NSTA ESG Taskforce

**REVISED TERMS OF REFERENCE**

December 2024

**Introduction**

The NSTA Strategy is clear that Operators and licensees should develop good ESG practices in their plans and daily operations. In doing so, they will also meet investor requirements, as vital climate-related information will be included alongside other key metrics in oil and gas operators and licensees’ financial reports.

The NSTA ESG Taskforce (“the Taskforce”) was established in September 2020 to assist in promoting enhanced ESG disclosure through the delivery of manageable, repeatable and achievable metrics.

Its key objective was, and remains, to deliver recommendations and advice to ensure continued investor confidence and access to capital.

The Taskforce is made up of operators and licensees and investor/lender representatives as well as two law firms and OGUK.

The Taskforce does not seek to duplicate policy, regulatory or legislative requirements, but seeks to promote best practice, influence better practice, support industry in its ESG reporting and secure continued access to capital and investor confidence.

The Taskforce will work with other regulators and relevant bodies to promote the importance of ESG for investors and support calls for clarity in data and reporting. The NSTA will ensure that the Taskforce remains relevant, useful, on topic and is sufficiently impactful.

It originally focused on the ‘E’ of ESG and considered environmental metrics that would serve to be manageable, repeatable, and comparable for industry and investors/lenders. These metrics were agreed to be of key importance to lenders and investors and could easily be reported by all Operators and licensees.

The Taskforce published a set of recommendations in March 2021, outlining optimal ESG reporting alongside several key indicators. Licensees and Operators were told that they were expected to be ready to report in Q1 22, alongside the publication of their 2021 full year audited financial reports financial reports.

**Revised Scope 2022**

There remain significant challenges for industry and investors, especially around how to harmonise and clarify ESG processes, and mechanisms to enhance ESG reporting & standardised metrics. The Taskforce is committed to promote the importance of ESG, support clarity in all areas of ESG disclosure and reporting and showcase ESG reporting as a UK exemplar to ensure continued investor confidence. In doing so, the Taskforce will seek to challenge industry to provide ESG reporting that drives trust, and delivers action, authenticity, and evidence. The Taskforce will commit to:

* Review and assess how companies are currently reporting on ESG issues, whether they are complying with the current recommendations in their most recent reports and if not, where the issues and inconsistencies are arising;
* Provide clarification and elaboration of previously published recommendations where appropriate, such as around definitions/units/metrics as appropriate, and to consider whether further recommendations on ESG reporting are appropriate or desirable given regulatory developments, the requirements of the investor community and current practice in reporting
* Assisting industry by sharing and advising on how to approach ESG reporting through the use of case studies, sharing Best Practice examples, and convening regular workshops and roundtable discussions.
* Acting as a continuous bridge between industry, the NSTA, and the investment community
* Delivering against and reacting to, the key issues and potential challenges facing industry and investors such as data quality and comparability, emerging areas such as TNFD, and the shifting regulatory landscape and reporting requirements.
* Promoting key ESG social and governance considerations as and when appropriate, such as ensuring the community is cognisant of the ESG ambitions of industry, and the ways in which the supply chain and the audit process can drive positive change through the sector.

Any change to the Terms of Reference and scope of the Taskforce, does not alter its original intent.