






Validation of the United Kingdom (2021) – Further evidence and feedback on draft assessment



Component	Module	Requirements	MSG Comments	Additional evidence
Outcomes and impact	Extra points	Effectiveness and sustainability indicators	<ul style="list-style-type: none"> <li>Alternative approaches to EITI reporting: the MSG discussed this topic in <a href="#">March 2021</a> and heard first-hand from EITI Germany on their recent pilot. The MSG remains of that same view as in March 2021, namely, that it values the annual reconciliation exercise and does not believe that alternative approaches would be resource efficient. The MSG was particularly mindful of placing additional burdens on industry and losing buy-in as a result.</li> </ul>	<p>The mainstreaming subgroup held extensive discussions on alternative approaches to EITI reporting and at the MSG in March agreed to provide proposals for a direction of travel on the mainstreaming of tax data in time for the start of the validation. The paper (below) was circulated to the MSG on 18<sup>th</sup> June and approved by the MSG on 25<sup>th</sup> June.</p>  <p>mainstreaming update.docx</p>
	Outcomes and impact	<ul style="list-style-type: none"> <li>Workplan (#1.5)</li> <li>Public debate (#7.1)</li> <li>Data accessibility and open data (#7.2)</li> <li>Recommendations from EITI (#7.3)</li> <li>Outcomes and impact (#7.4)</li> </ul>	<ul style="list-style-type: none"> <li>Open data (#7.2): the MSG accepts that its practices are not currently fully in line with its own open data policy. The Compliance sub-group is currently reviewing this policy and will ensure UKEITI data is compliant going forwards. The UK EITI website has been updated to include the following line under each of the relevant figures/tables “The underlying data presented in the (table/figure) above are available on request from the <a href="#">UK EITI Secretariat</a>”. A meeting of the Compliance subgroup to discuss updating the Open Data Policy is planned for 22<sup>nd</sup> September 2021.</li> </ul>	<ul style="list-style-type: none"> <li>#1.5 Update of 2021 Workplan to reflect latest position:</li> </ul>  <p>UK EITI Workplan 2021.xlsx</p> <ul style="list-style-type: none"> <li>#7.1, 7.2 and 7.4: added link to Chatham House research, "Transparency in Transition: Climate Change, Energy Transition and the EITI" a study by Chatham House focuses on the strategic direction of EITI and its implementing countries: <a href="https://www.ukeiti.org/energy-transition">https://www.ukeiti.org/energy-transition</a></li> <li>#7.1 and 7.4 – new stories: 1) Story about the UK Government bringing forward the end to</li> </ul>




			<ul style="list-style-type: none"> <li>• Work plan, public debate, review outcomes of EITI implementation (#1.5, 7.1, 7.3, 7.4). The MSG accepts the challenge laid down in the draft report, but considers it needs more time to fully discuss how it manages the energy transition debate. There are currently differing views between the constituencies on whether or not UKEITI should expand its scope and whether it should have specific objectives in its 2022 workplan. The UK decided to become an EITI implementing country chiefly to demonstrate leadership and that resource-rich Supporting countries do hold themselves to the same transparency standards as EITI implementing countries in the developing world. Any deviation from this priority needs careful consideration. The MSG hope to have another meaningful conversation on energy transition in late 2021/early 2022. This will build on work done to date, and the MSG will consider if it wishes to add any specific objectives on this topic to the 2022 workplan.</li> </ul>	<p>Coal power by October 2024  <a href="https://www.ukeiti.org/news-item/end-coal-power-brought-forward-october-2024">https://www.ukeiti.org/news-item/end-coal-power-brought-forward-october-2024</a>                  2) The publication of the annual “Area Involved” report by The Crown Estate and the British Marine Aggregate Producers Association  <a href="https://www.ukeiti.org/news-item/crown-estate-and-british-marine-aggregate-producers-association-publish-their-annual-area">https://www.ukeiti.org/news-item/crown-estate-and-british-marine-aggregate-producers-association-publish-their-annual-area</a></p> <ul style="list-style-type: none"> <li>• #7.1 and 7.3 Query from UK press regarding EITI payments data which was published on the Sky News website. The BEIS press office received a press enquiry about the payments data on the back of its publication in July enquiring how much each sector paid in tax to the government in 2020 and previous years for comparison purposes:  <a href="https://news.sky.com/story/revealed-some-of-the-worlds-biggest-oil-companies-are-paying-negative-tax-in-the-uk-12380442">https://news.sky.com/story/revealed-some-of-the-worlds-biggest-oil-companies-are-paying-negative-tax-in-the-uk-12380442</a></li> </ul>
Stakeholder engagement	Multi-stakeholder oversight	<ul style="list-style-type: none"> <li>• Government engagement (#1.1)</li> <li>• Industry engagement (#1.2)</li> <li>• Civil society engagement (#1.3)</li> <li>• MSG governance (#1.4)</li> </ul>		<ul style="list-style-type: none"> <li>• New Scottish Government member appointed – Johann MacDougall to replace Joe Perman. UK EITI website updated to reflect this change in membership, <a href="https://www.ukeiti.org/multi-stakeholder-group">https://www.ukeiti.org/multi-stakeholder-group</a></li> <li>• The MSG carried out their annual review of the UK MSG Terms of Reference at their meeting on 2<sup>nd</sup> September 2021. It was agreed that no updates were required. <a href="#">MSG Terms of Reference:</a></li> </ul>


<p>Transparency</p>	<p>Overview of the extractive industries</p>	<ul style="list-style-type: none"> <li>• Exploration data (#3.1)</li> <li>• Economic contribution (#6.3)</li> </ul>		<p>Updates of Sector Introduction on website. The following updates were made  <a href="https://www.ukeiti.org/sector-introduction">https://www.ukeiti.org/sector-introduction:</a></p> <ul style="list-style-type: none"> <li>• Introduction and overview data updated.</li> <li>• Updated Construction Minerals text.</li> </ul> <p>Updates on Sector Data section of the website. Updates were made to the following tables, figures and text  <a href="https://www.ukeiti.org/sector-data">https://www.ukeiti.org/sector-data:</a></p> <ul style="list-style-type: none"> <li>• Update of data in introductory text.</li> <li>• Update of Figure 1 - Extractive Industry Gross Value Added (GVA).</li> <li>• Update of Table 1 – GVA for the main components of the mining and quarrying sector.</li> <li>• Update of Table 2 – Mining and quarrying (including oil and gas) – number of enterprises, GVA and employment costs in 2019.</li> <li>• Update of figures in Export text.</li> <li>• Update of Table 5 – Estimates of UK extractive industry workforce.</li> <li>• Update of Table 7 – Share of females in total workforce.</li> </ul> <p>Updates of Oil and Gas section of the website  <a href="https://www.ukeiti.org/oil-gas">https://www.ukeiti.org/oil-gas:</a></p> <ul style="list-style-type: none"> <li>• Update of figures in the introductory text.</li> <li>• Update of oil and gas prices text.</li> <li>• Updated Figure 1 – Annual and monthly average crude oil prices (\$/barrel).</li> <li>• Updated Figure 2 - Annual and monthly average crude oil prices (£/barrel) and associated text.</li> </ul>
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	Legal and fiscal framework	<ul style="list-style-type: none"> <li>• Legal Framework (#2.1)</li> <li>• Contracts (#2.4)</li> <li>• Environmental impact (#6.4)</li> </ul>	<ul style="list-style-type: none"> <li>• Contract and licence transparency (#2.4): the MSG accepts that it has not yet fully documented and explained barriers to the disclosure of the full texts across some licencing authorities. The MSG has to date been working with licencing authorities to try to achieve full compliance. However, the</li> </ul>	<ul style="list-style-type: none"> <li>• #2.1 and 2.4: General update of the Contracts and Licence Transparency section of the website: <a href="https://www.ukeiti.org/contract-and-licence-transparency">https://www.ukeiti.org/contract-and-licence-transparency</a></li> <li>• #2.1 and 2.4: Update of the validation tracker to reflect further meetings with The Crown</li> </ul>

			<p>MSG admits that it is now unlikely that the UK can achieve this – this is due to the legal (contractual and statutory) barriers which have presented themselves during 2021, and which it is likely would take disproportionate resources to resolve, especially given the limited demand for this information. The MSG will schedule a discussion for early 2022 to discuss and agree a position which it will make public.</p>	<p>Estate, the Coal Authority, Scottish Government and Crown Estate Scotland:</p>  <p>UK EITI Validation Tracker - updated for</p> <ul style="list-style-type: none"> <li>#2.1 and 2.4: Added new table explaining the licence and contract regime in the UK to the website. The table was circulated to all relevant organisations for comment, update and approval. It has now been added to the website: <a href="https://www.ukeiti.org/contract-and-licence-transparency">https://www.ukeiti.org/contract-and-licence-transparency</a></li> </ul>  <p>Contract and licence transparency in the U</p>
	<p>Licences</p>	<ul style="list-style-type: none"> <li>Contract &amp; license allocations (#2.2)</li> <li>License register (#2.3)</li> </ul>	<ul style="list-style-type: none"> <li>Contract and licence transparency (#2.2): the MSG accepts that there are still some outstanding technical gaps, but considers that it does provide adequate information over the way licence authorities discharge their duties. The MSG also notes that stakeholders agreed 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. The MSG further notes the EITI Board’s discretion to weigh minor gaps against progress in</li> </ul>	<ul style="list-style-type: none"> <li>#2.2: update to note on Non-Trivial Deviations. Email sent to all relevant organisations requesting confirmation of any non-trivial deviations in the award and transfer of licences. The website has been updated to reflect the position in 2020 (<a href="https://www.ukeiti.org/oil-gas">https://www.ukeiti.org/oil-gas</a> and <a href="https://www.ukeiti.org/mining-quarrying">https://www.ukeiti.org/mining-quarrying</a>). Example of email sent to organisations:</li> </ul>  <p>Non-trivial deviations 2020.msg</p>

			<p>achieving the broader objective, and considers that the UK has reached this standard. We respectfully ask that the EITI Board’s Validation Committee carefully consider the UK’s position when exercising its discretion.</p>	<ul style="list-style-type: none"> <li>• #2.2 and 2.3: The Crown Estate provided an update on their conformity to the contract and licence requirement to the EITI Standard.</li> </ul>  <p>Conformity with EITI standard (July 2021).  <a href="https://www.uketi.org/contract-and-licence-transparency">https://www.uketi.org/contract-and-licence-transparency</a></p> <p>#2.2 and 2.3: Updates under the Contracts and Licence Transparency section of the website:  <a href="https://www.uketi.org/contract-and-licence-transparency">https://www.uketi.org/contract-and-licence-transparency</a></p> <ul style="list-style-type: none"> <li>• General update of the Contracts and Licence Transparency section of the website:  <a href="https://www.uketi.org/contract-and-licence-transparency">https://www.uketi.org/contract-and-licence-transparency</a>.</li> <li>• Update of the validation tracker to reflect further meetings with The Crown Estate, the Coal Authority, Scottish Government and Crown Estate Scotland:</li> </ul>  <p>UK EITI Validation Tracker - updated for</p> <p>#2.2 and 2.3: Added new table explaining the licence and contract regime in the UK to the website. The table was circulated to all relevant organisations for comment, update and approval. It has now been added to the website: <a href="https://www.uketi.org/contract-and-licence-transparency">https://www.uketi.org/contract-and-licence-transparency</a></p>
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				 <p>Contract and licence transparency in the U</p> <ul style="list-style-type: none"> <li>It is the 2020 <a href="#">Payments Report</a> which includes links to stock exchange filings (not the 2021 annual review, which is yet to be drafted).</li> <li>The MSG discussed their assessment of the comprehensiveness and reliability of beneficial ownership disclosures to date from all companies holding or applying for extractive licenses on 21 July. The discussion was <ul style="list-style-type: none"> <li> MSG05-Jul 21 - Beneficial Ownership</li> </ul> </li> <li>The MSG minutes covering this discussion are published on the UK EITI website and linked below.</li> <li>A follow-up meeting was arranged with a civil society representative on 4<sup>th</sup> August to discuss a possible new approach by the MSG to PEPs. The civil society representative has since written to the International Secretariat and NREGI to ask if they can provide details of the number of PEPs disclosed by other implementing countries. <ul style="list-style-type: none"> <li> UK EITI PEPs - meeting with Joe Wil</li> </ul> </li> <li>This lack of PEP data disclosure has also been highlighted in the IA's recommendations and lessons learned on the 2020 process report (below). This was discussed at the MSG on 2<sup>nd</sup> September and will be discussed further by the</li> </ul>
	Ownership	<ul style="list-style-type: none"> <li>Beneficial ownership (#2.5)</li> </ul>	<ul style="list-style-type: none"> <li>The MSG believes that the discussion on <a href="#">21 July</a> is sufficient to meet this objective. Please also see 'additional evidence' to the right for full details of the MSG's conversation and follow up actions.</li> </ul> <p>MSG members also made the following corrections on the draft report:</p> <ul style="list-style-type: none"> <li>We are unsure of what the following paragraph relates to. No MSG review is planned beyond what was discussed at the July MSG: <p><i>'There have been independent reviews of the Companies House register from civil society, although not yet a comprehensive review by government, even if this MSG review is planned to be conducted in the third quarter of 2021. A review of every person of significant control (beneficial owner) in the Companies House register is planned for 2022.'</i></p> </li> <li>This paragraph is also inaccurate. No Companies House staff attended the July MSG. We were joined by Stephen Webster from the BEIS Company Law and Transparency Team who leads on the PSC register for BEIS (this is the same BEIS team as provides the UK EITI Secretariat):</li> </ul>	

			<p><i>'The MSG has only recently started reviewing the broader disclosures by extractive companies, beyond the scope of EITI reporting, including in a first meeting with Companies House representatives in July 2021.'</i></p>	<p>reconciliation subgroup at a meeting in October 2021, along with the other recommendations from the report.</p>  <p>MSG07-Sep 21 Recommendations ar</p>
	Production and exports	<ul style="list-style-type: none"> <li>• Production data (#3.2)</li> <li>• Export data (#3.3)</li> </ul>		Also see “Transparency” “Overview of Extractive Industries” section above.
	Revenue Collection	<ul style="list-style-type: none"> <li>• Comprehensiveness (#4.1)</li> <li>• Disaggregation (#4.7)</li> <li>• Data timeliness (#4.8)</li> <li>• Data quality (#4.9)</li> </ul>		<p>Updates on Revenue Allocations section of the website - updated data in text for 2020-21:  <a href="https://www.ukeiti.org/revenue-allocations">https://www.ukeiti.org/revenue-allocations</a></p>
	Revenue management	<ul style="list-style-type: none"> <li>• Distribution of revenues (#5.1)</li> <li>• Revenue management &amp; expenditures (#5.3)</li> </ul>		
	Subnational contributions	<ul style="list-style-type: none"> <li>• Subnational transfers (#5.2)</li> <li>• Social &amp; environmental expenditures (#6.1)</li> </ul>		<ul style="list-style-type: none"> <li>• #6.1: s.106 payments data now disaggregated by type of payment. This was also amended for the 2019 payments data. Published under the Payments Data, Publications and Reports and News and Events sections of the <a href="https://www.ukeiti.org">UK EITI website</a>.</li> </ul>