



GSSB Global
Sustainability
Standards Board

Barbara Strozzi 336
1083 HN Amsterdam
The Netherlands
gssbsecretariat@globalreporting.org

Item 02 – Stakeholder submissions

For GSSB information

| | |
|--------------------|--|
| Date | 10 September 2019 |
| Meeting | 24-25 September 2019 |
| Description | This paper presents submissions received from stakeholders (1) Fernanda Macedo and (2) IPIECA. |

This document has been prepared by the GRI Standards Division. It is provided as a convenience to observers at meetings of the Global Sustainability Standards Board (GSSB), to assist them in following the Board's discussion. It does not represent an official position of the GSSB. Board positions are set out in the GRI Sustainability Reporting Standards. The GSSB is the independent standard setting body of GRI. For more information visit www.globalreporting.org.

Stakeholder I

From: Fernanda Macedo Macedo.nanda@gmail.com

Sent on: Friday, June 14, 2019 7:59:58 PM

To: J Kuszewski <judy.kuszewski@sancroft.com>; Standards standards@GlobalReporting.org

CC: Nelmara Arbex <nelmara@arbexandcompany.com>; Carlos Eduardo Lessa Brandão <celb77@uol.com.br>; Cynthia Schuck cynthia.schuck@gmail.com

Subject: GRI's Animal Welfare Indicators – suggestions

Attachments: Animal Welfare of GRI – Proposal.pdf (684.45KB) (below)

Dear Ms. Judy Kuszewski,

My name is Fernanda. I'm a journalist, environmentalist and animal rights activist. I have been helping some animal protection organizations get closer to the "sustainability world" since the animal welfare values are fully aligned with a green, fair and inclusive development :)

Please find attached a proposal to deepen the issue of animal welfare at GRI. We identified that this issue is already present in the Food Processing supplement, but we suggest furthering this approach.

Among the signatories to the letter, you will find some of the leading animal defense organizations active in Brazil and some of them have also included the signature of their international headquarter. People who contributed independently also sign the letter.

This group of signatories made a significant advance in 2018, by placing the animal welfare issue on the Brazilian Corporate Sustainability Index (ISE) stock exchange (B3/Bovespa). We now expect to count on GRI through this journey.

Besides that, we would like to understand how the GRI review process will take place in the coming months. Is there an official timeline? How can we be informed about the progress of our proposal?

Thank you very much for your attention and please contact me if you have any questions.

We look forward to hearing from you!

Regards,

Fernanda Macedo

June, 2019.

Ms. Judy Kuszewski

Global Sustainability Standards Board (GSSB) Chair, Global Reporting Initiative (GRI)

Re: GRI's Animal Welfare Indicators - suggestions

Dear Ms. Kuszewski:

In this document we present a proposal with contributions on the topic of animal welfare (AW) for the Global Reporting Initiative (GRI) indicators. The suggestions are aligned with increasingly prevalent AW demands from consumers, investors, and companies at global and local scales, and were devised towards the effective incorporation of AW standards into the food processing sector.

Included in this proposal are the (i) "Animal Welfare and Corporate Sustainability" Report (Annex 1), a theoretical contextualization of the proposed contributions and (ii) the proposal with contributions (Annex 2).

The group of signing parties involved in the development of this proposal is comprised of specialists on the topic of animal welfare, international organizations with recognized work on animal health, welfare and protection, animal scientists and veterinarians with experience in animal production, as well as companies and individuals with corporate knowledge who support the AW cause; a cause also associated to multiple environmental social and governance (ESG) issues.

In mid-2018, most of the contributors have made a formal suggestion to improve the AW questions of the Corporate Sustainability Index (ISE), sponsored by B3 S.A. – Brasil, Bolsa, Balcão, one of the world's largest financial market infrastructure companies, providing trading services in an exchange and OTC environment. The suggestions are now part of ISE.

Corporate attention to AW is not only a matter of recognizing society's ethical expectations but also part of an effective business strategy. For example, a large coalition of investors and assets managers, representing over US\$ 10 trillion in assets and gathered by the *Farm Animal Investment Risk & Return* ("FAIRR") initiative, has been raising awareness about the material risks and opportunities associated with the processes that involve animal production and AW. Similarly, the *Business Benchmark on Farm Animal Welfare* ("BBFAW"), a global benchmarking system of performance related to AW policies, states that more than half of the main food companies of the world have established plans to improve AW standards associated with their products. Even big institutional players, such as the New York State Common Retirement

Fund, are now demanding attention to the operational and reputational risks that poor animal welfare practices represent.

As an independent international organization at the forefront of sustainability reporting since 1997, the GRI already addresses important aspects of animal welfare in its Sector Disclosures (FP9-FP13), focusing on the risks associated with genetics and breeding practices, physical alterations, the choice of housing systems, the use of antibiotics and growth promotion treatments, as well as non-compliance with legislation and standards related to animal welfare. In this proposal, we focus on the need to consider two broad parameters that are essential to effectively ensure good welfare standards: **transparency** and **stockmanship**. It is our hope that the GRI can keep fostering increasingly better AW policies - an essential part of corporate sustainability - among the world's largest companies. Importantly, advances in the measurement and reporting of AW indicators in

the GRI should not only contribute to strengthen the Index itself but also to ensure the sustainability of participant companies in the long run.

We think it is important to register GRI's alignment with the content and process principles developed by the *Global Initiative for Sustainability Ratings* ("GISR"); among them, the principle of continuous improvement, monitoring and integration of the best practices and concepts in terms of scientific knowledge and assessment methods. It is also worth highlighting the benefits of identifying and systematically engaging stakeholders whose decisions are affected by the existence of the standards.

The signing parties are available for further dialogue, to follow the review process, and to contribute as best as possible to the continuous enhancement of the indicators.

Sincerely,

Individuals, in alphabetical order:

Carlos Eduardo Lessa Brandão - celb77@uol.com.br

Celso F. Lemme - celso@coppead.ufrj.br

Cynthia Schuck-Paim - cynthia.schuck@gmail.com

Fabio Feldmann - fabio.feldmann@uol.com.br

Fernanda Rodrigues de Macedo - macedo.nanda@gmail.com

Iran José Oliveira da Silva - iranoliveira@usp.br

Josefa Maria Fellegger Garzillo (CRMV-SP 7240) - josefa.mf.garzillo@terra.com.br

Marcel Fukayama - mfukayama@gmail.com

Nelmara Arbex - nelmara@arbexandcompany.com

Roberta Simonetti - robi.simonetti@gmail.com

Roberto S. Gonzalez - roberto.gonzalez@uol.com.br

Wladimir J. Alonso - wladimir.j.alonso@gmail.com

Organizations, in alphabetical order:

Animal Equality International - <http://www.animalequality.org>

International: Sharon Núñez, President. Animal Equality - sharonn@animalequality.org

Brazil: Vivian Mocellin, Executive Director - vivianm@animalequality.org.br

Brighter Green - <https://brightergreen.org/>

Mia MacDonald, Executive Director - macdonald@brightergreen.org

Compassion in World Farming - <https://www.ciwf.org.uk/>

Peter Stevenson, Chief Policy Advisor - peter.stevenson@ciwf.org

Fórum Animal - <https://www.forumanimal.org/>

Vânia Plaza Nunes, Technical Director - vania.vet@gmail.com

Mercy For Animals - <http://www.mercyforanimals.org.br/>

Brazil: Sandra Lopes, Executive Director Brazil - sandral@mercyforanimals.org International: Leah Garces, President - leahg@mercyforanimals.org

World Animal Net:

Jessica Bridgers, Executive Director - jessica@worldanimal.net

World Animal Protection - <http://www.protecaoanimalmundial.org.br/>

Helena Pavese, Executive Director Brazil - helenapavese@worldanimalprotection.org.br

Coordination group responsible for the letter:

Carlos Eduardo Lessa Brandão - celb77@uol.com.br

Cynthia Schuck-Paim - cynthia.schuck@gmail.com

Fernanda Rodrigues de Macedo - macedo.nanda@gmail.com (+55 11 98545-0237) **Annex I**

Animal Welfare and Corporate Sustainability

Technical Subsidies for the enhancement of the 'Animal Welfare' indicators in the Sector Disclosures of the Global Reporting Initiative

“No system or procedure is sustainable if a substantial proportion of people find aspects of it now, or of its consequences in the future, morally unacceptable.”

One major reason why animal production systems may be regarded by the public as unacceptable, and hence become unsustainable without some modification, is the welfare of the animals used in the production system.”

Donald Broom ¹

Justification

Market Trends

Societal concern about the impacts of consumption habits is on the rise, particularly in the food sector. If on the one hand the prevalence of large industrial animal operations still grows globally, on the other ethical concerns with the welfare of animals used in these systems are also increasingly prevalent. For example, in the 2015 Hartmann Group report “Transparency 2015: Establishing Trust with Consumers”², nearly half of consumers stated they would like to have more information about how animals are treated in the production chain. These concerns are echoed by almost all other market surveys on consumption trends in recent years. According to the 2014 Food Issues Trend Tracker, over two in every three consumers say that animal welfare is a significant factor in their purchasing decisions³. In the Innova Market Insight of 2017, consumer demand for transparency in food production has been shown to incorporate now the entire supply chain. Similarly, Whole Foods Market has shown in their 2018 trends report that interest for animal welfare is one of the main trends in the food sector⁴. This is also the main conclusion of a research conducted by Mintel, which shows that 74% of consumers point animal welfare among the main factors that make a brand ethical⁵. Already in 2010, a previous research from Mintel similarly indicated animal welfare as the main concern of consumers at the time of purchase.

These trends are seen in emerging and developed economies alike. For example, a recent study conducted by World Animal Protection/Ipsos has shown that Latin American consumers know little about the origin of their food, yet most declared strong preferences for products ensuring higher welfare standards were they available⁶. Similar preferences were clear in a 2017 survey in Brazil, where 81% of interviewees expressed concern about how animals are treated by the food industry, with 57% stating that restaurants and supermarkets should ban products that involve animal suffering⁷. On the other side of the Atlantic, members of the European Parliament receive more letters about animal welfare than any other issue¹. Companies that export to Europe or directly operate in this market are thus subjected to the same pressures. Corporate attention to animal welfare is, therefore, not only limited to an alignment with the ethical yearnings of specific population groups, but an effective strategy for a global market reality. Soon it will no longer be possible to establish competitive advantage based only on price. This is particularly relevant in a highly connected world, where negative media exposure can significantly shake a company’s institutional image – both nationally and abroad.



Gestation crates where, together with farrowing crates, female pigs spend all their adult lives. The public is increasingly less willing to accept this kind of practice. Source: ⁸

Businesses and investors too are increasingly aware of the financial risks of direct and indirect association to harmful practices. The *Business Benchmark on Farm Animal Welfare* ⁹, a global benchmarking system of performance on animal welfare reports that more than half of the leading food companies in the world have established plans to meet standards on animal welfare, emphasizing the ever more prevalent view that animal welfare concerns are now mainstream. Similarly, a coalition of investors representing more than US\$ 11 trillion in assets, brought together by the *Farm Animal Investment Risk & Return* initiative ¹⁰, has been pressuring large companies to improve their animal welfare policies and targets, thus mitigating the many image risks associated with intensive livestock production. The World Bank concurs, recognizing the importance of aligning practices used by companies directly or indirectly associated with the livestock sector with consumer demand for higher welfare standards ¹¹.

Improving Welfare Standards: Transparency and Stockmanship

At the forefront of sustainability reporting since 1997, the GRI already addresses important aspects of animal welfare in its Sector Disclosures section (FP9-FP13), focusing on the risks associated with genetics and breeding practices, physical alterations, the choice of housing systems, the use of antibiotics and growth promotion treatments, as well as non-compliance with legislation and standards related to animal welfare. These are indeed critical elements of animal welfare, which we believe should be maintained in the Index. In this proposal we therefore focus on the need to consider two broader parameters: transparency and stockmanship.

Transparency is critical for multiple reasons. Not only do consumers increasingly demand greater transparency about the treatment of animals in the supply chain, the existing opacity regarding the treatment of animals also represents a threat to investors: in addition to the material risks to investment returns in production systems typically characterized by low welfare conditions (a recent report lists 28 ESG issues), poor animal welfare presents both operational and large reputational risks. Allianz, the world's 6th largest asset manager, highlights the importance of independent auditing in its ESG Integration Framework for insurance clients and investee companies: "Absence of assurance or certification of farm's management of animal welfare is a risk factor in transactions involving animal agriculture ¹².

Importantly, transparency is also critical because of the multidimensional nature of animal welfare, hence the frequent observation that compliance with specific external (resourcebased) indicators does not necessarily ensure good overall welfare standards for animals themselves. For example, abolishing practices leading to physical alterations (FPI0) such as tail docking or beak trimming (often performed as a workaround to limit the incidence of biting, pecking and other forms of cannibalism that emerge under strenuous living conditions) may lead to poorer welfare if other management and housing measures are not simultaneously implemented to reduce the chronic stress and frustration that triggers those behaviors. Similar issues arise with the removal of antibiotics from the supply chain (FPI2), or changes in housing conditions (FPI1), without simultaneous adjustments in other practices. Although improvements in parameters such as housing and genetics are prerequisites to good welfare and should be pursued, the possibility of independent auditing and reporting of validated animal-based welfare indicators (e.g. behavioural and health parameters) is essential to the assessment of de facto welfare. It is at the animal level that the effectiveness of welfare policies should work - hence where assessment is most needed. The evaluation of a company is only possible if the company is transparent regarding its actual performance and open to independent audits.

A second aspect is the proper training of staff in contact with the animals at all stages of the production process. Good stockmanship is essential for good welfare, as the prevention of many welfare and health offenses requires knowledge, training, as well as attentive and caring employees. Although good stockmanship by itself does not ensure good welfare if other conditions are not met (e.g. good housing, nutrition, genetics), poor husbandry will lead to poor animal welfare even in those production systems designed to meet high welfare standards. Caretakers are in charge of handling and feeding animals, monitoring their health, ensuring good hygiene and a proper thermal environment, as well as the success of various interventions. Because no system will achieve good welfare standards if its staff is not properly qualified, assessing stockmanship quality is necessary to determine if good welfare standards can be effectively achieved by a company.

Animal Welfare and Sustainability

Attention to animal welfare is essential to guarantee the sustainability of environmental policies. Many of the proposals aimed at curbing the negative environmental effects of the animal food processing sector are concentrated on the implementation of technical measures that often ignore their detrimental effects on animal welfare. This is the case, for example, of suggestions for further intensification of animal farming, especially in the production of chicken, pork, eggs, dairy products, and fish. Such productivity gains often stem from the selection of fast-growing and highly productive lineages, characterized by a high incidence of bone and joint disorders, among other anatomical and physiological ailments associated with pain, loss of health and welfare ¹³⁻¹⁷. In addition, intensive systems normally prevent animals from expressing behaviors that are essential to their welfare, thus inducing negative emotional states ¹⁸. Such policies, however, are unsustainable in the medium and long terms for being morally unacceptable by an increasing proportion of the population.

Ensuring high standards of animal welfare through transparency and good stockmanship is also critical for delivering many of the sustainable development goals (SDGs) ¹⁹, such as those relating to responsible production and consumption practices, and ensuring good health and wellbeing, without which many of the other SDGs are not achievable. For example, improved animal health and stockmanship promote farmer wellbeing and food safety, reducing the likelihood and global costs of diseases such as those caused by Salmonella, *E. coli*,

Campylobacter, Listeria, as well as the many risks associated with pandemic strains such as avian influenza.

Animal welfare is also critical in the fight against antimicrobial resistance – currently the major threat to human health at a global scale, a threat that can reverse many of the positive achievements (including the Millennium Development Goals) in terms of mortality reduction witnessed over the last decades, particularly infant and maternal mortality ²⁰. Currently, the major reason for the use of antibiotics in the food chain is ensuring the survival of large numbers of animals under the low welfare conditions typical of intensive systems. According to the European Food Safety Authority and European Medicines Agency 2017, “these systems would be unsustainable in the absence of antimicrobials” ²¹. Indeed, evidence indicates that the lower the welfare standards, the greater the need to prevent disease by the prophylactic use of antimicrobials in large amounts ²². To help preserve their effectiveness for human medicine, the World Health Organization recommends an overall reduction in use of antibiotics in food-producing animals. Still, to ensure good animal health without resorting to antibiotics, higher animal welfare standards are essential ²³.

Annex 2. Contributions: Sector Disclosures on Animal Welfare

FPI 4. Policies for conducting audits and assessments of validated animal-based indicators of welfare by independent professionals and organizations.

1. **Relevance.** Given the multidimensional nature of animal welfare, compliance with specific external (resource-based) indicators of welfare does not necessarily ensure good overall welfare standards at the animal level. Although improvements in parameters such as housing and genetics are prerequisites to good welfare, the possibility of independent auditing and reporting of validated animal-based indicators is essential to the assessment of *de facto* welfare. As based on the definition by the World Organization for Animal Health (OIE), “*an animal is in a good state of welfare if it is healthy, comfortable, well nourished, safe, able to express innate behavior, and if it is not suffering from unpleasant states such as pain, fear, distress*”. These are experiences at the animal level - hence where assessment is most needed. Independent audits should assess the prevalence of diseases (gastrointestinal, respiratory, locomotory, genitourinary), injuries (bone fractures, body and skin lesions, ulcers, mutilations) and pre-slaughter mortality rates, as well as the proportion of animals experiencing hunger or thirst, with freedom of movement and the environmental conditions/materials to express normal behaviors - such as exploration, rooting/foraging, nest building and playing. Reporting the frequency of stereotypies and other abnormal behaviors (such as tail biting and feather pecking) is also desirable.

2. Compilation

- Report on company’s policy for unannounced animal welfare audits by accredited and independent third parties;
- Report on number of annual assessments of animal-based indicators of welfare conducted by independent third parties at the farm and abattoir level, and any direct or indirect association of inspectors with the company;
- Report the methods for the choice of the facilities inspected, their representativeness within production chain, the proportion of animals assessed within each facility inspected, and the proportion of facilities inspected;
- Report whether outcome of audits are publicly available and include all indicators assessed.
 - Report on the existence and coverage of video monitoring systems (on farms, culling areas, transport and abattoirs), including access to digital materials for inspection by independent auditors.

3. Definitions

Animal-based indicators of welfare: all those variables measured directly in animals, such as changes in behaviour, appearance, anatomy, health and physiological parameters.

Resource-based indicators of welfare: all those variables not measured in the animals but in their environment, such as housing features, food and water provisioning and thermal environment.

4. **Documentation.** Potential information sources include the reporting organization's animal welfare and/or veterinary departments, and relevant manuscripts in scientific journals and other academic materials.

5. References

Botreau R et al. Definition of criteria for overall assessment of animal welfare. *Animal Welfare* 2007;16: 225–228.

FPI5. Policies on the qualification and training of all staff in contact with animals at all stages of the production process.

1. **Relevance.** Good stockmanship is essential for good welfare, as the prevention of many welfare and health offenses requires knowledge, training, as well as attentive and caring employees. Although good stockmanship by itself does not ensure good welfare if other conditions are not met (e.g. good housing, nutrition, genetics), poor management will lead to poor welfare even in production systems designed to meet high animal welfare standards.

2. Compilation

- Report on the nature, content and duration of training programs on animal health and welfare available to employees and outsourced professionals who have contact with animals (including those involved with loading and unloading of animals into trucks, culling and slaughter), and the proportion of employees and contractors who have attended these programs.
- Report on the number of full-time and part-time stockpeople, and their average turnover rate in 12-months period;
- Report on whether compensation is offered by volume of work achieved (e.g. number of animals slaughtered, number of animals weaned per female breeder);
 - Report on the capacity of independent auditors to monitor stockmanship quality through video surveillance or unannounced visits to housing facilities, loading and unloading areas and abattoirs.

3. **Definitions** None.

4. **Documentation.** Potential information sources include the reporting organization's animal welfare and/or veterinary departments.

5. **References** None.

This document does not represent an official position of the GSSB

References

1. Broom, D. M. Animal welfare: an aspect of care, sustainability, and food quality required by the public. *J. Vet. Med. Educ.* **37**, 83–88 (2010).
2. Hartman Group. Transparency 2015: Establishing Trust with Consumers. (2016). Available at: <http://store.hartman-group.com/syndicated-research>. (Accessed: 20th September 2017)
3. Cone-Communications. Food Issues Trend Tracker. *Cone Communications* (2014). Available at: <http://www.conecomm.com/news-blog/2014-food-issues-trend-tracker>. (Accessed: 21st September 2017)
4. WFMN. Whole Foods Market reveals top food trends for 2018 - Whole Foods Market Newsroom. (2017). Available at: <http://media.wholefoodsmarket.com/news/whole-foods-market-revealstop-food-trends-for-2018>. (Accessed: 11th December 2017)
5. Mintel. *Global Food and Drink Trends*. (2017.).
6. Wap, W. A. P. B. *Estudo inédito mostra percepção do consumidor latino-americano sobre bem-estar animal*. (2016).
7. Consumidor rejeita sofrimento animal e quer transparência, diz pesquisa - 28/11/2017 - Mercado - Folha de S.Paulo. *Folha de S.Paulo* (2017). Available at: <http://www1.folha.uol.com.br/mercado/2017/11/1938754-consumidor-rejeita-sofrimentoanimal-e-quer-transparencia-diz-pesquisa.shtml>. (Accessed: 12th April 2018)
8. Moss, D. Will Pig Gestation Crates Be Banned in NJ? *Their Turn* (2014). Available at: <https://theirturn.net/gestation-crates-new-jersey/>. (Accessed: 6th April 2018)
9. BBAFW. Business Benchmark - A benchmark on farm animal welfare. Available at: <https://www.bbfa.com/>. (Accessed: 20th September 2017)
10. FAIRR. *Farm Animal Investment Risk and Return* Available at: <http://www.fairr.org/about-fairr/>. (Accessed: 21st September 2017)
11. International Finance Corporation. *Improving Animal Welfare in Livestock Operations*. (World Bank. <https://openknowledge.worldbank.org/handle/10986/21505> , 2014).
12. Allianz. *ALLIANZ ESG Integration Framework*. (Allianz, 2017).
13. Grandin, T. Animal welfare and society concerns finding the missing link. *Meat Sci.* **98**, 461–469 (2014).
14. de Jong, I. C. & Guémené, D. Major welfare issues in broiler breeders. *Worlds. Poult. Sci. J.* **67**, 73–82 (2011).
15. Irgang, R. Limites fisiológicos do melhoramento genético de suínos. in *XXXV Reunião Anual da Sociedade Brasileira de Zootecnia* 355–369 (1998).
16. Elsevier. *Advances in Pig Welfare - 1st Edition*. Available at: <https://www.elsevier.com/books/advances-in-pig-welfare/spinka/978-0-08-101012-9>. (Accessed: 1st January 2018)
17. Perry, G. *Welfare of the Laying Hen*. (Poultry Science Symposium Series, 2004).
18. Dawkins, M. S. The Science of Animal Suffering. *Ethology* **114**, 937–945 (2008).
19. Pinillos, R. G. *One Welfare: A Framework to Improve Animal Welfare and Human Well-being*. (CABI, Oxford, 2018).
20. World_Health_Organization. *Global Action Plan on Antimicrobial Resistance*. (World Health Organization, 2015).
21. EFSA & EMA. EMA and EFSA Joint Scientific Opinion on measures to reduce the need to use antimicrobial agents in animal husbandry in the European Union, and the resulting impacts on food safety. *EFSA Journal* **15**, (2017).

22. Alliance_to_save_our_Antibiotics. *Real farming solutions to antibiotic misuse - what farmers and supermarkets must do.* (2018).
23. World_Animal_Protection. *Pork and the SuperBug Crisis: how higher welfare farming is better for pigs and people.* (WPA, 2018).
24. World Animal Protection. *Pork and the SuperBug Crisis: how higher welfare farming is better for pigs and people.* (WPA, 2018).

This document does not represent an official position of the GSSB

Stakeholder 2

From: Brian Sullivan
Sent: Wednesday, July 17, 2019
To: Tim Mohin; Bastian Buck
CC: Becci Collacott; Sophie Depraz
Subject: Grouping of the new GRI oil, gas and coal sector standard

Dear Mr Mohin

Please find attached a letter raising concerns from the IPIECA membership in relation to grouping in the proposed reporting standard. A hard copy has been sent separately.

We look forward to the continued constructive engagement between our organizations.

Regards

< Brian Sullivan

Executive Director, IPIECA

14th Floor, City Tower, 40 Basinghall Street, London EC2V 5DE

Tel : +44 (0) 20 7633 2370 | www.ipieca.org

Twitter: @IPIECA | [@ipieca_brian](https://twitter.com/ipieca_brian)

LinkedIn: IPIECA



Attention:

Mr Tim Mohin

CEO

GRI

Barbara Strozziiaan 336

1083 HN Amsterdam

Netherlands

cc Mr Bastian Buck

Chief of Standards

Date: 17 July 2019

Dear Mr Mohin,

Grouping of the new GRI oil, gas and coal sector standard

I am writing further to our conversation to raise a concern about the new sector standard.

IPIECA and its members do not support the grouping of oil and gas with coal in the new sector standard. This is a departure from the previous GRI grouping established in the 2012 G3 sector supplement which was guidance for oil and gas only (and which IPIECA contributed to). The oil and gas industry operates in a very different manner to the coal industry, and as such, each industry faces different issues, challenges and opportunities. The coal industry is much more aligned with the mining industry. This means that any guidance will struggle to accurately encompass the relevant aspects for these two distinct industries, and we believe they need to be addressed separately.

We also believe that grouping oil and gas with coal limits the ability to highlight the opportunities for our industry and its role in the energy transition. This sentiment is reflected in discussions at the EU Institutions about a Taxonomy Regulation to be introduced in order to create a framework to facilitate sustainable investment through a unified EU classification system (taxonomy).

Only one of our members has coal as part of their portfolio, and many of our members are diversifying into renewables and low-carbon solutions. We believe it is important that the guidance reflects the operating reality today and the strategic direction many companies are taking. Our members are keen to demonstrate their contribution to the energy transition. They have concerns that a joint standard would limit the value of the GRI reporting guidance to each sector, and also reduce the amount of relevant information available to stakeholders for decision-making on both sectors.

Further, we are working with GRI on the 2020 update of the IPIECA/IOPG/API *Oil and gas industry guidance on voluntary sustainability reporting*. While we realise this guidance will differ from the GRI sector supplement, we are sure that reporters would benefit from alignment and consistency across the two documents.

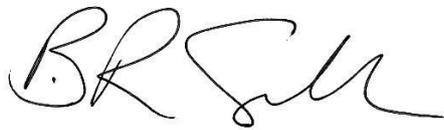
We therefore strongly recommend that the oil and gas industry has a standalone sector standard.

Finally, we would like to stress that it is vital that there is a broad industry participation on the Working Group to ensure that the guidance is useful for the reporters it aims to serve, reflects the reporting landscape today, and to maximise usability, credibility and relevance.

We would be happy to schedule a call between IPIECA members and GRI to further discuss this topic.

We look forward to working with GRI to provide an aligned, consistent and balanced sector standard.

With best regards,



Brian Sullivan
Executive Director
IPIECA Limited