

OGA ESG Taskforce

REVISED TERMS OF REFERENCE

January 2022

Introduction and original scope

The OGA 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 OGA 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. 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 its initial 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.

Reason for proposed revisions to scope

It was agreed at the outset, that the Taskforce and its initial recommendations would be kept under regular review and may be amended as appropriate in the light of further developing best practice and mandatory requirements, and any change to the OGA's powers and responsibilities.

In light of the significant amount of new policy announcements since the launch of the Taskforce, the OGA is proposing that the original scope and remit of the Taskforce be extended for its Phase 2 activities.

Remit

Any change to the Terms of Reference and scope of the Taskforce, does not alter its original intent. 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 OGA will ensure that the Taskforce remains relevant, useful, on topic and is sufficiently impactful.

As with other OGA Taskforces, the Taskforce is an important vehicle for driving innovation and improvements.

The OGA does not intend to enshrine the Taskforce within the OGA Governance Guidance (published January 2022) but does expect to work with all Licensees to deliver best practice.

Proposed Revised Scope

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 expects that work by a variety of new standard setters such as the ISSB and other NGOs will drive enhanced consistency and harmonisation across reports over the next 36 months. 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.

It is proposed that the specific remit of the Taskforce should be:

- To review and analyse in detail 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
- 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 providing ‘How to’ Guides, Case Studies, and Best Practice examples
- Acting as a continuous connect or bridge between industry, the OGA as regulator, and the investment community
- Delivering against and reacting to, the key issues facing industry and investors such as data quality and comparability and emerging areas such as TNFD.
- 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.

Membership

| Name | Organisation |
|----------------|----------------|
| OGA | Joanne Edgeler |
| OGA | Marc Benton |
| OGA | Adil Hussain |
| Brindex | Robin Allan |
| Harbour Energy | Paul Hatton |
| Ithaca Energy | Paul Ness |
| Serica Energy | Clara Altobell |

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|--------------------------|-------------------------------|
| Kerogen Capital | Tushar Kumar |
| DNB Bank | Kenneth Baillie, Wendy Keenan |
| Lloyds Bank | Jonas Persson |
| CMS | Judith Aldersey-Williams |
| Pinsent Masons | Gillian Frew |
| Investec Equity Research | Alex Smith |
| OGUK | Francesca Bell |

Co-Chair

Joanne Edgeler, Senior Investment Manager, OGA

Marc Benton, Senior Investment Manager, OGA