

**UK Extractive Industries Transparency Initiative Multi-Stakeholder Group
(MSG)**

**Minutes of the 62nd Meeting – 22nd May 2024 – Via Microsoft Teams
(10.00am – 11.35pm)**

Attendance

<p><u>Chair</u></p> <p>Sophia Brecknell - Foreign and Commonwealth Development Office (FCDO)</p> <p><u>Secretariat</u></p> <p>Mike Nash - Department for Energy Security & Net Zero (DESNZ)</p> <p><u>Industry</u></p> <p>Jacqui Akinlosotu – ENI</p> <p>John Bowater – Aggregate Industries</p> <p>Aurelie Delannoy – Mineral Products Association (MPA)</p> <p>Dr Pat Foster – Camborne School of Mines at the University of Exeter</p> <p>Mike Gaskill - OEUK</p> <p><u>Government</u></p> <p>Mike Earp – North Sea Transition Authority</p> <p>Nicola Garrod - HMRC</p> <p>Johann MacDougall – Scottish Government</p>	<p><u>Civil Society</u></p> <p>Chara de Lacy – Transparency International UK</p> <p>Martyn Gordon – Robert Gordon University</p> <p>Tilly Prior – Transparency International</p> <p><u>Guests/observers</u></p> <p>Mark Burnett – EITI International Secretariat</p> <p>Helmi Ben Rhouma – BDO</p> <p>Helen Day – Coal Authority</p> <p>Mark Henderson – BDO</p> <p>Becca Kirk – Critical Minerals Association</p> <p>Tim Vickery – Independent Advisor</p> <p>Hedi Zaghouani - BDO</p> <p><u>Apologies</u></p> <p>Kirsty Benham – Critical Minerals Association</p> <p>Nick Everington – The Crown Estate (TCE)</p> <p>Joel Watson - Foreign and Commonwealth Development Office (FCDO)</p> <p>Madeline Young - University of Northampton of London</p>
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1 – Welcome and Introductions:

1. All were welcomed to the 62nd meeting of the UK EITI MSG.
2. The following guests were welcomed:
 - **Nicola Garrod from HMRC**, who is returning to her EITI role for three months whilst Leo Kellaway is away working on a project.

2 – Agreement of minutes and action points of 20th March 2024 meeting:

3. The minutes of the MSG meeting on 20th March 2024 were agreed.
4. The MSG were updated on the main action points from the meeting on 20th March 2024.
 - Update the covering note for companies to include more details on the reasons and rationale behind the request for extra information. This then needs to be circulated to the MSG for final approval. ***Covering note updated to include more information and the rationale behind the request for further information. Circulated to the MSG on 22nd March 2024 and approved by the MSG on 26th March 2024.***
 - UK Secretariat to provide EITI update on reconciliation process at Mining Association of the UK meeting in April 2024. ***UK Secretariat provided a short update on the 2023 reconciliation process and new EITI Standard at the Mining Association of the UK meeting on 11th April 2024.***
 - UK EITI Renewables paper to be re-circulated to the MSG for further comment and consideration to be given to next steps, including further discussions at a future MSG. ***Renewables paper re-circulated to the MSG on 22nd March 2024 for further comment. Comments included in the paper. UK EITI CS constituency met on 2nd May 2024 to discuss updates and next steps. The paper was updated and circulated to the MSG on 21st May 2024.***

3 – UK EITI Reconciliation 2023 update

5. The deadline for companies to complete reporting templates has now passed and the reconciliation process has started. Several companies have asked for an extension to complete the templates. The reconciliation process is expected to be completed in June, with publication of the 2023 data planned for early July.
6. The current headline figures are:
 - i) Number of in-scope companies 2023: 74 (now including a further 9 potential in-scope companies identified by the Mining & Quarrying subgroup).
 - ii) Number of companies that are out of scope of the 2023 reconciliation process: 21
 - iii) Number of companies that declined to participate: 1
 - iv) Adjusted number of in-scope companies: 52.
 - v) Number of companies that have acknowledged receipt: 48
 - vi) Number of Reporting Templates collected: 46
 - vii) Outstanding number of Reporting Templates: 6
 - viii) Number of Beneficial Ownership returns: 44
7. One issue from this year's process is errors in the classification of Ring-Fence Corporation Tax (RFCT) and Energy Profits Levy (EPL) payments. These errors are currently being resolved by BDO and next year's templates will need to include a clearer clarification of what is required under each payment type.
8. BDO will begin to chase any non-compliant companies during June and will seek assistance from the UK EITI reconciliation subgroup members, if required.

4 - UK EITI Compliance – update on 2023 EITI Standard requirements

9. The UK EITI Compliance subgroup met with colleagues from the EITI Secretariat in April to look specifically at requirement 4.10 relating to project costs. The requirements asks implementing countries to disclose government policies and practices for monitoring oil, gas and mining project costs and managing revenue loss risks. This must include disclosure of relevant laws, regulations and policies, as well as actions to monitor costs.

10. At the meeting subgroup members raised concerns as to whether UK data could be broken down at project level. There were also concerns that the focus of the requirement is on costs rather than income.
11. Overall, there are 39 new or refined requirements in the 2023 Standard. There are still a number of these new or refined requirements where the UK EITI Compliance subgroup need to discuss and agree actions.
12. Initial analysis by BDO against each requirement suggests the following breakdown:
 - i) 15 requirements have been “fully met”. (90 points awarded in validation for each. There are 100 points awarded where countries are considered to have exceeded a requirement).
 - ii) 9 requirements are “mostly met”. (60 points awarded in validation for each).
 - iii) 9 requirements are “in progress/partly met”. (30 points awarded in validation each).
 - iv) 6 requirements are “not applicable”.
13. Monthly UK EITI Compliance subgroup meeting will be arranged across the remainder of the year to look primarily at the “mostly met” and “in progress/partly met” requirements. The invites to these meetings will be circulated shortly.

5– EITI International update

14. The European Regional National Co-ordinator network met earlier this week. The theme of the meeting was working with civil society. Discussions covered how the work fits in with policy objectives, legal barriers to Beneficial Ownership and the EU Critical Minerals Act.
15. National Co-ordinators from EITI implementing countries are meeting in Geneva from 17-18 June. Their agenda includes the new EITI Standard and Terms of Reference for reporting. Two pre-Geneva meetings are to take place virtually from 3-4 June.
16. A meeting of the EITI Board will take place 19-20 June. The Board will discuss progress on outreach, the financial outlook and the latest validations.

6– UK EITI Renewables Strategy paper update

17. The UK EITI civil society constituency met in May to discuss an update of the original renewables paper based on discussions at the MSG in March. The group agreed that the strategy was worth pursuing, especially with the pace of the energy transition and linkages to the work of the EITI Secretariat on renewables.
18. The strategy has been divided into three phases and looks to address concerns raised in March around expertise and scope. The proposed timeline is 1-2 years. The proposed phases are:
 - i) Phase 1 – Capture and highlight transition mineral extraction.
 - ii) Phase 2 – Engage with companies currently reporting under UK EITI to understand their renewables activities and discuss the viability of reporting on these under UK EITI.
 - iii) Phase 3 – Consider constituting an energy transition subgroup.
19. MSG discussions looked at the possibility of widening the current scope of the strategy to include wind, solar and nuclear energy. However, concerns were raised about capacity and resources to include these elements. Some members felt there was little synergy between EITI and renewables.
20. One key issue raised was that there are currently no bespoke licensing regimes for renewables (except for offshore wind). Therefore, there is currently little data available to collect. Issues around scope creep and what to include for future disclosure purposes were also raised.

21. Civil society representatives unanimously welcomed the strategy and possible inclusion of renewables within the scope of EITI. They agreed it was a positive step and looks to provide transparency, particularly as large amounts of government in being invested in renewables and renewable projects.
22. It was agreed that the updated UK EITI renewables strategy paper should be re-circulated to the MSG for further comment.

7– UK EITI Mining and Quarrying subgroup update

23. The Mining & Quarrying subgroup met in March and April to discuss whether all companies in the sector were being captured in the annual EITI reconciliation.
24. BDO shared a list of the mining and quarrying companies that were invited to participate in the first EITI reporting process in 2014. A number of companies on the original list did not take part in the process then and have not participated since.
25. It was agreed to remove the coal companies as coal is no longer within scope of UK EITI and the companies where the majority of their work is non-extractive related.
26. It was agreed that some initial research should be carried out to look at the annual report and accounts of each company to see how much Corporation Tax (CT) each of the companies has paid before circulating to the subgroup for further comment and decision.
27. BDO have agreed to contact the companies identified to invite them to participate in this year's process.
28. The UK Secretariat also provided a presentation on UK EITI, the EITI Standard and reconciliation process at the Mining Association of the UK in April.

8 – UK EITI Comms & Engagement subgroup update

29. The UK EITI Comms and Engagement subgroup met in April to discuss an update of the UK EITI Comms and Engagement strategy in light of the 2023 EITI Standard and the renewables strategy paper. Discussions also centred around making better use of social media, in particular LinkedIn and Twitter to help raise public awareness and interest in EITI.
30. As a part of the actions from the March MSG an explainer note for the new requirements of the 2023 EITI Standard has been drafted for senior staff. This will be re-circulated to the MSG for further comment.

9- UK EITI contract and licensing subgroup update

31. The UK EITI Contract and Licence Transparency subgroup met in February and April and agreed to gather a summary opinion from the legal advisors for each regulatory authority covering issues around commercial confidentiality and any legal barriers to contract disclosures required by the EITI Standard.
32. The detail of the arguments for legal barriers to full disclosure will be important to help the MSG to review and consider whether they agree there are bona fide legal barriers to full contract disclosure.
33. Hope to include references to specific laws, acts, regulations that constitute a legal barrier and ideas on how any barriers could be overcome (e.g. voluntary waivers) may also be presented in the paper to help MSG decide possible solutions.
34. It is hoped that this paper will be ready for the MSG in the Summer. However, even if the MSG agree there are legitimate barriers, they will still need a plan to try to address them to be fully compliant with Requirement 2.4.

10-AOB

35. A request was made to provide a schedule for the main stages of the validation process taking place early next year.
36. The next meeting will take place on Wednesday 24th July 2024.

Action points:

- UK EITI Secretariat to colleagues at The Crown Estate regarding data for the 2023 reconciliation, if required. **(Action: BDO and UK Secretariat).**
- BDO to ensure that there is better clarification around the classification of RFCT and EPL payments for the reporting templates for next year. **(Action: BDO and UK EITI Reconciliation subgroup).**
- UK EITI Compliance subgroup meetings to be arranged for the rest of 2024. **(Action: UK Secretariat).**
- UK EITI Renewables Strategy Paper to be re-circulated to the MSG for comment. **(Action: UK Secretariat and MSG).**
- EITI Standard explainer paper to be re-circulated to the MSG for comment. **(Action: UK Secretariat and MSG).**
- Timetable for the main milestones of the UK validation to be circulated to the MSG. **(Action: EITI Secretariat and UK Secretariat).**