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

**Minutes of the 65th Meeting – 28th November 2024 – Via Microsoft Teams**

**(10.00am – 11.30am)**

**Attendance**

|  |  |
| --- | --- |
| **Chair**Juliana Reed - Department for Energy Security & Net Zero (DESNZ)**Secretariat**Mike Nash - Department for Energy Security & Net Zero (DESNZ)**Industry**Jacqui Akinlosotu – ENIJohn Bowater - Aggregate IndustriesDr Pat Foster – Camborne School of Mines at the University of Exeter**Government**Jeff Asser - Department for Energy Security & Net Zero (DESNZ)Mike Earp – North Sea Transition Authority (NSTA)Leo Kellaway – HMRCJohann MacDougall – Scottish Government | **Civil Society**Chara de Lacy – Transparency International UKTilly Prior – Transparency International UKAzizul Islam - University of Aberdeen Business School**Guests/observers**Helmi Ben Rhouma – BDOMark Burnett – EITI International SecretariatBecca Kirk - Critical Minerals Association (CMA)Mark Henderson – BDOTim Vickery – Independent AdvisorHedi Zaghouani - BDO**Apologies**Sophia Brecknell - Foreign and Commonwealth Development Office (FCDO)Aurelie Delannoy – Mineral Products Association (MPA)Nick Everington – The Crown Estate (TCE)Joel Watson - Foreign and Commonwealth Development Office (FCDO)Mark Wilson – Department for the Economy Northern Ireland (DfENI) |

**1 – Welcome and updates:**

1. All were welcomed to the 65th meeting of the UK EITI MSG.

**UK EITI Validation**

1. The validation of the UK against the 2023 EITI Standard has been postponed by six months and will now start on 1st July 2025.

The UK EITI Compliance subgroup, MSG and UK Secretariat will continue to press ahead and maintain momentum to address the new and refined requirements in preparation for 1st July 2025.

**UK EITI Payments Report for 2023 – revised version**

1. The revised version of the UK EITI Payments Report for 2023 was circulated to the MSG for final approval on 27th November. The MSG approved the revised version of the report.
2. The revised version (including the related revised CSV files) will be uploaded onto the UK EITI website on Friday 29th November. MSG members were asked to make their stakeholders aware of the updated version.

**2 – Agreement of minutes and action points of 19th September 2024 meeting:**

1. The minutes of the MSG meeting on 19th September 2024 were agreed.
2. The MSG were updated on the main action points from the meeting on 19th September 2024.
* UK EITI Payments Report for 2023 to be published during w/b 23rd September 2024. ***UK EITI Payments Report for 2023 published on 25th September 2024.***
* UK EITI Workplan 2024-25 to be re-circulated to the MSG for further comment. The ***Workplan was recirculated on 20th September 2024 for further comment. No further comments were received by 8th October 2024 deadline. The updated version was published on the UK EITI website on 10th October 2024.***
* UK EITI Open Data Policy to be re-circulated to the MSG for further comment. ***The UK EITI Open Data Policy was recirculated on 20th September 2024 for further comment. No further comments were received by 8th October 2024 deadline. The updated version was published on the UK EITI website on 10th October 2024.***

**3 – UK EITI Compliance update**

1. Further meetings of the UK EITI Compliance subgroup took place in October and November, with a further meeting planned for December.
2. In November the subgroup looked at and assessed progress against the encouragements under the areas of stakeholder engagement, transparency and outcome and impact from the 2021 validation. A number of “quick wins” were identified and actioned.
3. Progress has been made on the 39 new and refined requirements. Currently we have assessed that 15 are Fully Met, 11 are Mostly Met, 4 are Partly Met and 9 are not applicable to the UK. Work will continue to try and ensure, where possible, all are Fully Met by 1st July .

**4 – EITI International update**

1. There is still a vacant alternate seat for Europe on the EITI Board, the UK was encouraged to consider whether to put forward a candidate.
2. The validation committee are planning to review the validation model with a view to improving the process. A working group will be set up to carry out the review. All implementing countries will be consulted during the review process.
3. The international secretariat are keen to support the UK in preparing the validation templates. Mark Burnett said that he will be in the UK in February 2025 and this would provide a good opportunity to get together. The UK Secretariat welcomed this opportunity and agreed to liaise with Mark to facilitate this.

**5– UK EITI Renewables Strategy Paper**

1. Phase 1 of the strategy covering the desk research has now been completed. The strategy lists the main governance risks of transition minerals in the UK and key risks in transition mineral supply chains.
2. Desk research highlighted that the UK currently has a small number of companies that mine transition minerals, who are still at the exploration stage. No companies are at the extractiuve stage and therefore do not disclose via the EITI.
3. The main areas of exploration cover lithium, tin, tungsten and rare earth elements. All these minerals are vital, but their supply chains are complex and vulnerable to corruption.
4. To address these challenges the EITI offers a framework for improving transparency and accountability.
5. The proposed actions to inform Phase 2 of the research include:
	1. an agreement on definitions
	2. discussion on the scope for company engagement through Requirement 3.1 of the 2023 EITI Standard covering exploration activities
	3. discussion on scope of Phase 2 research
	4. discussion of potential research for looking at feasibility of bringing into scope companies which disclose under UK EITI that additionally source new energy sources
	5. discuss how to reach out to UK critical mineral companies via the UK EITI Comms and Engagement subgroup.
6. There is possible read across with requirements 2.2 and 2.4 of the 2023 EITI Standard on exploration (see Contract and Licence Transparency update below).

**6– Beneficial Ownership Due Diligence**

1. Under requirement 2.5 of the EITI Standard covering beneficial ownership implementing countries should:
	1. maintain a publicly available register of beneficial owners of companies holding or applying for a mining or oil and gas licence.
	2. document the government’s policy and MSG’s discussions on disclosure of beneficial ownership.
	3. request, and companies publicly disclose beneficial ownership.
	4. disclose information about the identity of the beneficial owner, their nationality and their country of residence.
	5. assess any existing mechanisms for ensuring the reliability of beneficial ownership information.
	6. publicly listed companies are required to disclose the name and include a link of their stock exchange filings
	7. disclose the legal owners of the corporate entities
	8. companies publicly disclose their audited financial statements
2. The MSG are expected to discuss any gaps in this data and agree a way forward to address the gaps. A paper was drafted and circulated to aid discussions.
3. The findings of the paper include:
	1. There is a need to improve the data available from Companies House
	2. There is a need to engage Companies House and influence them to improve and expand the data that they disclose
	3. Consider setting up a Beneficial Ownership subgroup to take this work forward
4. It was agreed that the first step could be to make an approach to Companies House to discuss the possibility of expanding the data they currently disclose.

**7– UK EITI Comms & Engagement subgroup update**

1. The UK EITI Comms & Engagement Strategy has been updated to focus on the validation of requirement 7.1 (covering public debate) of the EITI Standard in preparation for the validation starting in July. This includes
	1. Ensure that UK EITI information is widely accessible and comprehensible and raise awareness among industry, civil society, government & other stakeholders about the relevance of UK EITI data to good governance, sector management, a just energy transition and the role each constituency can play in the process.

* 1. Present information in a useful and open way, taking advantage of existing data to encourage debate & enhance accountability. Consider a refresh of the UK EITI website.
	2. Follow up on potential inclusion of renewables and critical minerals into UK EITI scope, including the undertaking of research on UK producers of [energy transition minerals](https://assets.publishing.service.gov.uk/media/62f36bafe90e07714288b188/resilience_for_the_future_the_uks_critical_minerals_strategy.pdf) with a view to including critical minerals in scope.
1. Once the validation has been completed the strategy can be updated and made more relevant going forward.

**8- Contract and Licence Transparency – update**

1. The UK EITI Contract and Licence Transparency subgroup is still working on the text for the legal barriers paper. It is hoped that this will be ready in time for the MSG on 15th January 2025.
2. However, even if the MSG agree there are legitimate barriers, there would still be expectations of a plan to try to address these issues to be fully compliant with Requirement 2.4 and the subgroup would need to consider options.
3. New guidance has been received for 2.4 of the EITI Standard. The UK Secretariat and BDO are currently at the implications for UK EITI. We will be drafting a paper to cover the main updates for the Compliance subgroup to consider.

The subgroup has also looked at the following encouragements:

* **2.2d** The MSG is encouraged to include additional information on the allocation of licenses as part of EITI disclosures. *and information regarding changes in majority ownership of license holding companies.*
* **2.4a** Implementing Countries are encouraged to publicly disclose any contracts and licenses that provide the terms attached to the exploitation of oil, gas and minerals, *as well as material exploration contracts.*
1. The subgroup agreed that further guidance from the EITI International Secretariat was required. This has been received and circulated to the subgroup for comment and to agree further actions needed to carry out to satisfy these encouragements.

**9- Due Diligence on Social & Environmental Payments**

1. Requirement 6.1 of the EITI Standard asks for the disclosure of social and environmental expenditures by companies by law or contract with the government.
2. A paper analysing the current materiality of any social and environmental payments was circulated to the MSG before the meeting.
3. Currently companies are being asked to disclose their payments to local government, generally related to the award of a planning permission, to provide external benefits, which can include to improve the local road network.
4. BDO carried out a desk review, a review of financial statements and an online survey sent to 48 extractive companies and the results of this will be available shortly.
5. The key findings of the review were:
	1. There is no data on social expenditures.
	2. Environmental taxes, such as the Aggregates Levy, raised £52.5 billion in the UK in 2023.
	3. The review of the financial statements did not identify any social or environmental payments.
6. BDO recommend that as most companies deem social and environmental payments as immaterial the MSG consider excluding from the reporting process in the future. They also recommend that HMRC provides a company-specific breakdown of taxes to continue monitoring the materiality of environmental payments.
7. It was agreed that this was an area for the UK EITI Reconciliation subgroup to discuss when discussing the scope for 2024.

**10- AOB**

1. The next meeting will take place on Wednesday 15th January 2025.

**Action points:**

* Approved, revised version of the UK EITI Payments Report for 2023 to be uploaded onto the UK EITI website. **(Action: UK EITI Secretariat).**
* UK EITI Secretariat and Mark Burnett to liaise regarding a meeting to discuss the validation in February 2025 **(Action: UK EITI Secretariat and Mark Burnett).**
* UK EITI Renewables Strategy to be re-circulated to the MSG for further comment. **(Action: UK EITI Secretariat and UK EITI MSG).**
* Beneficial Ownership Due Diligence paperto be re-circulated to the MSG for further comment. **(Action: UK EITI Secretariat and UK EITI MSG).**
* Consider approaching Companies House to discuss feasibility of expanding the Beneficial Ownership data they provide. **(Action: UK EITI Secretariat).**
* Meeting of the UK EITI Comms and Engagement subgroup to be arranged for w/b 16th December 2024. **(Action: UK EITI Secretariat).**
* Paper on Due Diligence on Social & Environmental Payments to be re-circulated to the MSG for further comment. **(Action: UK EITI Secretariat and UK EITI MSG).**
* UK EITI Reconciliation subgroup to consider the recommendations of the paper on Due Diligence on Social & Environmental Payments. **(Action: UK EITI Reconciliation subgroup).**