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GRI Sector Standard: Oil and Gas public comment

Explanatory memorandum for the exposure draft

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Explanatory memorandum

This explanatory memorandum sets out the objectives for developing the pilot GRI Sector Standard, GRI Sector Standard: Oil and Gas. It contains the significant proposals resulting from this project, including the proposed format and approach of the GRI Sector Standards (Sector Standards) and the sector-specific contents of the exposure draft. It also summarizes the Global Sustainability Standards Board (GSSB)'s involvement and views on development of the draft.

Sector Standard pilot project objectives

Sustainability reporting using the GRI Standards enables an organization to publicly disclose its most significant impacts and how it manages them. However, reporting by individual organizations has been inconsistent in addressing a sector's key challenges and impacts. Possible reasons for this include lack of clarity on a sector's most significant impacts and inconsistent application of the principles for defining report content in the existing *GRI 101: Foundation 2016*.

The GSSB initiated the Sector Program to develop standards that are specific to certain sectors. The Sector Standards are intended to focus sustainability reporting on the impacts that matter most, as well as reflect stakeholder expectations for a sector's sustainability reporting.

High-level requirements for Sector Standards include:

- **Quality:** Sector Standards are to be well evidenced and have excellent technical quality and clear definitions. Sector Standards should be clear and user friendly to promote uptake among reporting organizations, as well as other stakeholders and information users that rely on sustainability reporting to empower sustainable decision-making.
- **Authority and credibility:** Sector Standards should demonstrate necessary characteristics to be received as authoritative and credible.

The project to develop a Sector Standard, as outlined in the [GSSB Due Process Protocol](#), aimed to identify and describe the sectors' significant impacts and stakeholder expectations from a sustainable development perspective, and provide evidence and authoritative references for these. The project was also anticipated to identify whether developing additional sector-specific reporting requirements, recommendations, and/or guidance would be feasible.

In addition, the Sector Program was expected to support the enhancement and expansion of the GRI Standards, including surfacing issues not previously covered in the GRI Standards.

The Sector Program prioritized developing a Sector Standard for oil, gas, and coal sectors because of the widely documented impacts across economic, environmental, and social dimensions, such as impacts on climate change, biodiversity, and human rights.

For more information, consult the [Project Proposal](#) and [Terms of Reference](#).

Background and revision of project scope

A multi-stakeholder project working group (PWG) was established to develop a Sector Standard for oil, gas, and coal, which were considered to share key characteristics as producers of an essential societal need (energy), and through their impacts on areas such as climate change, communities, financial transparency, and the environment. The PWG members were thus selected to represent expertise for all three commodities. The Project Proposal also acknowledged that the PWG would

have the mandate to review the original sector key during the project and recommend changes for the GSSB's consideration.

The GSSB received three stakeholder submissions from the oil and gas sector on the scope of the project, raising concerns about addressing oil, gas, and coal in one GRI Sector Standard. The research and work of the PWG suggested that the likely material topics and reporting considerations identified in the draft Sector Standard were applicable across all three commodities, including the need to focus reporting on climate change. However, the majority of PWG members felt that addressing oil, gas, and coal in a single Sector Standard would be a major impediment to its uptake. Views collected during additional external engagement largely reflect those of the PWG.

In light of these concerns, the GSSB decided on 23 April 2020 to separate oil and gas contents from coal contents. As a result, this exposure draft includes oil and gas. A separate Sector Standard: Coal, is to follow at a later stage.

Significant proposals

Notable proposals for the first pilot Sector Standard are summarized below.

GRI Sector Standards: concept

Sector Standards introduced into the GRI Standards system

The revised *GRI 101: Using the GRI Standards* requires that an organization use the Sector Standard(s) that apply to its sector(s), where these are available, when identifying its material topics. When an applicable Sector Standard is available, an organization needs to determine whether the topics included are material for the organization.

If an organization identifies a topic in an applicable Sector Standard as material, the Sector Standard also assists the organization in determining what to report for that topic. The Sector Standard includes a list of disclosures identified as appropriate for reporting on a topic by an organization in the sector from the Topic Standards, as well as from other sources.

Structure

- **Introduction:** Provides background on the purpose of the Sector Standards and instructs organizations on how they use the Standard.
- **Sector description:** Describes the main activities and the sustainability context of the sector, outlining its most pressing challenges, as well as the sector's linkages with the UN Sustainable Development Goals (SDGs).
- **Sector topics:** Lists the likely material topics for a sector, and for each topic the most significant impacts of the sector and disclosures identified as appropriate for reporting on the topic by an organization in the sector.
- **Glossary:** Gives definitions of terms relevant for the Sector Standard.
- **Bibliography:** Provides a comprehensive list of resources used to identify and document oil and gas sector impacts.

Inclusion of additional disclosures and sector guidance

The revised *GRI 101: Using the GRI Standards* requires an organization to report appropriate disclosures from the corresponding GRI Topic Standards (Topic Standards) for each material topic. If a material topic is not covered by the Topic Standards, or the corresponding Topic Standards do not provide appropriate disclosures for the organization's impacts for a material topic, the organization should report appropriate disclosures from related Topic Standards or other sources.

The Sector Standard includes a list of disclosures identified as appropriate for reporting on a topic by an organization in the sector. Where there is no corresponding Topic Standard, or if the corresponding Topic Standard/s does not provide disclosures that sufficiently capture the impacts associated with the sector, additional disclosures and/or guidance are also included.

GRI Sector Standard: Oil and Gas

Emphasis on climate change

The exposure draft has a strong focus on climate change, which the PWG highlighted as the greatest challenge for the sector and its social license to operate. The importance of this issue is reinforced by robust expectations of the sector's reporting on the related topics, including aspects like board responsibility for climate change, detailed reporting on emissions targets, related management incentives, and public policy advocacy on climate change.

Introduction of sector topics

The topics identified and described in the exposure draft largely correspond with the topics included in the Topic Standards (e.g., Biodiversity, Anti-corruption). However, to better represent the significant impacts of the sector, the exposure draft also includes new topics (e.g., Closure and decommissioning); topics which have a broader scope than the relevant Topic Standard (e.g., Forced labor and modern slavery) and topics that are presented at a more granular level (e.g., GHG emissions as its own topic separate from Air emissions).

The 22 sector topics included in the exposure draft are:

- Air emissions
- Anti-competitive behavior
- Anti-corruption
- Asset integrity and process safety
- Biodiversity
- Climate resilience and transition
- Closure and decommissioning
- Conflict and security
- Diversity and non-discrimination
- Economic impacts
- Employment practices
- Forced labor and modern slavery
- Freedom of association and collective bargaining
- GHG emissions
- Land use and resettlement
- Local community impacts
- Occupational Health and Safety
- Payments to governments
- Public policy and lobbying
- Rights of indigenous peoples
- Waste

- Water and effluents

To facilitate understanding of the topics' interconnections and navigation of the exposure draft, the topics have been grouped under six themes that represent broader areas of impact for the sector: *Climate change, Environment and biodiversity, Health and safety, Employment, Communities, and Transparency and governance.*

Highlighting business relationships

Certain business relationships are highlighted to draw attention to complexities that are sometimes specific to the sector, such state-owned enterprises and joint ventures.

Reporting

For each topic, the exposure draft lists appropriate disclosures from the Topic Standards for an oil and gas organization to report. Where the PWG identified a need, additional sector-specific disclosures and/or guidance have been included. Wherever possible, the exposure draft considers existing frameworks and methodologies for sector reporting, including the Extractive Industries Transparency Initiative, IPIECA, Sustainability Accounting Standards Board, and Task Force on Climate-related Financial Disclosures.

For sector topics that deviate from the scope of a Topic Standard, the exposure draft introduces disclosure combinations from several Topic Standards (e.g. Employment practices, Payments to governments) to represent complete reporting for a topic.

Table I summarizes the Topic Standards that correspond to each topic and whether any additional content or disclosures are included by topic.

New definitions

The exposure draft suggests the addition of three new definitions, which are expected to reemerge in future Sector Standards and/or Topic Standards. The definitions align with international instruments and support organizations in reporting the data requested.

Superseded publications

The GRI Sector Standard: Oil and Gas will supersede the G4 Sector Disclosures Oil and Gas, which was developed for the GRI G4 Guidelines. The content of these Sector Disclosures was not updated as part of the transition from the G4 Guidelines to the GRI Standards.

GSSB involvement and views on the development of this draft

The GSSB appointed a subcommittee of three GSSB members for the Sector Program. The subcommittee has been updated on the project and consulted on key conceptual issues on a regular basis.

The first draft of the Sector Standard: Oil and Gas was discussed by the GSSB during a virtual meeting on 26 March 2020, and the scope of the project was discussed on 23 April 2020.

The GSSB confirmed its support for content of the Sector Standard: Oil and Gas when it voted to approve the draft for public exposure at its meeting on 18 June 2020.

The recording of the meetings can be accessed on the [GSSB website](#).

Table I. Summary of reporting by sector topic

Sector topic	The GRI Topic Standards that have been identified as including appropriate disclosures to report on the sector topic¹	If additional disclosures or guidance are included for the sector topic
Air emissions	GRI 305: Emissions 2016	-
Anti-competitive behavior	GRI 206: Anti-competitive Behavior 2016	-
Anti-corruption	GRI 205: Anti-corruption 2016	Additional disclosures also listed.
Asset integrity and process safety	GRI 306: Effluents and Waste 2016 (Disclosure 306-3 Significant spills)	Additional sector content included for: <ul style="list-style-type: none"> • GRI 103: Material Topic. • Disclosure 306-3 An additional disclosure also listed.
Biodiversity	GRI 304: Biodiversity 2016	Additional sector content included for: <ul style="list-style-type: none"> • GRI 103: Material Topic • Disclosures 304-2 & 304-3
Climate resilience and transition	GRI 201: Economic Performance 2016	Additional sector content included for: <ul style="list-style-type: none"> • GRI 103: Material Topics • Disclosure 201-2 • ACT-1 in GRI 102: About the Organization Additional disclosures are also listed.
Closure and decommissioning	GRI 402: Labor/Management relations 2016 GRI 404: Training and Education 2016	Additional sector content included for Disclosures 402-1 & 404-2. Additional disclosures also listed.
Conflict and security	GRI 410: Security Practices 2016	Additional sector content included for GRI 103: Material Topics.
Diversity and non-discrimination	GRI 202: Market Presence 2016 GRI 404: Training and Education 2016 GRI 405: Diversity and Equal Opportunity 2016 GRI 406: Non-discrimination 2016	-
Economic impacts	GRI 201: Economic Performance 2016 GRI 202: Market Presence 2016 GRI 203: Indirect Economic Impacts 2016 GRI 204: Procurement Practices 2016	Additional sector content is included for: <ul style="list-style-type: none"> • GRI 103: Material Topics • Disclosure 201-1 • Disclosure 203-1
Employment practices	GRI 401: Employment 2016 GRI 402: Labor/Management Relations 2016 GRI 404: Training and Education 2016 GRI 414: Supplier Social Assessment 2016	-
Forced labor and modern slavery	GRI 409: Forced or Compulsory Labor 2016 GRI 414: Supplier Social Assessment 2016	-
Freedom of association and collective bargaining	GRI 407: Freedom of Association and Collective Bargaining 2016	-
GHG emissions	GRI 302: Energy 2016 GRI 305: Emissions 2016	Additional sector content included for: <ul style="list-style-type: none"> • GRI 103: Material Topics • Disclosure 305-1

¹ Not all disclosures from the Topic Standards have necessarily been listed as appropriate disclosures for reporting on the topic. To identify the disclosures included from each Topic Standard, please refer to the 'What to report' sections in the exposure draft of Sector Standard: Oil and Gas.

		<ul style="list-style-type: none"> • ACT-1 in <i>GRI 102: About the Organization</i>
Land use and resettlement	<i>GRI 413: Local Communities 2016</i>	<p>Additional sector content included for:</p> <ul style="list-style-type: none"> • <i>GRI 103: Material Topics</i> • <i>Disclosures 413-1 & 413-2</i>
Local community impacts	<i>GRI 413: Local Communities 2016</i>	<p>Additional sector content included for <i>Disclosure 413-2</i>.</p> <p>An additional disclosure is also listed.</p>
Occupational health and safety	<i>GRI 403: Occupational Health and Safety 2018</i>	-
Payments to governments	<i>GRI 201: Economic Performance 2016</i> <i>GRI 207: Tax 2019</i>	Additional disclosures also listed.
Public policy and lobbying	<i>GRI 415: Public Policy 2016</i>	<p>Additional sector content included for <i>GRI 103: Material Topics</i>.</p> <p>Additional sector content included for <i>RBC-7</i> in <i>GRI 102: About the Organization</i>.</p>
Rights of indigenous peoples	<i>GRI 411: Rights of Indigenous People 2016</i> <i>GRI 413: Local Communities 2016</i>	<p>Additional sector content included for:</p> <ul style="list-style-type: none"> • <i>GRI 103: Material Topics</i> • <i>Disclosures 413-1 & 413-2</i>
Waste	<i>GRI 306: Waste 2020</i>	<p>Additional sector content included for <i>Disclosures 306-3, 306-4 & 306-5</i>.</p> <p>An additional disclosure for organizations undertaking oil sands mining also listed</p>
Water and effluents	<i>GRI 303: Water and Effluents 2018</i>	Additional sector content included for <i>Disclosure 303-4</i>