comms Strategy.
- Chatham House presented their study: "Transparency in Transition: Climate Change, Energy Transition and the EITI" to the MSG in January 2022. The study focuses on the strategic direction of EITI and the implementing countries; <https://www.ukeiti.org/energy-transition>

A number of relevant news stories were published in the [“News and Events”](#) section of the UK EITI website covering:

- The launch of the first ever [UK Critical Minerals Strategy](#) in July 2022.
- The change of name of the Oil and Gas Authority to the [North Sea Transition Authority](#).
- The publication of the [independent EITI evaluation](#).

¹ Data from Google Analytics, sourced 6th December 2022 and covering the period 1 January - 30 November 2022.

EITI in the UK - Timeline

Date	Event
22 May 2013	The UK Prime Minister announced commitment to EITI.
9 July 2013	A Multi-Stakeholder Group (MSG) was formed to oversee EITI implementation in the UK.
9 October 2013	The MSG held its first meeting.
5 August 2014	The UK submitted its application to become an 'EITI Candidate' country to the EITI Board.
15 October 2014	The UK became an EITI candidate country.
15 April 2016	First UK EITI Report published. (Period covered: calendar year 2014 / Sectors covered: Oil, Gas, Mining and Quarrying.)
31 March 2017	Second UK EITI Report published. (Period covered: calendar year 2015 / Sectors covered: Oil, Gas, Mining and Quarrying.)
30 April 2018	Third UK EITI Report published. (Period covered: calendar year 2016 / Sectors covered: Oil, Gas, Mining and Quarrying.)
1 July 2018	UK Validation against the 2016 EITI Standard commenced.
25 February 2019	Fourth UK EITI Report published. (Period covered: calendar year 2017 / Sectors covered: Oil, Gas, Mining and Quarrying.)
2 May 2019	UK draft Validation report published.
14 November 2019	Validation announcement that UK had made "meaningful progress" in implementing the 2016 EITI Standard.
20 December 2019	Fifth UK EITI Report published. (Period covered: calendar year 2018 / Sectors covered: Oil, Gas, Mining and Quarrying.)
29 May 2020	Launch of UK EITI website
9 December 2020	Sixth UK EITI Report published. (Period covered: calendar year 2019 / Sectors covered: Oil, Gas, Mining and Quarrying.)
1 July 2021	Second UK Validation against the 2019 Standard commenced.
27 July 2021	Seventh UK EITI payments data published on UK EITI website. (Period covered: calendar year 2020 / Sectors covered: Oil, Gas, Mining and Quarrying.)
20 October 2021	EITI Board announce that UK has achieved a "high score" of 90 out of 100 in their validation against the 2019 Standard.
8 July 2022	Eighth UK EITI payments data report published on UK EITI website. (Period covered: calendar year 2021 / Sectors covered: Oil, Gas, Mining and Quarrying.)

Glossary of Abbreviations

Abbreviation	Full Form of Abbreviation
BGS	British Geological Survey
CCUS	Carbon Capture, Utilisation or Storage
CDEW	Construction, Demolition and Excavation Wastes
CDFA	Coal-Derived Fly Ash
CSO	Civil Society Organisation
EITI	Extractive Industries Transparency Initiative
EPL	Energy Profits Levy
FBA	Furnace Bottom Ash
FCA	Financial Conduct Authority
GB	Great Britain
GHG	Greenhouse Gas
GVA	Gross Value Added
IA	Independent Administrator
IBA	Incinerator Bottom Ash
MPA	Mineral Products Association
MSG	UK EITI Multi-Stakeholder Group
MTAN	Minerals Technical Advice Note
NPPF	National Planning Policy Framework
NRGI	Resource Governance Institute
NSTA	North Sea Transition Authority
OEUK	Offshore Energies UK
OGA	Oil and Gas Authority
ONS	Office of National Statistics
PLF	Petroleum Licence Fee
SFO	Serious Fraud Office
SPPS	Strategic Planning Policy Statement for Northern Ireland
ToR	Terms of Reference
UK	United Kingdom
UKCS	UK Continental Shelf