



By email only

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Authority**

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Dear Licensees,

Sharing ESG data between joint venture partners

The NSTA assesses the governance arrangements of offshore petroleum licensees holding a production licence in line with its published Governance Guidance ([OGA Governance Guidance \(nstauthority.co.uk\)](http://www.nstauthority.co.uk)) and considers the quality of ESG disclosure to be an important element of this. In that regard the NSTA is focussed on creating value for industry and the investment community by highlighting the importance of robust, consistent, and transparent ESG reporting.

Paragraph 21 of the OGA Strategy states that relevant persons must collaborate and co-operate with other relevant persons and persons providing goods or services relating to relevant activities, in order to support the delivery of such activities on time, and also with persons seeking to acquire an interest or invest in offshore licenses or infrastructure.

Expected behaviours within joint ventures, underpinned in the NSTA's Stewardship Expectations (in particular Stewardship Expectation 9 "*Build a culture of collaboration*"), include undertaking collaborative engagement beyond immediate requirements to recognise common interest and promote greater collaboration. The NSTA expects collaboration and transparency between joint venture partners to ensure that, where practicable, coherent and timely ESG data is shared between partners.

ESG Data

Over the course of 2023, feedback from industry and the ESG Taskforce has highlighted a perceived challenge that industry is facing with regards to inconsistent and non-standard sharing of ESG data between participants in joint ventures, which can result in some partners finding it difficult to comply with their data reporting obligations. It is thought that there are a number of contributing factors such as:

- The absence of a clear contractual requirement which means that data sharing is seen largely as a voluntary and piecemeal exercise



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- Poor communication and understanding of the ESG data sharing requirements, alongside a lack of agreement or management of expectations in relation to timely provision of ESG data to partners.
- A lack of quality and completeness in the ESG data that is shared, resulting in difficulties in validating its accuracy
- Inconsistent and non-standard mechanisms for sharing and presenting data leading to inefficiencies in processing and interpreting the information provided

It is the NSTA's view that a proactive dialogue, transparency, and collaboration between joint venture partners will help address these issues and that the following areas should be taken into consideration by joint venture partners:

- Agree an action plan to improve alignment, collaboration and assess data gaps
- Improve communication to enhance data reporting and accessibility by setting meaningful and achievable deliverables
- Be clear on the underlying process and methodology for the collation and distribution of data
- Enhance ESG data knowledge by hosting regular meetings focussed on ESG data needs and how to report it
- Consider the benefits of adopting a standardised approach to sharing data to avoid delay, and to drive improved consistency, transparency, and efficiency
- Consider creating a data methodology setting out how data is measured and reported.

Conclusion

Whilst the NSTA recognises that not all data can be standardised, it is committed to influencing continuous improvement in ESG disclosure and to actively monitor progress through its stewardship activities and ESG reports. By adopting the same collaborative approach to addressing the issues that industry has identified with current data sharing processes, joint venture partners can drive the right outcomes for the sector as a whole.

Please ensure that you and your company fully understand your obligations in the Strategy and the NSTA's Stewardship Expectations and continue to engage positively and constructively with us.

Yours sincerely,

Joanne Edgeler
Head of Licensee Governance and ESG