



GSSB Global
Sustainability
Standards Board

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Oil, Gas, and Coal Sector Standard

Project Proposal

Approved by the Global Sustainability Standards Board (GSSB) on 26 March 2019

Project background

The GRI Standards Division has identified the oil, gas, and coal sector as a high-priority sector from a sustainable development perspective. The sector is recommended for project prioritization in the GSSB workplan.

Sector description: The oil, gas, and coal sector provides a basic societal need (energy) as well as raw materials for products such as specialty chemicals, polymers, and petrochemicals. The sector encompasses a broad value chain that includes exploration, production, refining, transport, equipment, and services. It serves utilities, chemicals, transportation, and industry and provides energy for commercial and residential use.

Economic value: According to the International Trade Centre (ITC), global exports for mineral fuels and associated fuel products totaled USD 1.9 trillion in 2017.¹

Rationale for prioritization

Producing a Sector Standard can help oil, gas, and coal companies understand their role in sustainable development, promoting positive changes in transparency and accountability in the sector. Transparency enables a much-needed discussion on the sustainable future of the sector among a wide array of stakeholders, including companies, investors, civil society, policymakers, academia, the general public, and other stakeholders.

The impacts of the oil, gas, and coal sector have been widely documented by intergovernmental organizations such as the Organisation for Economic Co-operation (OECD), the International Labour Organization (ILO), the UN Development Programme, and the UN Conference on Trade and Development (UNCTAD), as well as by numerous civil society groups, such as Greenpeace, Center for Biological Diversity (CBD), the Natural Resources Defense Council (NRDC), and Global Witness.²

Below is a sample of economic, environmental and social impacts that have been documented for the oil, gas, and coal sector. These are provided to give a first indication of the scope of issues covered by the proposed project. However, as the issues recommended for inclusion within an Oil, Gas, and Coal Sector Standard will be determined by a multi-stakeholder process in accordance with the [Due Process Protocol](#), the issues may diverge from those contained within this project proposal.

Economic Impacts: The United Nations Development Programme (UNDP), the International Finance Corporation (IFC), and IPIECA have highlighted the oil, gas, and coal sector's potential to fuel

¹ International Trade Centre, [International trade in goods – Exports 2001-2017](#), accessed 9 November 2018.

² See, for example, [OECD Due Diligence Guidance for meaningful stakeholder engagement in the extractives sector](#), 2015, accessed 9 November 2018; ILO [website](#), accessed 9 November 2018; UNDP, [Mapping the oil and gas industry to the Sustainable Development Goals: An Atlas](#), accessed 18 December, 2018; UNCTAD, *Commodities at a Glance, Special Issue on Shale Gas*, 2018, accessed 9 November 2018; Greenpeace [website](#), accessed 9 November 2018; NRDC Center for Biological Diversity [website](#), accessed 9 November 2018; NRDC [website](#), accessed 9 November 2018; and the Global Witness [website](#), accessed 9 November 2018.

32 economic growth through job creation and the provision of critical infrastructure and services,
33 including in developing countries where these needs are high.³ However, the OECD has identified
34 corruption and lack of transparency as hindering sustainable development in the oil, gas, and coal
35 sector.⁴

36 **Environmental Impacts:** Products of the oil, gas, and coal sector are directly implicated in climate
37 change, and the sector will require fundamental changes in its business model to transition to a low-
38 carbon economy. The Intergovernmental Panel on Climate Change (IPCC) has issued a special report
39 stating that far-reaching system-level transitions must occur amounting to net zero emissions by 2050
40 to keep global warming below a 1.5°C threshold, which has significant implications for the oil, gas, and
41 coal sector.⁵

42 Beyond emissions, the World Bank Group, IPIECA, and the IFC have identified ocean acidification,
43 waste, water and biodiversity impacts as significant for the oil, gas, and coal sector.⁶ Moreover, the
44 United Nations Environmental Programme has identified the sector as a major source of air, land and
45 soil, and marine pollution globally.⁷ Furthermore, IPIECA has identified a broad range of impacts on
46 marine life from oil spills, including impacts on plankton, fish, marine mammals, birds, and shoreline
47 and coastal habitats.⁸ Environmental impacts of oil, gas, and coal production may persist through
48 decommissioning and closure of hydrocarbon fields.⁹

49 **Social Impacts:** Oil, gas, and coal activities are often in developing countries with potentially
50 significant gaps in worker protections. In addition, the sector has widespread impacts on communities
51 globally. Shift and the Institute for Human Rights and Business have identified the human rights of
52 workers, forced labor, sexual harassment or violence against community members, land rights and
53 resettlement issues, indigenous rights, occupational health and safety, and security practices as
54 relevant social issues for the oil, gas, and coal sector.¹⁰

55 **Sector-relevant reporting initiatives:** The oil, gas, and coal sector is subject to diverse voluntary
56 reporting initiatives and principles, including but not limited to the *OECD Due Diligence Guidance for*
57 *Meaningful Stakeholder Engagement in the Extractives Sector*, the International Finance Corporation (IFC)
58 *Performance Standards on Environmental and Social Sustainability*, the Extractives Industry Transparency
59 Initiative (EITI), and IPIECA's *Oil and gas industry guidance on voluntary sustainability reporting*.¹¹ The work

³ UNDP, IFC and IPIECA, [Mapping the oil and gas industry to the sustainable development goals](#), 2017, accessed 9 November 2018.

⁴ OECD, [Corruption in the Extractive Value Chain: Typology of risks, mitigation measures and incentives](#), OECD Development Policy Tools, 2016, accessed 9 November 2018, and [OECD Foreign Bribery Report: An analysis of the crime of bribery of foreign public officials](#), 2014, accessed 9 November 2018.

⁵ IPCC, [Global Warming of 1.5 °C](#), 2018, accessed 18 December 2018.

⁶ IPIECA, IFC and UNDP, [Mapping the oil and gas industry to the sustainable development goals](#), 2017, accessed 9 November 2018.

⁷ UN Environment, [Towards a Pollution-free Planet](#), 2018, accessed 9 November 2018.

⁸ IPIECA, [Impacts of oils spills on marine ecology](#), 2015, accessed 9 November 2018.

⁹ World Bank Oil, Gas and Mining Policy and Operations Unit, [Towards Sustainable Decommissioning and Closure of Oil Fields and Mines: A toolkit to assist government agencies](#), 2010, accessed 9 November 2018.

¹⁰ Shift and Institute for Human Rights and Business, [Oil and gas sector guide on implementing the UN Guiding Principles on Business and Human Rights](#), 2013, accessed 9 November 2018.

¹¹ [OECD Due Diligence Guidance for meaningful stakeholder engagement in the extractives sector](#), 2015, accessed 9 November 2018; IFC [Performance Standards on Environmental and Social Sustainability](#), accessed 9 November 2018; EITI [website](#), and IPIECA, [Oil and gas industry guidance on voluntary sustainability reporting](#), 3rd ed., accessed 9 November 2018.

60 of these organizations as well as others provides a broad foundation for building a common
61 understanding of the sector's impacts.

62 **GRI G4 Reports data:** Sustainability reporting is an established practice in the oil, gas, and coal
63 sector. Data pulled from the GRI reports database on 4 January 2019 indicates that 742 G4 reports
64 from 2014-2017 have been registered for Energy companies. GRI's sector program can support these
65 reporters and help to encourage new reporters by providing a user-friendly point of entry for oil, gas,
66 and coal companies to report on their impacts.

67 Project objectives and scope

68 **Objectives:** The primary objectives of this project are to:

- 69 • identify and describe the oil, gas, and coal sector's significant impacts and stakeholder
70 expectations, from a sustainable development perspective;
- 71 • provide evidence and authoritative references for these.

72 The resulting Sector Standard will provide context and clarity to oil, gas, and coal companies on issues
73 that are considered material for their sector.

74 It is anticipated that this project will generate insight during the process itself on the feasibility of
75 developing reporting requirements, recommendations, and/or guidance for the sector. Any additional
76 content on management approaches is to be compatible for organizations to use together with *GRI*
77 *103: Management Approach*.

78 Issues identified within this project for which no corresponding GRI Standard exists are to be assessed
79 and prioritized by the GSSB for future GRI Standards development.

80 **Responsibilities:** A multi-stakeholder Project Working Group will be formed to contribute to the
81 identification and description of significant impacts for the oil, gas, and coal sector, in accordance with
82 the [Due Process Protocol](#). The Project Working Group will be responsible for developing
83 recommendations for the Sector Standard, the GRI Standards Division will draft the text, and the
84 GSSB will have oversight and final approval over the Sector Standard before its release.

85 **Scope:** The Standards Division recommends 'Oil, gas, and coal' as the name for the covered sector
86 and recommends that this sector project include oil, gas and coal exploration and production, as well
87 as refining, drilling, equipment and services, storage, and transport activities. These business activities
88 are cross-referenced against external classifications systems GICS, ICB, and ISIC in Table I below. The
89 Standards Division will seek to recruit Project Working Group members with the appropriate
90 expertise to make recommendations on content for these business activities.

91 Table 1: Proposed sector key for the oil, gas, and coal sector project

Classification Standard	Classification No.	Classification Name
GICS	10101010	Oil & Gas Drilling
	10101020	Oil & Gas Equipment & Services
	10102010	Integrated Oil & Gas
	10102020	Oil & Gas Exploration & Production
	10102030	Oil & Gas Refining & Marketing
	10102040	Oil & Gas Storage & Transportation
	10102050	Coal & Consumable Fuels
ICB	60101000	Integrated Oil & Gas
	60101010	Oil: Crude Producers
	60101015	Offshore Drilling & Other Services
	60101020	Oil Refining and Marketing
	60101030	Oil Equipment & Services
	60101035	Pipelines
	60101040	Coal
ISIC	B5	Mining of coal and lignite
	B6	Extraction of crude petroleum and natural gas
	B91	Support activities for petroleum and natural gas extraction
	C192	Manufacture of refined petroleum products

92 If during content development the Project Working Group determines that the sector key needs
 93 revision (e.g. it becomes clear that some subgroup of the sector is not covered within content
 94 development as expected), the Project Working Group can recommend changes to this sector key for
 95 the GSSB's consideration.

96 Next Steps

97 Table 2 below summarizes anticipated dates for project milestones. Table 3, which follows, shows the
 98 anticipated project timeline. However, scheduling changes may occur over the course of the project,
 99 due to approval processes or other circumstances, which may extend the timeline of this sector
 100 project.

101 Table 2: Sector project milestones

Summary Milestones	Due Date
GSSB approval of Sector Pilot Project Proposal and Terms of Reference	25-26 March 2019
Commencement of Pilot Project: Appointment of Project Working Group	Call for nominations for Project Working Group on 4 April 2019
GSSB approves Project Working Group membership	27 June 2019
Content development by Project Working Group	1 July 2019 – 18 November 2019
GSSB approves draft Sector Standard for public exposure (pilot project)	12 December 2019
Public comment period	16 December 2019 – 15 March 2020
GSSB approves final draft of Sector Standard (pilot project)	June 2020

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103 Table 3: Estimated timeline for oil, gas, and coal sector project

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Key:

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GSSB Approvals ◆

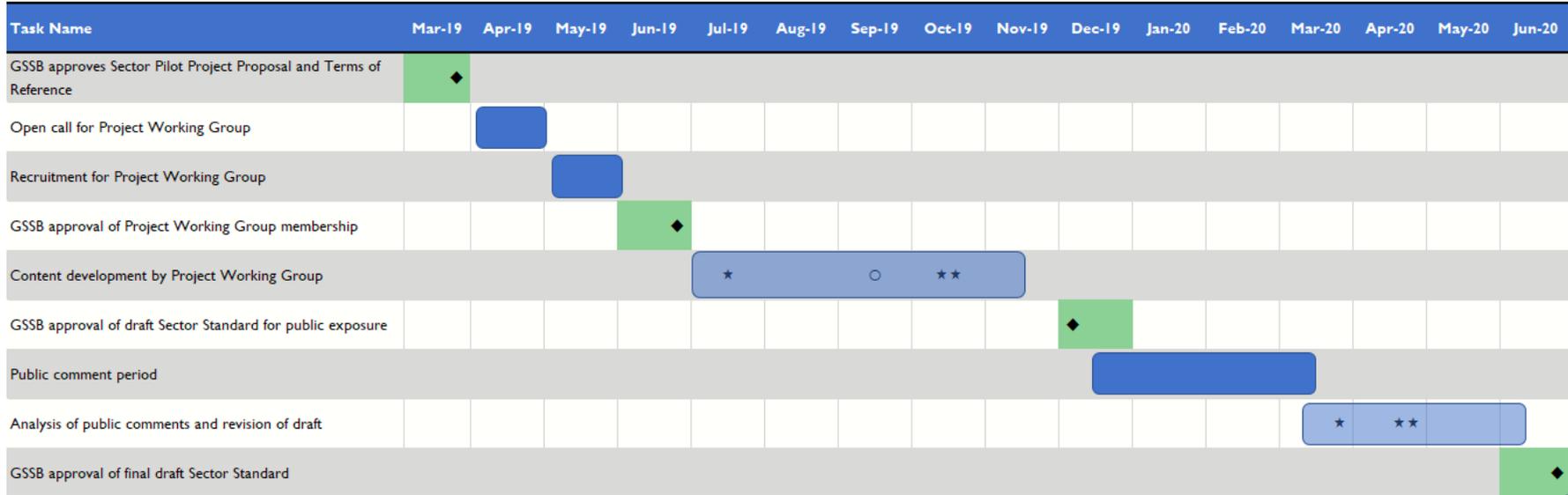
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Project Working Group Meetings (Virtual) ★

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Project Working Group Meetings (In-person) ○

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