UK Extractive Industries Transparency Initiative Multi-Stakeholder Group (MSG)
Minutes of the 66th Meeting – 15th January 2025 – Via Microsoft Teams
(10.00am – 11.15am)

<u>**Attendance**</u>

| <u>**Chair**</u>

Sophia Brecknell - Foreign and Commonwealth Development Office (FCDO)

<u>**Secretariat**</u>

Mike Nash - Department for Energy Security & Net Zero (DESNZ)

<u>**Industry**</u>

Jacqui Akinlosotu – ENI

John Bowater - Aggregate Industries

Aurelie Delannoy – Mineral Products Association (MPA)

<u>**Government**</u>

Jeff Asser - Department for Energy Security & Net Zero (DESNZ)

Mike Earp – North Sea Transition Authority (NSTA)

Leo Kellaway – HMRC

Johann MacDougall – Scottish Government

Mark Wilson – Department for the Economy Northern Ireland (DfENI) | <u>**Civil Society**</u>

Chara de Lacy – Transparency International UK

Tilly Prior – Transparency International UK

<u>**Guests/observers**</u>

Helmi Ben Rhouma – BDO

Mark Burnett – EITI International Secretariat

Mark Henderson – BDO

Hannah Sophie Kaase – EITI International Secretariat

Dhruv Rajeev – WSP

Andy Roby - Foreign and Commonwealth Development Office (FCDO)

Hedi Zaghouani - BDO

<u>**Apologies**</u>

Nick Everington – The Crown Estate (TCE)

Dr Pat Foster – Camborne School of Mines at the University of Exeter

Joel Watson - Foreign and Commonwealth Development Office (FCDO) |

<u>**1 – Welcome and updates:**</u>

1. All were welcomed to the 66th meeting of the UK EITI MSG.

    - **Dhruv Rajeev** from WPS who will be making a presentation on a future water scarcity project.
    - **Hannah Sophie Kaase**, a new Europe Country Officer who has just started working with Mark Burnett and will be replacing Lisa Sviland who will be moving on at the end of the month.
    - **Tim Vickery** was thanked for his work for the Comms and Engagement subgroup for the last three years.

2 – Agreement of minutes and action points of 28th November 2024 meeting:

2. The minutes of the MSG meeting on 28th November 2024 were agreed.

3. The MSG were updated on the main action points from the meeting on 28th November 2024.

   - Approved, revised version of the UK EITI Payments Report for 2023 to be uploaded onto the UK EITI website. ***The revised version of the 2023 Payments Report was uploaded onto the UK EITI website on 29th November 2024.***
   - UK EITI Secretariat and Mark Burnett to liaise regarding a meeting to discuss the validation in February 2025. ***The validation workshop will take place on Tuesday 25th February. Mark Burnett will update the MSG on details in his update item.***
   - UK EITI Reconciliation subgroup to consider the recommendations of the paper on Due Diligence on Social & Environmental Payments. ***The next UK EITI Reconciliation subgroup meeting is due to take place on 6th February 2025. The subgroup will discuss this and the 2024 reconciliation process.***

3 – UK EITI validation preparation update and timetable

4. Work on the validation continues apace. The validation templates have been received from EITI international. We need complete and return them before the beginning of July. The templates cover the following areas:

   - Outcomes and Impact
   - Stakeholder Engagement
   - Transparency

   Outcomes and impact

5. This component assesses EITI Requirements 7 and 1.5, focusing on progress in addressing national priorities and facilitating public debate. It evaluates whether a country's objectives for EITI implementation align with national priorities and evaluates stakeholder feedback on achieving these objectives.

6. This component also examines the outcomes and impact of EITI implementation, as well as opportunities for making EITI implementation more effective.

7. The UK Secretariat will work on the first draft of this template and may ask for input from MSG members as and when necessary.

   Stakeholder Engagement

8. This component assesses EITI Requirements 1.1 to 1.4, including EITI protocol: Participation of civil society, examining the participation of constituencies and multi-stakeholder oversight throughout the EITI process.

9. Each constituency has a template to complete. Initial meetings took place last week and we agreed what needs to be completed by either the constituency or UK Secretariat. Catch-up meetings for all constituencies will take place on 12th February to look at first drafts of the templates.

10. Any further comments or updates will be added before they are circulated for the validation workshop on 25th February, where they will be presented and discussed in more detail.

Transparency

11. This component assesses EITI Requirements 2 to 6, evaluating whether the country meets the disclosure requirements of the EITI Standard, including the timeliness, comprehensiveness, and reliability of information.

12. Colleagues at BDO will provide the first draft of this template.

Validation timetable

13. The papers include a validation timetable covering the January-July period listing all the activities in preparation for the validation, including meetings to look at the first draft of the templates, UK EITI Compliance subgroup meetings and the pre-validation workshop.

14. The UK Secretariat will re-circulate the timetable for any final comments.

UK EITI Compliance and Contract and Licence Transparency subgroup meetings

15. The UK EITI Compliance subgroup continue to meet on a monthly basis to look at the requirements that need further action.

16. The next meeting will take place on 16th January and Mark Burnett has kindly agreed to attend to provide clarification on a number of areas where the subgroup have asked for guidance. Meetings are also planned through the February-June period.

17. The UK EITI contract and licence subgroup continue to look at addressing the corrective action from the last validation and plan to table a paper at the 19th March MSG on legal barriers to disclosure.

4 – EITI International update

18. Plans for the pre-validation workshop on 25th February have started. The draft agenda is being finalised and the morning session is set to take place from 09.00am-12.00pm and the afternoon session from 13.30-16.00. The objective is to get the MSG together to feedback on the validation templates.

19. Each constituency will have the opportunity to report back on their Stakeholder Engagement template. The UK Secretariat will report back on the Outcomes and Impact template. The afternoon session will be for BDO to report back on the Transparency template.

20. Elsewhere the Implementation Committee have been looking at the EITI Standard. It was felt that there were too many changes to the Standard in 2023 and a paper has been drafted that advises minimal revisions for the next update.

21. The EITI International Secretariat are also currently mapping the status of all implementing countries on where they are with the new requirements.

22. These issues will be discussed further at the EITI Board in March.

5– UK EITI Renewables Strategy Paper update

23. MSG members were thanked for their feedback on the strategy, these have led to discussions on next steps. Plans are now to have a shorter section on critical minerals and more on renewables. A meeting to discuss plans to take forward this work will take place shortly.

6– Future Water Scarcity Risk Assessment and Questionnaire – Extractive Sector

24. Under The UK Climate Change Act (2008) requires that a Climate Change Risk Assessment (CCRA) is published by the UK government every five years. The fourth CCRA is due to be laid in Parliament by the UK Government in 2027. This will be based on an independent assessment, which is being coordinated by the Climate Change Commission (CCC). A Water Scarcity Deep Dive is taking place to assess the current and future water scarcity risks facing the UK.

25. An independent assessment needs to be made to understand the current water dependencies for the extractives sector and how/if you expect this to change in the future. A questionnaire has been drafted with three major questions for which they are seeking answers:

   - **Recent experiences**
   - **Current dependency on abstracted water**
   - **Future dependency on abstracted water**

26. The objectives of the project are:

   - Assess the current and future risk of water scarcity (hazard x exposure x vulnerability) of the different sectors
   - Quantify economic losses associated with unmet water demand
   - Identify and shortlist possible adaption options and their relative costs and benefits
   - Develop cost optimised strategy of adaptation

27. It was highlighted that the raw information, contact details etc will not be shared publicly. The purpose of engaging with stakeholders was to provide accurate and representative inputs to the assessment, which is ultimately the recommendations the CCC will take to the government.

7– UK EITI Comms & Engagement subgroup update

28. The subgroup discussed the latest version of the UK EITI Comms & Engagement Strategy covering 2025-26 last week. A number of minor updates were made and circulated for final approval by the subgroup.

29. It was agreed that the main objectives of the strategy were around preparation for the validation and any actions required post-validation.

30. The latest version will be circulated to the MSG for final comment/approval after the meeting.

8- Validation model review consultation

31. In December 2024 the International Secretariat made a presentation that covered a review of the validation model which is currently taking place. It was stressed by the International Secretariat that this consultation will not affect the UK validation starting in July.

32. The three components for validation are: stakeholder engagement, transparency and outcomes and impact. Each receive a score out of 100. The overall score is an average of the component scores. Currently these scores are:

   - Low 0-49
   - Fairly low 50-69

- Moderate 70-84
- High 85-92
- Very high 93-100

33. The validation assesses the extent to which EITI requirement is met, using five categories. The component score is an average for each requirement that falls within the component.

- Not met - 0 points
- Partly met – 30 points
- Mostly met – 60 points
- Met – 90 points
- Exceeded – 100 points

34. The main issues for consideration for the current validation model are:

- **Scoring:** Use of numeric scores was considered more objective than the previous model where there were no numeric scores for individual requirements, components and overall assessments.

- **Consequences:** Suspension for assessments of below mostly met on safeguard requirements for example government, industry and civil society engagement. Suspension for assessment of a low score retained from the previous validation model for example inadequate progress.

- **Frequency:** Consequences of component score outcomes. Re-validation timelines for components with "moderate" and "fairly low" outcomes requires close to a re-validation of a country. This has not been enforced but would be challenging in an already heavy validation schedule.

35. The pro's for an overall numeric **scoring** are:
- Not punitive
- Encouraging and conveys progress/direction of travel
- Conveys impact

36. The cons for an overall numeric scoring are:
- Scores invite to rankings
- Countries are all very different and shouldn't be ranked
- Possible mismatch between labels and numeric value – is 80 a moderate score?

37. There is also a proposal to split the range of scores into six (rather than the current five) categories:
- Poor - 0-29
- Limited – 30-44
- Substantial 45-69
- Adequate 70-84
- Full – 85-92
- Very high – 93+

38. There will also be consideration given to disaggregation to distinguish between sectors, for example Mexico had an overall Low score, but the Transparency component (Fairly Low) does not reflect the level of transparency in the petroleum sector (Strong performance).

39. **Consequences** and incentives. Is suspension the appropriate consequence for poor performance in validation?

- Suspension is perceived as punitive
- Suspension discourages further engagement
  One option could be to categorise countries based on the nature of follow-up required instead of suspending them. For example, countries with overall low scores will be placed under the category ***Countries requiring expedited follow-up on corrective actions.***

40. Considerations for the **frequency** of validation are:

- Is the current 3-year cycle appropriate?
- Options include mid-term assessments
- Adjust periods from 3 to 4 years.
- Retain suspension for Low overall score
- Expedited follow-up within 18 months for "partly met" requirements.

41. The MSG were encouraged to feed in any comments directly to the EITI international Secretariat and the UK Secretariat, who will re-circulate the slide presentation.

9- Annual Progress Report for 2024 and UK EITI Reconciliation subgroup update

42. The MSG agreed that this year they would provide a pared-down Annual Progress report to cover 2024 UK EITI activities. The first draft is currently in progress and will be reviewed at a meeting of the sectoral subgroup in March with the expectation that we will publish before the validation kicks-off on 1st July.

43. The Reconciliation subgroup will hold their first meeting to discuss the scope for 2024 on 6th February. At this stage we do not anticipate that the Payments Report will be ready in time for the validation.

10- AOB

44. A short UK EITI MSG gender survey will be circulated after the meeting. The purpose of the survey is to include a breakdown of gender of the MSG members for the UK EITI workplan under Requirement 1.5 of the EITI Standard. The survey is voluntary and anonymous but will help towards the validation of the UK against the 2023 EITI Standard.

45. The next meeting will take place on Wednesday 19th March 2025.

Action points:

- SharePoint link to validation templates to be circulated to MSG members. **(Action: UK EITI Secretariat).**
- UK EITI Validation timetable to be re-circulated for any final comments. **(Action: UK EITI Secretariat).**
- Future Water Scarcity presentation to be re-circulated to the MSG for info and invite to take part in the survey. **(Action: UK EITI Secretariat).**
- Circulate final version of the Comms & Engagement Strategy for final comment/approval. **(Action: UK EITI Secretariat).**
- Re-circulate Validation Consultation presentation to the MSG and ask for any comments to feed into the consultation to be sent to UK and International Secretariat contacts. **(Action: UK EITI Secretariat).**
- UK EITI gender survey to be circulated to MSG. **(Action: UK EITI Secretariat).**