**Reconciliation subgroup meeting, Thursday 15th February 2024 via Microsoft Teams Attendees:**

Leo Kellaway (Chair) Mike Earp Pat Foster

Hedi Zaghouani Mark Henderson Mike Nash

**Updates on actions from the last meeting**

* BDO and the UK Secretariat met separately to update both the guidance and templates in time for the meeting.
* Mike Earp provided a number of responses to the requirements, expectations and encouragements on behalf of the NSTA (see below).

**Updates of guidance and templates**

BDO have updated the templates and guidance to reflect the following:

* Companies asked to provide a link to their anti-corruption policy (expected).
* Beneficial Ownership threshold reduced from 25% to 10% (encouraged).
* PEP threshold reduced from 5% to zero (required).
* Companies asked to provide a link to their ownership structure (encouraged).
* Companies asked to provide links to their financial statements (expected).
* Companies asked to provide links to their environmental, social and gender impact data (required).
* Companies asked to provide link to their gender pay gap information (encouraged).

**Mike Earp comments (in bold below) on behalf of NSTA**

**3.1 Exploration activities**

The objective of this requirement is to ensure public access to an overview of the extractive sector in the country and its potential, including recent, ongoing and planned significant exploration activities.

1. Implementing countries are required to disclose an overview of the extractive industries, including any significant exploration activities. **This is already published on the UK EITI website.**
2. Implementing countries and companies are encouraged to disclose data on proven economic oil, gas or mineral reserves, where available. **Each year, the NSTA publishes estimates of (remaining) UK oil and gas reserves and resources; the report with estimates as at the end of 2022 is** [**here**](https://www.nstauthority.co.uk/news-publications/reserves-and-resources-2022-report/)**. In July each year, DESNZ publishes an “Identified GB coal resource assessment”** [**here**](https://www.gov.uk/government/statistics/solid-fuels-and-derived-gases-chapter-2-digest-of-united-kingdom-energy-statistics-dukes) **(see DUKES 2.6). Up-to-date estimates of other UK mineral reserves are not available. The BGS has published a series of** [**onshore mineral resource maps**](https://www2.bgs.ac.uk/mineralsuk/planning/resource.html) **but these are getting increasingly dated and they are based primarily on mapped geology with limited assessment of economics**.

**3.2 Production data**

The objective of this requirement is to ensure public understanding of extractive commodity(ies) production levels and the valuation of extractive commodity output, as a basis for assessing expected government revenues from the extractive industries and the potential for government revenue leakages linked to under-reported production.

* 1. Implementing countries are required to disclose timely production data, including production volumes and values by commodity. **Data on the volume of total UK production of** [**oil**](https://www.gov.uk/government/statistics/oil-and-oil-products-section-3-energy-trends)**,** [**natural gas**](https://www.gov.uk/government/statistics/gas-section-4-energy-trends) **and** [**coal**](https://www.gov.uk/government/statistics/solid-fuels-and-derived-gases-section-2-energy-trends) **is published online by DESNZ each month with a lag of 2 months; see Energy Trends tables 3.10 (oil), 4.2 (natural gas) and 2.5 (coal). Data on production values for oil, natural gas and coal are** [**published**](https://www.gov.uk/government/statistics/energy-chapter-1-digest-of-united-kingdom-energy-statistics-dukes) **online by DESNZ annually in the July following the year in question; see DUKES 1.2. The NSTA also** [**publishes**](https://www.nstauthority.co.uk/data-and-insights/insights-and-analysis/income-and-expenditure/) **online estimates of the value of total UK oil and natural gas production. Data on production volumes and values of UK minerals is generally limited.** Data must be further disaggregated by project, where available. **Data on production volumes at field level for oil and natural gas are published online by the NSTA each month with a lag of 3 months; see** [**NSTA Field Production Points, PPRS (WGS84)**](https://opendata-nstauthority.hub.arcgis.com/maps/f9c3682919c0426186e1c346d5534d6c)**.** An estimate of production resulting from artisanal and small-scale activities must be disclosed where applicable and available. **Not relevant to the UK.**
  2. The sources of and the methods for calculating production volumes and values must be disclosed. **See** [**Quality assurance of administrative data report for mining of coal and lignite and extraction of crude petroleum and natural gas industries**](https://www.ons.gov.uk/economy/economicoutputandproductivity/output/methodologies/qualityassuranceofadministrativedatareportforminingofcoalandligniteandextractionofcrudepetroleumandnaturalgasindustries) **and** [**Environmental accounts on material flows QMI**](https://www.ons.gov.uk/economy/environmentalaccounts/methodologies/environmentalaccountsonmaterialflowsqmi) **(Quality and Methodology Information).** Implementing countries are required to disclose existing mechanisms to monitor and verify the accuracy of production data and document findings, including any weaknesses related to the comprehensiveness and reliability of publicly available production data. **Production data for non-fossil fuel minerals is not comprehensive or reliable. Data for fossil fuel minerals is generally comprehensive and reliable. Revisions after the latest month are generally small. Greater uncertainty attached to production values than to production volumes.**

**Action: Mike Nash to contact DESNZ Statisticians Natalie Cartwright and Zoe Clark to see what data DESNZ publish.**

* 1. Implementing countries are expected to present production data using national and international commodity classification standards. **Requires clarification from the EITI International Secretariat**

**Action: Mike Nash to contact EITI International Secretariat to ask for clarification on what this means.**

* 1. Companies are encouraged to disclose realised sales volumes and values by project. **Not likely to happen because such data are generally regarded as being commercially confidential.**

**Action: Mike Nash to contact Jacqui, Aurelie, Pat and John for their thoughts on whether companies are likely to be forthcoming with this information.**

**3.3 Export data**

The objective of this requirement is to ensure public understanding of extractive commodity(ies) export levels and the valuation of extractive commodity exports, as a basis for assessing expected government revenues from the extractive industries and the potential for government revenue leakages linked to under-reported. **This makes no sense in a UK context as government revenues from extractive industries are not linked to the volume or value of exports.**

1. Implementing countries are required to disclose timely export data, including export volumes and the value by commodity and by exporting company. **Data on the volume of total UK exports of** [**oil**](https://www.gov.uk/government/statistics/oil-and-oil-products-section-3-energy-trends)**,** [**natural gas**](https://www.gov.uk/government/statistics/gas-section-4-energy-trends) **and** [**coal**](https://www.gov.uk/government/statistics/solid-fuels-and-derived-gases-section-2-energy-trends) **is published online by DESNZ each month with a lag of 2 months; see Energy Trends tables 3.10 (oil), 4.2 (natural gas) and 2.5 (coal). Data on export values for oil, natural gas and coal are** [**published**](https://www.gov.uk/government/statistics/energy-chapter-1-digest-of-united-kingdom-energy-statistics-dukes) **online by DESNZ annually in the July following the year in question; see DUKES 1.2. The UK government does not collect export data by exporting company. ONS/HMRC data on export values. Published aggregate UK data on export values are more timely than UK data on export volumes except for oil, gas and coal.**  
     
   Implementing countries are expected to disaggregate export data by transaction. **The UK government does not collect export data by transaction.**  
     
   An estimate of exports resulting from artisanal and small-scale activities must be disclosed where applicable and available. **Not relevant to the UK.**
2. The sources of and the methods for calculating export volumes and values must be disclosed. **See** [**UK Trade QMI**](https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/methodologies/uktradeqmi) **(Quality and Methodology Information).** Implementing countries must disclose existing mechanisms to monitor and verify the accuracy of export data and document findings, including any weaknesses related to the comprehensiveness and reliability of publicly available export data. This could involve analysing possible deviations between export values and market prices and/or import values reported by the destination country.

**Action: Mike Nash to check with DESNZ stats colleagues whether this information is available.**

1. Implementing countries are expected to present export data using national and international commodity classification standards. **UK trade data form part of the broader system of UK National Accounts. The international standard for national accounts is the System of National Accounts 2008 (SNA08). The EU published its own version of SNA08, European System of National Accounts 2010 (ESA 2010) upon which the UK's National Accounts are based.**

**Action: Mike Nash to check with DESNZ stats colleagues whether this information is available.**

1. Exporting companies and buyers of commodities, including commodity traders, are encouraged to disclose realised sales volumes and values by project. **Not likely to happen because such data are generally regarded as being commercially confidential.**
2. Implementing countries are encouraged to present export data by region, destination and buyer. Exporting companies and implementing countries are encouraged to disclose whether the buyer is a related party. **Trade volumes for** [**oil**](https://www.gov.uk/government/statistics/oil-and-oil-products-section-3-energy-trends) **and** [**natural gas**](https://www.gov.uk/government/statistics/gas-section-4-energy-trends) **are given by proximate source and destination country in the data published by DESNZ; see Energy Trends tables 3.14 and 3.15 (oil) and 4.3 and 4.4 (natural gas). Import volumes for** [**coal**](https://www.gov.uk/government/statistics/solid-fuels-and-derived-gases-section-2-energy-trends) **are given by proximate source in the data published by DESNZ; see Energy Trends table 2.4.**

**3.4 Greenhouse gas emissions**

Companies are encouraged to disclose greenhouse gas (GHG) emissions in alignment with existing leading disclosure standards. Where feasible, the multi-stakeholder group is encouraged to request disaggregated disclosures. **Detailed data on total UK GHG emissions are** [**published**](https://www.gov.uk/government/collections/uk-territorial-greenhouse-gas-emissions-national-statistics) **by DESNZ.**

**Action: Mike Nash to contact EITI International Secretariat to ask for clarification on whether this refers to all companies are just those covered by the reconciliation.**

**Action: Possible Mining & Quarrying subgroup meeting required to ensure that all companies are being captured by the reconciliation process.**

**4.10 Project costs**

The objective of this requirement is to increase public understanding about exploration and production costs in the country’s extractive sector and about government policies and practices to monitor companies’ costs.

1. Implementing countries are required to disclose government policies and practices for monitoring oil, gas and mining project costs and managing revenue loss risks. This must include the disclosure of relevant laws, regulations and policies, as well as actions undertaken to monitor costs. **HMRC to advise.**
2. Implementing countries are expected to disclose final cost and tax audit reports, or summaries of those reports, including costs deemed as non-recoverable and costs deemed non-deductible and any additional revenues to be collected as a result. **HMRC to advise.**
3. Companies and implementing countries are encouraged to disclose declared costs disaggregated by project, and by costs related to operating and capital expenditures. Operating expenditures declared in the reporting year may include amortisation or depreciation of costs incurred in prior years. Companies and implementing countries are encouraged to disclose costs incurred since the commencement of the project. **Not likely to happen because such data are generally regarded as being commercially confidential. For the UK upstream oil and gas sector, the NSTA** [**publishes**](https://www.nstauthority.co.uk/data-and-insights/insights-and-analysis/income-and-expenditure/) **annual estimates of total exploration and appraisal costs, capital expenditure, operating costs and decommissioning costs.**

**Action: BDO to ensure that all new requirements of the Standard are being captured for the reporting process.**

**AOB**

* The next meeting to be arranged for 28th February 2024.

**Action: UK Secretariat have arranged the next meeting for 28th February 2024.**