Sustainability reporting guidance for the oil and gas industry

March 2020
Legal note

This voluntary guidance document (Guidance) is designed to serve as a resource for interested companies; the indicators and information referenced in this work do not establish an industry standard as to the nature of a company’s public reporting practice. The recommendations in this Guidance on how to report on a particular issue are addressed to those companies who choose to voluntarily include that issue in their sustainability reporting and terms such as ‘the reporting company should …’ are to be understood in this sense.

The terms and definitions used in this document are not necessarily the same as terms and definitions used in various statutes, rules, codes or other legal documents. Users and readers of this document should refer to relevant legal sources or consult their own legal counsel for explanations as to how the terms and definitions used in this document may differ from the legal terms and definitions (e.g. spills and hazardous wastes) used in their particular areas of operation. Anything in this document regarding voluntary reporting of indicators is not intended to imply that any of the indicators are required to be reported under any national, local or other law. Furthermore, it is not intended to serve as a substitute for applicable public reporting requirements and regulations. Any company reporter that has a question as to whether or not reports that follow the information contained herein will meet any specific reporting requirements applicable to their particular operations should consult with the reporter's own legal counsel.

A cautionary statement regarding performance indicators

Aggregated, company-level, non-financial performance data, developed using the indicators in this Guidance, can be informative for comparing relative performance among different companies, such as benchmarking safety incident statistics across the oil and gas industry. A company can use such comparisons to evaluate its own performance relative to peers, and identify areas for potential improvement. However, limitations to comparability exist due to various factors including the different methods companies may use to measure, normalize and report specific indicators. Although efforts have been made throughout the Guidance to improve comparability, report users are advised to exercise caution when using data from sustainability reports to compare performance. For example, comparing two companies that report greenhouse gas emissions on a different basis (e.g. equity share vs. operated) could be misleading regarding actual performance. Specific indicators from similar operations can sometimes be usefully compared to help performance management. However, the company-level, aggregate data typically reported in sustainability reports may not provide adequate comparability for some metrics. Where this Guidance mentions comparability, it is not intended to imply that data in sustainability reports, and therefore companies’ performance, are always directly comparable.

Furthermore and separate from company sustainability reporting, industry associations and others may choose to implement specific performance benchmarking studies, which may build upon the indicators in this Guidance.

© IPIECA / API / IOGP 2020 All rights reserved.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior consent of IPIECA, API and IOGP.

IOGP Report 437
Structure of the guidance

The Guidance in its entirety is made up of the following inter-connected modules. All modules, except for ‘Reporting process’ are accompanied by performance indicators.

- **Reporting process (REP)**
- Governance and business ethics (GOV)
- Climate change and energy (CCE)
- Environment (ENV)
- Safety, health and security (SHS)
- Social (SOC)

The REP module provides good practice guidance on how and what to report. The guidance covers important processes such as stakeholder engagement, determining materiality, developing narrative and reporting indicators.

Each of the other five modules introduces a set of related sustainability issues and provide guidance on developing your narrative supported by relevant industry specific indicators on these issues. In general terms, depending on materiality, your report’s narrative should provide an overview of:

- how you manage each issue;
- your overall approach to the issue and any policies you have in place;
- your management of risk and opportunity;
- key initiatives and actions;
- how you measure and monitor the issue; and
- how you review and learn in pursuit of continuous improvement.
KEY POINTS TO ADDRESS

The key points listed in this section have been developed through input from external stakeholders and industry subject matter experts. The overarching points are intended to inform your narrative, supported by the data and facts provided by the indicators that follow. Unlike indicators that primarily aim to establish consistency of reporting, these points provide an opportunity for your narrative to convey your company’s individual characteristics and unique culture that underpins how you address impacts and contribute to sustainability.

INDICATORS

To support your narrative, informed by the key points above, you should report on any or all of the suggested indicators, based on your material issues. Each indicator is defined by its Scope and its core and additional Elements, supported by any specific definitions of terms. A set of general Guidance definitions are provided in the Glossary.

### INDICATOR DETAILS

<table>
<thead>
<tr>
<th>Why this matters</th>
<th>Summarizes why this indicator may be important to you, and what the indicator is seeking to show.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope</td>
<td>Describes the indicator and its associated reporting elements, in terms of their applicability and relevance; a separate list of ‘out of scope’ aspects may also be provided.</td>
</tr>
<tr>
<td>Basis (if needed)</td>
<td>For relevant indicators, this defines measurement units, as well as data consolidation / reporting boundary considerations.</td>
</tr>
<tr>
<td>Definition of terms (if needed)</td>
<td>Offers definitions that clarify terms specific to the indicator. More general terms are included in the Glossary.</td>
</tr>
<tr>
<td>Elements</td>
<td>See Step 5 in ‘How to report’ for how we number and summarize reporting elements.</td>
</tr>
</tbody>
</table>

Website and Supporting Materials (including the Glossary)

All modules of the Guidance can be downloaded from our website: [www.sustainability-reporting.org](http://www.sustainability-reporting.org). In addition to module downloads, the website also contains Supporting Materials. This includes the Glossary for the Guidance, which helps define many of the common terms used throughout all of the modules. In addition a useful list of Measurement Units and Conversion Factors is also available as a download.
Why report?

Access to affordable, reliable energy lies at the heart of almost every business opportunity and challenge our world faces today. Energy helps economies grow, improves health and quality of life and lifts people out of poverty.

Meeting the world’s future energy needs by transitioning to low emission energy sources is key to delivering sustainable development. As a major participant in the global economy, it is vital that the oil and gas industry clearly communicates how it is supporting the energy transition.

We know that people and organizations around the world want to understand the oil and gas sector’s evolving business and talk to companies about the impact of their activities, as well as the risks, opportunities and trade-offs. One of the ways in which companies respond to these requests is through corporate reporting, specifically sustainability reporting – also known as corporate citizenship, corporate responsibility, non-financial, or environmental, social and governance (ESG) reporting.

While reporting on sustainability strategy and performance is of interest to many stakeholders, its importance continues to increase significantly for the investor community. There is a clear focus on a more robust assessment of ESG issues across investment portfolios. Climate change in particular, has become a major topic for investors who are themselves receiving demands from their clients and other stakeholders (including regulators) to demonstrate both the climate-related impact and the climate resiliency of their portfolios. ESG rating agencies’ products are an important source for investment decision making and for companies’ ability to attract ESG focused funds. When developing their ratings, agencies base their scores on companies’ public disclosure (including sustainability reports) and controversies, underscoring the need for best-in-class ESG disclosure.

Parties in the supply chain – suppliers as well as customers – are also refining their expectations of companies’ transparency. Tenders by buyers are integrating ESG pre-qualification items, and high-quality reporting can make the difference in gaining valuable contracts and working with companies with similar values. Equally companies can mitigate supply chain risks of poor social and environment practices by encouraging transparency throughout their procurement processes.
Financial institutions, such as banks, are under pressure from external stakeholders to explain their provision of financial services. Communication of robust operational management and performance therefore enables financial institutions to continue to support client and investor relationships with the industry and contribute to the energy transition together.

Regulators across the world are reviewing their laws and guidelines in order to develop tools and incentives to build and strengthen resilience of economies facing the energy transition. The challenge is to shift investment in a way that helps to achieve the UN SDGs and move towards a lower carbon world based on the Paris Agreement which by February 2020 has been ratified by more than 180 countries. Companies benefit from constantly developing and enhancing their reporting beyond financial data in order to explain how they are meeting requirements and expectations, and support the energy transition.

**BENEFITS OF REPORTING**

Good quality reporting can help you to:

- **Enhance business value**: investor and regulator trust and confidence can grow with evidence that your company is managing risks and taking advantage of opportunities.

- **Clarify purpose**: examples of current initiatives and long-term plans can show how you are addressing strategic issues, and responding to stakeholder responding positively to stakeholder engagement.

- **Improve operations**: by helping employees better understand your company’s sustainability values, performance indicators and external drivers.

- **Strengthen relationships**: stakeholders can gain a source of reliable information to understand and judge your company’s performance.

- **Enhance credibility**: customers, suppliers and wider society can understand the company’s values, brand, operations and products.

- **Improve access to capital**: evidence shows that good sustainability performance can contribute to improved financial performance.

Table 1.1: Communications channels

This table shows the range of communications channels a company might use. Verified sustainability reporting content can be used to underpin other reports and documents. As demand for more consistent and comparable disclosures increases – supported, in some countries, by mandatory reporting requirements – a sustainability report may have wider application in many contexts.

<table>
<thead>
<tr>
<th>REPORTING CHANNEL</th>
<th>PRINCIPAL TARGET AUDIENCE / STAKEHOLDER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainability report</td>
<td>Diverse stakeholders</td>
</tr>
<tr>
<td>Annual report and accounts</td>
<td>Shareholders and investors</td>
</tr>
<tr>
<td>Statutory stock market filings</td>
<td>Shareholders and regulators; national and international</td>
</tr>
<tr>
<td>Integrated sustainability / financial report</td>
<td>Capital providers</td>
</tr>
<tr>
<td>Environmental, Social and Governance disclosures (e.g. reports, surveys, ratings questionnaires)</td>
<td>Investment funds, research houses, rating agencies, NGOs</td>
</tr>
<tr>
<td>Location reports</td>
<td>Local communities, local regulators</td>
</tr>
<tr>
<td>Issue-based reports (e.g. climate, water, human rights)</td>
<td>Targeted stakeholder groups, such as NGOs</td>
</tr>
<tr>
<td>Regular publications, online communications</td>
<td>Employees, customers, communities</td>
</tr>
</tbody>
</table>
ABOUT THE GUIDANCE

The Guidance is designed to help sustainability managers, communications professionals and environmental, health and safety or socio-economic specialists in oil and gas companies develop voluntary corporate-level reporting for internal and external stakeholder audiences. At the same time, it can also be useful for those providing services to the industry, such as oilfield service companies, contractors, and other stakeholders looking to develop and improve their own reporting practices. Organizations operating at a national, regional or international level can gain value from the Guidance.

The Guidance recognizes that while some reporters are multinational public corporations, others may be state- or privately-owned medium-sized companies, where local reporting, tailored to individual stakeholders, may be more suitable, or where the range of issues may expand over time.

In the Guidance, we refer to ‘your sustainability report’. However, we recognize that companies are reporting in different ways and formats than just one sustainability report: alternatively, you may include sustainability topics in your annual report, prepare an integrated report, or publish reports on particular topics such as climate change or biodiversity. No matter what your format of choice is, the Guidance can be applied for any of those.

The Guidance does not set standards or predetermine stakeholder needs. It deliberately offers experienced and new reporters, large and small companies, choices to help determine the most relevant issues for their business and stakeholders. And it includes a management process that companies can use to identify their material issues via a series of indicators that are widely used across the industry.

The Guidance also serves as a reference to help readers and users of companies’ reports understand the basis of reporting in the oil and gas sector. It offers two types of assistance: how to report, which describes a process for reporting, and what to report, providing advice on how to develop suitable content.

USING THE GUIDANCE

Definitions

Throughout the Guidance we refer to several terms that reflect its structure:

• **Materiality** – a principle and management process that determines which issues should be covered and their priority within a report.

• **Issues** – refers to the topics you choose to report on. Selecting those issues is usually done through a materiality assessment to determine their relevance and priority (see page 1.11 for more on materiality). For example, within environment you may choose to report on your company’s use of water.

• **Narrative** – textual content about material issues that takes into account the Key points to address, and which is supported by relevant indicators and reporting elements.

• **Indicators** – specific disclosures which support a given topic. For example, within water you may choose to report on ‘discharges to water’. Each indicator is given a code, e.g. ENV-2, which you will see used throughout the Guidance.

• **Elements** – areas within an indicator that you should consider gathering qualitative and quantitative data to demonstrate your company’s performance. For example, with respect to your company’s freshwater use, you may choose to report on total volume of fresh water withdrawn by your company.
• **Reporting boundary** – the clear definition of what you will and will not include when collecting data for your report. The boundary may differ for different indicators but should be consistent from year to year and between a company’s organizational units.

**Structure**

Starting with this *Reporting process* module which provides an overview on how to report, the Guidance is then split into five modules:

- Governance and business ethics
- Climate change and energy
- Environment
- Safety, health and security
- Social

---

**INTRODUCTION**

Brings all issues together within the scope of the module. Provides useful context for all reporters, but especially first-time reporters. Includes useful facts and figures for mature reporters.

**KEY POINTS TO ADDRESS**

Provides recommendations on content you may choose to include in your narrative that conveys your company’s values and stance on these issues, and how you address impacts and contribute to sustainability.

**INDICATORS**

Supports your narrative by providing quantitative and qualitative information, including your approach and performance. Sets out why each indicator matters, its scope, and reporting elements — and aims to drive consistent reporting across the industry.

**REFERENCES AND LINKS**

Provides information on useful references and online sources.

---

*Figure 1.1: Guidance structure*
Table 1.2: Module and indicator format

Each module within the Guidance is organized in a consistent way.

<table>
<thead>
<tr>
<th>IN EACH MODULE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>An introduction</td>
<td>Provides an overview, including why the topics may be material.</td>
</tr>
<tr>
<td>Key points to address</td>
<td>Offers advice on the sort of information to include in your</td>
</tr>
<tr>
<td></td>
<td>narrative, including management approach and strategy to</td>
</tr>
<tr>
<td></td>
<td>address the issue and its effects.</td>
</tr>
<tr>
<td>Reporting indicators</td>
<td>These are numbered and consistently structured to help you</td>
</tr>
<tr>
<td></td>
<td>select the most relevant options.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INDICATOR DETAILS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Why this matters</td>
<td>Summarizes why this indicator may be important to you, and</td>
</tr>
<tr>
<td></td>
<td>what the indicator is seeking to show.</td>
</tr>
<tr>
<td>Scope</td>
<td>Describes the indicator and its associated reporting elements,</td>
</tr>
<tr>
<td></td>
<td>in terms of their applicability and relevance; a separate list</td>
</tr>
<tr>
<td></td>
<td>of ‘out of scope’ aspects may also be provided.</td>
</tr>
<tr>
<td>Basis (if needed)</td>
<td>For relevant indicators, this defines measurement units, as well</td>
</tr>
<tr>
<td></td>
<td>as data consolidation / reporting boundary considerations.</td>
</tr>
<tr>
<td>Definition of terms (if needed)</td>
<td>Offers definitions that clarify terms specific to the indicator.</td>
</tr>
<tr>
<td></td>
<td>More general terms are included in the Glossary in this module.</td>
</tr>
<tr>
<td>Elements</td>
<td>See Step 5 in ‘How to report’ for how we number and summarize</td>
</tr>
<tr>
<td></td>
<td>reporting elements.</td>
</tr>
</tbody>
</table>

The Guidance includes 21 possible material issues, along with 43 performance indicators. These indicators use definitions that are specific to the Guidance and the oil and gas industry. Table 1.3 (on page 1.6) shows how the indicators align with the 21 issues.

REFERENCING THE GUIDANCE

If you plan to use the Guidance when developing your report we would encourage you to acknowledge IPIECA, API and IOGP to help demonstrate your company’s efforts to apply oil and gas industry good reporting practice.

If you do follow the Guidance, we recommend your report includes:

- An index of the sustainability issues that your company considers material for reporting, listing the Guidance indicators relevant to these issues;
- Confirmation that the company has reported against the ‘core’ reporting elements within each relevant indicator.

In instances, where you do not report against a core reporting element, you should provide an explanation of why it has not been included. This may be because:

- There are confidentiality, commercial or legal constraints;
- The element is not applicable or material to your business; or
- Currently, information is not available or data quality is not sufficiently mature.
<table>
<thead>
<tr>
<th>MODULES</th>
<th>ISSUES</th>
<th>INDICATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governance and business ethics</strong></td>
<td>Governance and management systems</td>
<td>GOV-1: Governance approach</td>
</tr>
<tr>
<td></td>
<td>Business ethics and transparency</td>
<td>GOV-2: Management systems</td>
</tr>
<tr>
<td></td>
<td></td>
<td>GOV-3: Preventing corruption</td>
</tr>
<tr>
<td></td>
<td></td>
<td>GOV-4: Preventing corruption involving business partners</td>
</tr>
<tr>
<td></td>
<td></td>
<td>GOV-5: Transparency of payments to host governments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>GOV-6: Public advocacy and lobbying</td>
</tr>
<tr>
<td><strong>Climate change and energy</strong></td>
<td>Climate strategy and risk</td>
<td>CCE-1: Climate governance and strategy</td>
</tr>
<tr>
<td></td>
<td>Technology</td>
<td>CCE-3: Lower-carbon technology</td>
</tr>
<tr>
<td></td>
<td>Emissions</td>
<td>CCE-4: Greenhouse gas (GHG) emissions</td>
</tr>
<tr>
<td></td>
<td>Energy use</td>
<td>CCE-5: Methane emissions</td>
</tr>
<tr>
<td></td>
<td>Flaring</td>
<td>CCE-6: Energy use</td>
</tr>
<tr>
<td></td>
<td>Water</td>
<td>CCE-7: Flared gas</td>
</tr>
<tr>
<td><strong>Environment</strong></td>
<td>Water</td>
<td>ENV-1: Freshwater</td>
</tr>
<tr>
<td></td>
<td>Biodiversity</td>
<td>ENV-2: Discharges to water</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ENV-3: biodiversity policy and strategy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ENV-4: Protected and priority areas for biodiversity conservation</td>
</tr>
<tr>
<td></td>
<td>Air emissions</td>
<td>ENV-5: Emissions to air</td>
</tr>
<tr>
<td></td>
<td>Spills</td>
<td>ENV-6: Spills to the environment</td>
</tr>
<tr>
<td></td>
<td>Materials management</td>
<td>ENV-7: Materials management</td>
</tr>
<tr>
<td></td>
<td>Decommissioning</td>
<td>ENV-8: Decommissioning</td>
</tr>
<tr>
<td><strong>Safety, health and security</strong></td>
<td>Workforce protection</td>
<td>SHS-1: Safety, health and security engagement</td>
</tr>
<tr>
<td></td>
<td>Product health, safety and environmental risk</td>
<td>SHS-5: Product stewardship</td>
</tr>
<tr>
<td></td>
<td>Process safety</td>
<td>SHS-6: Process safety</td>
</tr>
<tr>
<td></td>
<td>Security</td>
<td>SHS-7: Security risk management</td>
</tr>
<tr>
<td><strong>Social</strong></td>
<td>Human rights management</td>
<td>SOC-1: Human rights due diligence</td>
</tr>
<tr>
<td></td>
<td>Labour practices</td>
<td>SOC-7: Workforce training and development</td>
</tr>
<tr>
<td></td>
<td>Community engagement</td>
<td>SOC-2: Suppliers and human rights</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SOC-8: Workforce non-retaliation and grievance mechanisms</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SOC-3: Security and human rights</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SOC-9: Local community impacts and engagement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SOC-10: Indigenous peoples</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SOC-11: Land acquisition and involuntary resettlement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SOC-12: Community grievance mechanisms</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SOC-13: Social investment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SOC-14: Local procurement and supplier development</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SOC-15: Local hiring practices</td>
</tr>
</tbody>
</table>

**Appendices**

**References and links**
REPORTING PRINCIPLES

Before you begin, it is worth taking time to consider the following five reporting principles:

- **Relevance**: reported information should reflect your company’s sustainability issues and meet the needs of your internal and external stakeholders.

- **Transparency**: information should be reported in a clear, timely and balanced way and support independent review. This might include disclosure of any processes, assumptions and limitations affecting report preparation.

- **Consistency**: credibility is enhanced if you adopt a systematic use of processes and definitions. It will also help you conduct a meaningful review of your company’s performance over time and compare performance both internally and against the wider industry.

- **Completeness**: choose information that is specific and consistent with the stated purpose, scope and boundaries of your report.

- **Accuracy**: information should be reliable, objective and verifiable. It should also give a realistic picture of the company’s position, performance and progress.

Figure 1.2: The sustainability reporting process
STEP 1: DEVELOP YOUR PLAN

Developing a sustainability report takes time and resources. How much depends on the scale and complexity of your business. Having a detailed plan helps to provide clarity and consensus on the purpose of your report, who needs to contribute and to approve content, and who will use the report. Take time to consider:

- **Audience**: your report probably addresses different audiences, ranging from shareholders, investors and regulators, to employees, local communities and non-governmental organizations. Establish your main groups to determine what information they expect and what you want them to know.

- **Objectives**: define your aims clearly. As well as communicating with a broad audience, you may have a set of more specific objectives focused on particular stakeholders or issues.

- **Timescales**: a detailed schedule helps to determine the time needed to gather information and create your report. You should consider what sustainability information you have a legal obligation to report (if any), the availability of data, other corporate reporting cycles (such as financial reporting), internal approval points and the frequency of updating report content. Reporting and engagement in the oil and gas industry is typically done on an annual basis, which allows stakeholders to assess progress from year to year.

- **Frameworks**: a range of sustainability reporting frameworks are available and this Guidance is informed by several of these (see Reporting Frameworks on page 1.38). Reporters should familiarize themselves with these frameworks to find the ones that best match their objectives, in addition to this Guidance. Some countries define certain frameworks as mandatory.

- **Governance, roles and responsibilities**: developing your report may involve a range of teams and locations. A controlled document is therefore useful to outline responsibilities for the different steps and to communicate those responsibilities to the staff involved.

- **Report boundaries**: your plan should specify which locations and activities to include, as well as how to report on non-operated activities, joint ventures and contractors.

- **Report scope**: your scope needs to outline issues and topics to be included in your report and convey how much coverage each should receive.

- **Communication**: you can maximise the impact and use of your report by planning how to communicate its key messages. You may choose to share information in different formats, for example, a printed publication or internet-accessible formats, depending on particular audiences.
STEP 2: ENGAGE STAKEHOLDERS

You may benefit from engaging your stakeholders by asking their view on your company and the sustainability issues you face before preparing your report. The final publication may be more relevant, accessible and credible. Once published, stakeholder feedback can then help you prompt conversations on key issues, and demonstrate how you are using the outcome of engagements to improve your reporting in the future.

Table 1.4: Typical stakeholder groups and engagement channels

<table>
<thead>
<tr>
<th>Stakeholder groups: broad categories</th>
<th>Examples of channels for engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal</strong></td>
<td></td>
</tr>
<tr>
<td>Board / Senior management</td>
<td>Focus groups or interviews</td>
</tr>
<tr>
<td>Technical / subject matter experts</td>
<td>Surveys</td>
</tr>
<tr>
<td>Operational staff on site or in location</td>
<td>Panels</td>
</tr>
<tr>
<td>Communications professionals</td>
<td>Web forums</td>
</tr>
<tr>
<td>Legal specialists</td>
<td>Professional networks / societies</td>
</tr>
<tr>
<td>Employees, new and potential recruits</td>
<td>Social networking</td>
</tr>
<tr>
<td>Trade union representatives</td>
<td>Investor roadshows</td>
</tr>
<tr>
<td><strong>External</strong></td>
<td></td>
</tr>
<tr>
<td>Investors / shareholders</td>
<td>Customer satisfaction surveys / feedback</td>
</tr>
<tr>
<td>Governments / regulators</td>
<td>Company-investor meetings</td>
</tr>
<tr>
<td>Thought leaders / academics</td>
<td>Supplier roundtables and open days</td>
</tr>
<tr>
<td>Community groups</td>
<td></td>
</tr>
<tr>
<td>Non-governmental organisations</td>
<td></td>
</tr>
<tr>
<td>Indigenous Peoples</td>
<td></td>
</tr>
<tr>
<td>Suppliers and contractors</td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td></td>
</tr>
</tbody>
</table>

There are several stages at which a company could seek stakeholder views:

**STARTING OUT**

- Opinion on the company’s vision and strategy, governance, management plans, approach, relevant issues and performance.
- Can be gathered through dialogue or indirectly through media articles, public reports and surveys.

**DURING PRODUCTION**

- Comment on reporting expectations or to review drafts.
- Can help to confirm the relevance of the proposed content.

**POST-PUBLICATION**

- Review the completed report, indicating how they might make use of it, and what they would like to see in the future.
- Launch activities provide opportunities for further engagement.

Figure 1.3: Opportunities for stakeholder engagement
Identifying your stakeholders

There are several approaches you can use to identify your priority stakeholders. Figure 1.4 shows a simple analysis technique called ‘stakeholder mapping’.

- Prioritizing different stakeholder groups can help make sure you have considered all important audiences and perspectives.
- Stakeholder mapping helps to categorize groups in different ways, such as by opinion or relationship to the company or by current or previous engagement.

![Figure 1.4: Stakeholder mapping](image)
STEP 3: SELECT YOUR MATERIAL ISSUES

Given the number of issues that a sustainability report might address, it is helpful to have a simple, transparent process to decide what to include.

What is a material issue?

A material issue is any topic that – in the view of management or stakeholders – affects a company’s performance significantly and informs external opinion. They tend to be issues that most affect value creation, and the economic and reputational resilience of a company in a positive or negative way.

Materiality in sustainability reporting is not the same as in financial reporting, where a threshold – such as a percentage of revenue – often determines whether information is disclosed.

Figure 1.5 sets out a process for defining and disclosing material issues. The box below sets out how materiality is defined in several important reporting frameworks.

---

Figure 1.5: Defining and disclosing materiality
MATERIALITY: COMPARING DEFINITIONS

Although a well-established concept within sustainability reporting guides and standards, there are variations in how materiality is defined and used. Ultimately, the aim of guidance and definitions of materiality is to ensure that important issues are communicated to stakeholders and that the company’s performance in addressing sustainability is transparently disclosed.

US-listed companies should take care to ensure that any use of the term ‘materiality’ in sustainability reporting is clearly defined in relation to US Securities law to avoid any concerns about legal liability. Below is a list of some of the main definitions available.

**IPIECA / API / IOGP**

Material issues are those that — in the view of both management and external stakeholders — have the potential to significantly affect a company’s sustainability performance and stakeholder awareness, assessments or decisions.

**Global Reporting Initiative (GRI) [1]**

The report shall cover topics that:

- reflect the reporting organization’s significant economic, environmental and social impacts; or
- substantively influence the assessments and decisions of stakeholders.

**Integrated Reporting <IR> [2]**

An integrated report should disclose information about matters that substantively affect the organization’s ability to create value over the short, medium and long term.

**AA 1000 [3]**

Materiality relates to identifying and prioritizing the most relevant sustainability topics, taking into account the effect each topic has on an globalization and its stakeholders. A material topic is a topic that will substantively influence and impact the assessments, decisions, actions and performance of an globalization and / or its stakeholders in the short, medium and / or long term.

**EU non-financial reporting directive [4]**

This directive requires a company’s reporting to include a non-financial statement containing information to the extent necessary for an understanding of the undertaking’s development, performance, position and impact of its activity, relating to, as a minimum, environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters.

**US GAAP (financial reporting) [5]**

The omission or misstatement of an item in a financial report is material if, in light of surrounding circumstances, the magnitude of the item is such that it is probable that the judgment of a reasonable person relying upon the report would have been changed or influenced by the inclusion or correction of the item (amended in 2018).
3.1 IDENTIFY YOUR MATERIAL ISSUES

In identifying your material issues, the first step is to list all the sustainability issues that could be considered relevant to your company and stakeholders.

To do so, you should draw on a range of sources, such as global trends and challenges (current and future) and standards and regulations. New reporters may find that the issues shown in Figure 1.6 (page 1.14) and addressed in this Guidance are a good starting point, since many of them have been recognized by the industry for some years. However, you should also consider new or emerging issues that are relevant within the reporting year and to take account of long-term issues and trends that might influence your company's strategy.

It is important to gather information from internal and external sources; engaging stakeholders is an integral part of this process and external perspectives can help confirm that your list is complete and balanced. These discussions might also raise a change of focus, emerging issues or omissions.

It is useful to keep a record of all identified issues along with source(s) and supporting evidence. This can help you prioritize and confirm your material issues. Once established, this record can be updated annually.

You might want to create layers within this record. This is because issues are often interlinked and hierarchical, or they can be multilayered and include sub-issues. For example, climate change and energy could cover anything from policy and strategy, to GHG emissions and advocacy.

Your report should outline how often your company conducts a materiality assessment; annual assessment is considered good practice.

The use of data analytics to gather and assess evidence, such as stakeholder feedback, survey data or risk ratings, can help to make your materiality assessment more robust. Databases can also help speed up the process.

Figure 1.6 highlights sustainability issues that are often considered material for the oil and gas industry. It also illustrates the inter-connected nature of social, economic and environmental factors. The word ‘issue’ in this Guidance covers the range of impacts, both positive and negative, that companies may address when managing their sustainability risks and opportunities.

---

**POTENTIAL SOURCES OF INFORMATION / INPUT ON ISSUES**

**Internal sources can include:**
- company vision, mission and value statements;
- enterprise or other risk assessment processes and management plans;
- policies, codes and standards established by the company;
- strategic plans, including objectives and targets;
- impacts identified through environmental, social, health and safety assessment; processes, and management systems;
- performance reports and scorecards against internal performance indicators;
- interviews with senior management; and
- press statements issued by the company.

**External sources can include:**
- reports on industry trends;
- media reports and surveys related to the company or the industry;
- feedback from reporting stakeholders in surveys, focus groups, panels etc.;
- benchmarks, indexes and ratings;
- academic and other opinion forming publications;
- legislative changes and compliance records;
- engagement outcomes with communities, suppliers, customers or other stakeholder groups, including grievances; and
- employee feedback and attitude surveys.
3.2 PRIORITIZE YOUR ISSUES

It is common practice to rank the relative importance of each issue using two criteria:

- **Significance to the company** – the actual or potential impact of an issue on business strategy and performance. This may represent either a risk or an opportunity for the company.

- **Significance to stakeholders** – the level of stakeholder assessments or decisions related to the impact of an issue on a company, whether negative or positive.

Companies set criteria to help them prioritize issues, often in alignment with their management system or risk framework. Tables 1.5 and 1.6 show how criteria can be weighted to recognize the significance of an issue in terms of its potential impact, likelihood of occurrence and the characteristics of each stakeholder group. Rankings may vary from year to year, based on relevance to the company and stakeholders.

Prioritizing your issues in this way can help you determine how much information to dedicate to it in your report. How you have prioritized your list should be clearly indicated, for example, through an issue’s position in the report, such as within the chief executive’s introduction or at the start of a content section. The most significant issues may also need greater narrative detail or data, and can be illustrated by case studies.

You may decide that several or all the issues outlined in this Guidance are material to your company. And you may also identify issues that are not covered here but that are specific to your company’s activities or locations. This may be the case where oil and gas companies are diversifying their portfolio beyond oil and gas, for example.
3.3 CHECK AND CONFIRM YOUR ISSUES

Before publishing your report, take time to check that your material issues have been addressed. You can do this in several ways:

- **Revisit your list**: have you given each issue appropriate prominence? Is it supported with adequate narrative and data evidence, including appropriate reporting indicators?
- **Seek feedback**: ask internal and external stakeholders to review your draft for accuracy, balance and any omissions. It is good practice to seek Board-level approval or agreement from the company’s senior leadership.
- **Get external assurance**: for independent assurance, you need to define the exact scope of work for the assurer; it could include a task to review the materiality process and its outcomes. (see Step 6 on page 1.24 for more information on assurance.)

Ideally, you should resolve any concerns raised at this point. If this is not possible, those concerns should be mentioned in the report and details given on any plans to address gaps in future reports.

3.4 DISCLOSE YOUR MATERIALITY PROCESS AND OUTCOMES

In your report, we recommend that you outline your company’s approach to determining material issues and set out the material issues to the reader.

You should choose the most appropriate format for disclosing your material issues, as well as the most appropriate channel. As illustrated in Figure 1.7 (page 1.16), information provided in a sustainability report can be supplemented by disclosure in annual reports.
websites, or in more targeted communications with stakeholders. Some issues, while important, may change little from year to year, such as information on management systems and you may decide whether to include the information in the report itself or by linking to other company information.

There are many ways of describing your materiality process and its outcomes when reporting. You can, for example, illustrate the prioritization of your issues by using a matrix diagram. You can also use a matrix to highlight your company’s level of control over an issue, or which stakeholder group has the most influence. Alternatively, some companies map their materiality issues against the UN SDGs (see page 1.28 for more on this) or internal frameworks, such as strategic priorities, or key risks.

Another option is to simply include a list of the most significant issues. The list can be accompanied by a short explanation of why certain issues are significant, any changes from the previous year and page numbers or links to issue information. Providing an excessively long list of material issues might obscure your prioritization.

3.5 REVIEW YOUR MATERIALITY PROCESS

Once published, you should seek feedback to assess whether the report met expectations. This might be feedback gathered by the reporting team or by other teams such as investor relations, or those tasked with stakeholder engagement. This does not need to be extensive: often a few reviewers can provide a good basis for conclusions to test informally on other stakeholders. This feedback can help you review and improve the materiality process for future reports. Throughout the year you will be able to gather indirect feedback through responding to surveys, such as those from rating agencies. You may come across questions that you were not able to respond to based on your reporting, and you may take notes of these for consideration in the future.
STEP 4: DEVELOP REPORT NARRATIVE

A sustainability report should demonstrate, through both quantitative and qualitative evidence, that a company is systematically assessing and responsibly managing its operations and impacts. Reporters should describe the action it is taking on material issues in an engaging narrative, avoiding complex or elaborate language.

Provide context

A report can help explain the significance of a company’s performance by demonstrating:

- how the results drive long-term value and are relevant to the company’s operations and targets;
- its significance in relation to historic or recent trends and/or prior expectations of performance;
- the nature of positive and negative impacts on relevant stakeholders;
- the opinions of stakeholders or other credible third parties on those impacts;
- how the results may compare to relevant industry benchmarks or averages; and
- lessons learned or under-performance against strategic targets.

Chart your progress

Using indicator information and data, your narrative can demonstrate progress against the company’s plans to achieve its targets, together with explanations for variations in performance. Disclosing your performance against quantitative targets is of vital importance to many stakeholders, such as investors. It can enable you to demonstrate your progress using measurable indicators and to describe the steps you are taking to manage performance over a sustained period.
You can also share objectives and targets, such as:

- quantitative targets based on outcomes, such as emission reductions or safety incidents;
- quantitative or qualitative objectives, such as completion of operational initiatives by a planned date;
- commitments to principles or actions, such as continuous improvement; or
- case studies providing evidence of progress against planned programmes, actions taken across a specified period, in a specific location or on a particular issue.

Targets provide stakeholders with a sign of the company’s commitment to tackling or making progress on an issue, and are therefore an important indicator of your seriousness in addressing sustainability issues.

Getting the balance right

In the interests of transparency, reporters should disclose significant shortfalls, problems, dilemmas and incidents that occurred during the reporting period. While detailed disclosure may not always be possible, a report should aim to present a balanced picture of the company’s challenges and achievements. You risk losing credibility if your report only conveys ‘good news’. Reporting your challenges comes with the opportunity to demonstrate the lessons learned and how the company is adapting to improve future performance.

Acknowledge complex issues

Some material issues or company activities may have multiple social, environmental and other implications, for example, an exploration project in a socially and environmentally vulnerable location. In these instances, you may need to report the project’s performance against a range of indicators as shown in the following example.

CAPTURING COMPLEXITY USING CORPORATE AND LOCAL INFORMATION

Example: Impact on communities

Oil and gas projects can have large physical and economic footprints. They may bring benefits and challenges for host communities. A report will need to balance corporate level messaging with attention to particular locations (see example on page 1.19 Working in remote locations). Your materiality assessment will usually identify the specific locations that require detailed coverage. Aspects that reporters may wish to consider include:

- community policies or programmes, including specific objectives and engagement activities (SOC-8);
- descriptions of local context and the effect on environment, cultural resources, community health and safety and local socio-economic circumstances; supported by indicators such as:
  - local procurement, local hiring practices, local and local supplier development (SOC-13, 14, and 15);
  - preventing corruption (GOV-3);
  - human rights (SOC-1, 2, and 3);
  - freshwater and biodiversity (ENV-1, ENV-3); and
  - other air emissions, spills to the environment, discharges to water and waste (ENV-5, 6, and 7);
- local engagement, concerns and expectations and strategies to address them; and
- independent reviews or lessons learned regarding impact on communities.
The power of case studies

Case studies are a powerful way to communicate how you engage with stakeholders and address sustainability in your daily operations. Placing indicator data in the context of real-world operational challenges, can illustrate how you manage sustainability performance.

**DEMONSTRATING ACTION THROUGH CASE STUDIES**

**Example: Working in remote locations**

The oil industry works in remote locations, often in developing countries or sensitive environments. Sustainability issues can be particularly important in these areas and care must be taken to respect ecosystem services and the rights of local communities or Indigenous People. The materiality of issues in these circumstances can be significant for stakeholders at a local level, so it is more appropriate to develop your narrative using a case study that demonstrates how corporate strategy and values are applied to the specific circumstances in that location. For example, a case study describing activities where there are risks to freshwater availability and the potential impact on community relationships might provide:

- the company’s local strategy and an overview of the sustainability risks for the remote location;
- the corporate strategy for operating in water-stressed regions and approaches to managing community engagement;
- an explanation of the local water-stress risks, management plans and progress to minimize the environmental impact of freshwater used by the operations;
- a description of the successes, challenges and outcomes of local community engagement, stating any future company commitments; and
- stakeholder or expert third-party opinion or data that provides additional perspective.

**Using financial data**

Alongside a company’s financial disclosures, a sustainability report gives you the opportunity to outline the potential financial impact of the most important non-financial issues facing your company. This can give readers valuable context by reviewing the major risks and opportunities that are likely to affect your company’s future financial position, in particular on its revenues, expenditures, assets and liabilities, capital and financing.

To ensure consistency, appropriate financial and operating data should be drawn from your company’s annual financial report and can be presented as highlights or in a summary data table. Although financial data are generally reported at the global level, it can help to report selected information at national or regional level. Stakeholders are often interested in intensity metrics (see page 1.22 for more on intensity metrics), such as GHG emissions per unit of production, as they can compare companies and year-on-year reporting.

Companies should also consider reporting any large acquisitions or divestments in the reporting year if the changes have a significant impact on the size and scale of the company or on its overall sustainability performance.

<table>
<thead>
<tr>
<th>DATA TYPE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenues</td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
</tr>
<tr>
<td>Total taxes paid</td>
<td></td>
</tr>
<tr>
<td>Profit after tax</td>
<td></td>
</tr>
<tr>
<td>Capital expenditure</td>
<td></td>
</tr>
<tr>
<td>Number of employees</td>
<td></td>
</tr>
<tr>
<td>Number of countries of operation</td>
<td></td>
</tr>
<tr>
<td>Total production (upstream)</td>
<td></td>
</tr>
<tr>
<td>Total throughput (downstream)</td>
<td></td>
</tr>
</tbody>
</table>
STEP 5: DEVELOP REPORT DATA

Indicators

Once you have identified your material issues, you will need to select indicators that support your narrative and provide evidence of performance. The Guidance offers information on a range of typical issues relevant to many oil and gas companies, along with indicators that demonstrate how the issues are being addressed.

We would encourage you to report against these defined indicators to enhance industry benchmarking. However, you may also choose to customize your indicators or develop additional measures to demonstrate performance in a particular context (e.g., ratios, intensities); this is another area where it can be useful to seek early feedback from internal and external stakeholders. It is worth remembering an indicator can be relevant to several issues. Where overlaps exist, you might want to combine aspects under a single inclusive narrative.

The following areas should be considered when selecting indicators:

- **Consistency**: reliable reporting on long-term indicators, such as health and safety, helps track performance trends against continuous improvement objectives and to provide comparison within and between companies.

- **Emerging issues**: you may want to supplement existing indicators with new measures to improve disclosures on performance, for example, to report on a new project in a remote location with human rights or environmental sensitivities.

- **Complex issues**: some issues are likely to be relevant to more than one category, for instance, a research and technology project with social, economic, health, safety and environmental dimensions, and may involve reporting against a variety of different indicators.

Reporting elements

Each indicator in this Guidance contains two types of reporting elements. These elements define the types of information or data that can be collected and documented in your report.

‘Core elements’ are those which have one or several of the following characteristics. They are:

- Essential for giving a clear and credible representation of the company’s approach, performance and progress;

- Based on information that is prepared in a sufficiently consistent way across the industry so that it would enable comparisons to be made between companies;

- Based on information that can be confirmed as reliable and verified for accuracy;

- Derived from a generally-accepted methodology for calculating data; and

- In alignment with published industry standards, internationally accepted guidance, or regulation.

‘Additional elements’ are those which:

- Provide options to report in more depth and further detail, as applicable to your company; and

- Provide information that does not yet reflect common practice. This might include emerging practices, information where agreed methodologies do not exist, or information which is unique to a particular company (such as location-specific or business segment examples);
• Provide information that may be relevant for oil and gas companies which expand their portfolio to include low carbon or renewables business activities.

When using reporting elements, we encourage reporters to incorporate information that is consistent with their indicator scope and reporting boundary and to describe that information as specifically as possible. When reporting on complex issues, an external view can provide additional insight and support explanations.

Collecting your data
Once you have selected your indicators, the next step is to identify the quantitative data and qualitative information you need for your report. The prominence you give a material issue will guide the depth and breadth of the required information.

Once defined, you should request the data internally, supported by appropriate guidance and definitions. Requests for information should be timely; people may need a reasonable amount of time to collect data and carry out quality checks to verify accuracy. Indicators that are new to the company may need time to develop. The introduction of new data gathering processes may take a year or more depending on the size of your organization or the need to introduce new systems for collection and measurement. Once received, data can be consolidated on a corporate basis and reviewed for completeness within the reporting boundary. (See page 1.32 for detailed guidance on the reporting boundary and data management.)

Data management
When selecting your indicators, you should consider the following challenges in data collection and management:

• Reporting boundaries: consistency is crucial; therefore, we recommend establishing clear boundaries on what is and is not included in your data collection.

An indicator’s scope may often require data from a complex range of organizational entities working under different commercial arrangements, such as joint ventures. The normalization of quantitative data requires consistency between an indicator’s data and normalization factor used to achieve comparison over time (see page 1.22 for more on normalization).

Our guidance for each indicator includes boundary-related information, but companies are encouraged to define and document their own overall boundary for collecting sustainability data.

Several protocols exist for setting these boundaries. For example, IPIECA and GRI have protocols for GHG emissions, while IOGP has specific practices for upstream reporting of safety and environmental data. See page 1.32 Detailed guidance on developing a reporting boundary for a three-step process to help companies define practical boundaries. This process promotes consistency, supports comparison between companies and facilitates inter-company benchmarking.
• **Establishing baselines:** many companies establish a starting point or base year to maintain data consistency and track performance over time. This helps monitor internal performance, supports decision making and demonstrates progress towards targets. When choosing a reference year, consider the quality of your historical data and the frequency and/or significance of unusual events. Acquisitions and divestments can cause unnatural breaks in data, making performance trends difficult to interpret. Incorporating baseline adjustments can help your reader understand your data. Adjustments or re-statements of data, for example, because of changes in reporting boundaries, definitions of terms, or improvements in data calculation, need to be clearly documented to ensure transparency.

• **Consistent reporting periods:** we encourage companies to publish reports on a regular schedule. In the oil and gas industry that tends to be an annual process. It is good practice to share historical data over a five-year or longer period.

• **Information quality:** we encourage companies to describe the way in which they collect and review quantitative data or qualitative information. Companies should provide appropriate information on the data’s source, assessment and degree of confidence in its accuracy or third-party assurance.

• **Data consolidation:** a company’s performance data might come from an individual site, national location or even the entire corporation. Companies should decide which levels they want to draw their data from. If appropriate, these levels should also allow for normalization based on categories of business activity, for example, separating upstream and downstream activities (see Table 1.8 for more examples).

  For consistency, the scope of exploration and production activities can be defined by reference to the annual updated IOGP guidance on collection of safety and environmental data. All other activities may be categorized as downstream or midstream activities but it is generally necessary to separate specific downstream activities such as LNG, refining or retail. Regional data can also provide important insights on operating performance and differences between companies.

**Data normalization / intensity measures**

Readers with an interest in performance information usually look for two types of indicator data:

• **Absolute quantities:** values that reflect the absolute magnitude or size of an output, input, or result, typically expressed as a physical unit of measurement and readily convertible. For example, total greenhouse gas emissions expressed in tonnes of CO₂ equivalent.

• **Normalized quantities:** relative values that are ratios between two absolute quantities of the same or different kind. Typically, indicator data are the numerators of the ratio, and a suitable normalization factor is selected as the denominator. Normalized quantities are also referred to as ‘intensity measures’ in relation to an output, such as production, and provide comparable measures. For example, greenhouse gas intensity expressed as tonnes of GHG emissions per unit of production.

Normalized quantities are of particular interest to stakeholders such as investors, who want to compare companies.
Companies report normalized / intensity performance indicators for various reasons, including:

- Tracking performance over time in relation to production;
- Accounting for change in the asset base or operations;
- Comparing performance between similar business operations within the company; and
- Benchmarking performance with other companies.

While it is good practice to report both absolute and normalized quantities to create a more balanced sustainability picture, it is not always appropriate to normalize data. For example, if there is no well-defined relationship of scale between the absolute quantities and the normalization factors because different activities required different factors. Generally, companies should normalize performance indicators to reflect business decision making and allow clearer communication of performance (for example, reporting normalized data separately for oil and gas production activities versus refining or petrochemical operations).

Normalization factors vary based on specific indicators. For example, you might report the absolute quantity of workforce injuries as a normalized rate of injury by using the number of hours worked as your normalization factor.

Environmental performance indicators are typically normalized using absolute quantities of related outputs, such as emissions per unit of production. Since the relative magnitude of these outputs can vary substantially, some companies find it helpful – in certain key metrics – to report normalized environmental data for each activity separately. This means the performance can be evaluated more easily. Table 1.8 shows recommended normalization factors.

<table>
<thead>
<tr>
<th>OIL AND GAS INDUSTRY ACTIVITY</th>
<th>NORMALIZATION FACTOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exploration and production (upstream)</td>
<td>Well head production of crude oil, condensates, natural gas liquids and dry gas (including flared gas and gas used for fuel but excluding gas reinjected into the reservoir)*</td>
</tr>
<tr>
<td>Refining</td>
<td>Refining throughput of crude oil and other feedstocks</td>
</tr>
<tr>
<td>Transportation and terminals</td>
<td>Product delivered or terminal throughput</td>
</tr>
<tr>
<td>Pipeline</td>
<td>Pipeline throughput</td>
</tr>
<tr>
<td>Marketing (retail)</td>
<td>Vehicle fuel sales</td>
</tr>
<tr>
<td>Marine</td>
<td>Cargo volume transported</td>
</tr>
<tr>
<td>Petrochemicals</td>
<td>Petrochemicals production</td>
</tr>
</tbody>
</table>

*Note: wellhead production may be used for reporting GHG emissions on an operated and equity share basis (see CCE-4). However, if wellhead data is not available from non-operated assets, equity share GHG emissions may be normalized using net export production on an equity share basis, as in financial reporting.
STEP 6: PROVIDE ASSURANCE

Assurance is an opinion on the quality of reported information and can confirm application of your general reporting principles. Many companies have their own internal assurance processes and you may choose to explain how you applied them within your report.

External assurance can improve the quality and credibility of your report and rating agencies often look positively on the inclusion of an external assurance statement. This type of assurance tends to either be audit-based verification or third-party commentary. Both methods can co-exist in a single report but are distinct processes. It is important that you explain whether you sought independent assurance and, if so, how and what the scope of the work was.

Audit-based verification

This type of assurance typically focuses on quantitative information, such as data systems and interpretation and is typically carried out by accountancy, certification and consulting firms. Your company defines the scope for the auditor to test: it may contain your materiality processes or specific qualitative statements and claims related to company commitments and strategy, governance, management systems or particular data sets. Your scope may also include your adherence to specific standards, such as:

- The International Standard on Assurance Engagements (ISAE 3000, revised in 2015) [6], which is provided by the International Audit and Assurance Standards Board (IAASB), part of the International Federation of Accountants (IFAC). This standard covers the professional procedures undertaken by an assurance provider and is binding on IFAC members, including major accounting and consulting firms. A choice of two levels of assurance is provided – ‘limited’ is a high-level review, while ‘reasonable’ is a more rigorous, in-depth process in which the auditors provide an opinion that the data are reliable.

- The AA1000 Assurance Standard [3], which was developed by the Institute for Social and Ethical Accountability, evaluates and provides conclusions on the nature and extent of adherence to the AA1000 Accountability Principles of Inclusivity, Materiality and Responsiveness and, if desired, the quality of publicly disclosed information on sustainability performance. AA1000 also provides options for the type and level of assurance that may be obtained under the standard.

- The GRI Sustainability Reporting Standards [1]: the standards offer a comprehensive suite of performance indicators. While using those standards, there is no particular requirement for companies to have the process or certain data third-party assured. Companies define, based on their materiality process, their level of accordance with the standards.

Third-party commentary

This assurance should also follow a structured process, including a definition of scope, so that readers understand the approach and coverage. It can range from statements from reputable experts on specific topics, to the use of a stakeholder panel or inclusion of academic, non-governmental organization (NGO) or community comments. Statements may include views on management performance, progress and recommendations. They might also offer an opinion on whether the report includes the most relevant and material issues, but they do not generally comment on the reliability or accuracy of information or data.
CHOOSING YOUR CONTENT: KEY COMPONENTS

The breadth and depth of your report will be determined by the extent of your business activities, their impact across the value chain and your material issues. Below are several simple components that are often included in an oil and gas company’s sustainability report:

- **A CEO statement to:**
  - reinforce the company’s vision and long-term targets, making sure that statements made are specific to the company, and avoiding vague generalisations;
  - emphasize the company’s commitment to transparency and reporting. This might include a statement or illustration of the CEO’s personal commitment;
  - provide stakeholders with a strategic overview and context for the sustainability issues;
  - highlight performance challenges and progress for the reporting year; and
  - outline new investments, initiatives or targets.

This is an opportunity for your management team to take responsibility for difficult decisions or dilemmas and set out how to address them. For example, the risks and opportunities associated with climate change and the energy transition.

- **Business context:** it is helpful to provide the reader with background information about your company and its activities, covering issues such as its main activities, geographical location, organizational structure, products and services, the scale and composition of the workforce, the spread and nature of its supply chain, and its main sustainability risks and opportunities.

- **Defining ‘sustainability’:** it is good practice to describe your company’s understanding of ‘sustainability’, ‘corporate responsibility’ or ‘corporate citizenship’. Here, you can also indicate the main implications and opportunities for your core oil and gas businesses. For example, you may want to outline how your long-term success depends on supplying necessary products and services while acknowledging the need to respect and contribute to the communities and environments in which your company operates.

- **Vision:** often addressed in an executive management or board chairman’s letter at the start of the report, this can provide your company’s view of the sustainability opportunities and challenges of supplying energy into the future. It may reflect existing corporate values, principles and policies but also newly added commitments with reference to:
  - workforce issues;
  - quality of products;
  - safety and reliability of operations;
  - care for the environment and communities;
  - engaging stakeholders;
  - respect for others and their rights; and
  - innovation and pioneering solutions.
• **Strategy:** your sustainability report should set out how your company’s sustainability priorities are integrated with your overall vision and business strategy and how this creates value for your stakeholders and shareholders. Priorities should cover both current operational issues, such as health and safety, environmental impacts and labour practices, as well as longer-term considerations, such as climate change risks or access to new energy resources.

• **Governance and management systems:** you should report on the role that your board or executives play in sustainability-related governance and management. In particular, investors in your company want to understand that issues identified as significant receive adequate attention, and that decisions at the executive level are based on the appropriate information. This text might extend to comment on any ties between sustainability performance and executive compensation.

• **Addressing climate change and the energy transition:** widely regarded as the industry’s primary long-term strategic challenge. It is good practice to provide information on your position, strategy and actions, resilience to climate change risk, as well as disclosure of GHG emissions and other related performance indicators. Your report can cover both the risks and opportunities that climate change presents, including any scenario analysis and what the transition to lower-carbon energy means in a practical sense for your company.

• **Managing risks of major incidents:** a major incident can refer to safety, environmental, or social issues. Your sustainability report should describe how your company typically manages safety and other risks, and openly disclose any significant incidents in the reporting year.

• **Local impacts and benefits:** as well as describing corporate policies and processes, your report can draw attention to local operations in countries or sensitive environments, where material issues might include respect for human rights, transparency of payments to host governments, access to fresh water, or protection of biodiversity.

• **Reporting process:** you should explain your overall reporting process, including how you engage with stakeholders, prioritize material issues, prepare and validate information, and whether you use any national or international reporting guidelines.

• **Performance:** as demonstrated through your narrative, indicators and metrics.
REPORTING ON PARTICULAR TOPICS
The following section provides guidance on several cross-cutting topics which often arise in preparing report content.

Alternative energy
One outstanding opportunity for our industry is in supporting UN Sustainable Development Goal 7 – Affordable and Clean Energy (SDGs, see page 1.28). This is particularly important when energy demands are forecast to continually grow to meet the needs of societal development and a rapidly increasing global population.

While providing energy in any form has inherent safety, environmental, economic and social consequences, the risks of climate change have become paramount. This necessitates a transition to modern energy supplies that are low or zero GHG-emitting, sustainable and economically viable over the course of the next few decades. As energy providers, oil and gas companies will play their part in this transition, which can include offering alternative energy derived from non-fossil fuel sources.

There are already many different potential sources of alternative energy available, and research and development projects are searching for new sources. Apart from nuclear power, alternative energy sources of electricity are generally renewable if sustainably replenished from natural resources, such as wind, tidal, hydro, geothermal or solar power. Fuels for transport and heating, such as biomass, ethanol and hydrogen, also provide alternatives that generally have low or no carbon impacts. It is also possible to generate alternative energy that results in a net removal of carbon dioxide from the atmosphere emissions by combining bio-energy with carbon capture and storage (CCS). While these energy technologies are maturing at different rates and can be location dependent, many alternative sources are reaching their tipping point to provide sustainable energy at a cost that is competitive with fossil fuels.

Looking ahead, the transition to modern alternative low or zero carbon energy sources is gaining momentum and the threat to fossil fuel sources is also a business opportunity to offer alternatives. For your company, this Guidance encourages forward-looking communication on how you will embrace the energy transition by discussing applicable alternative low carbon energy sources and by reporting systematically on climate change and energy using Module 3 Climate change and energy.

Joint venture reporting
Throughout the oil and gas industry it is established practice for two or more companies to enter into a business partnership agreement to share the costs, benefits and liabilities of assets or a project. While many types of arrangement can form such agreements, the most common is the formation of a joint venture (JV). A JV can be ‘incorporated’ as a separate legal entity (i.e. a company) where the partners are the shareholders, or a JV can be ‘unincorporated’ where the partners enter into a contractual agreement for management of the assets or the project. The partners’ management of a JV is generally governed by a ‘Board’ which we use here as a general term when referring to the Board of Directors (in an incorporated JV), a Project Committee or Management Committee (for an unincorporated JV), or some other structure for the partnership agreement. The Board establishes management to operate the joint venture and, by agreement, the operating manager may be one of the business partners. Thus, for the purposes of reporting, your company is likely to be involved in JVs which you ‘operate’ as well as JVs ‘operated by others’ (an OBO, sometimes referred to as non-operated JV).

The nature of your company’s control (or influence) over a JV may vary depending on whether you are the JV operator, or it is an OBO JV. Nevertheless, it is important
to recognise that your company has sustainability impacts, risks and opportunities related to all JVs, and therefore it is necessary to consider both operated and OBO JVs in your reporting. The extent to which you report covers JVs should be reflected through your materiality process, which takes into account the significance of the risks and opportunities to your company. A useful reference related to significance and JV risks is the IOGP / IPIECA Guidelines on minimum standards for HSE governance in joint ventures [7], published in 2002 with a planned revision underway.

In this module, Appendix A provides guidance on developing a reporting boundary which implicitly includes JV reporting. While the boundary guidance primarily helps you to collect a consistent set of quantitative data for your report, the principles can also be applied to qualitative information related to your assets, people and activities. This basis of the Appendix is to set a boundary for collecting data or information based on what you own and what you operate, and therefore relates to both operated and OBO JVs. The data or information can be consolidated in different ways depending on the type of issue, impact, risk or opportunity reported. For example, the ‘operational approach’ excludes OBO JVs because it will only include safety incidents or environmental impacts for your operated JVs, but it reports the total impact of these JVs irrespective of whether you are a major or minor shareholder. In contrast, the ‘equity share approach’ will consolidate the impacts, such as GHG emissions, for both operated and OBO JVs, but reported in proportion to the shareholding you hold in each JV.

At a high level, it can be helpful to provide an overview of your approach to governance and management of operated and OBO JVs. This can be included in your reporting of indicators GOV-1 and GOV-2 in Module 2 Governance and business ethics. Typically, your discussion can highlight how your policies, code of conduct and management system are applied and monitored when you are the JV operator. The discussion can explain and illustrate how you seek to influence OBO JVs in relation to safety, environmental, social, and business ethics risks and opportunities.

Within the other modules, the sections on ‘key points to address’ and the scope of some indicators, prompt you to discuss JVs in your reporting, particularly where impacts, risks or opportunities are likely to be significant in terms of JV activities.

The UN Sustainable Development Goals

The UN SDGs [8] were launched in 2015 to represent a widely accepted, comprehensive plan of action for social inclusion, environmental sustainability and economic development. While the SDGs are targeted primarily at governments, oil and gas companies play such an important role in the global economy that we encourage you to describe your company’s position and demonstrate the way in which your company’s activities contribute to achieving the SDGs.

This Guidance is also informed by the SDGs. In addition, IPIECA co-developed an Atlas [9] that maps the contribution of the oil and gas industry to the SDGs and provides relevant case studies. It is a useful resource for reporting companies.
While all the SDGs are of potential relevance, Figure 1.8 shows the Guidance modules that contain specific information to help you demonstrate your contribution to the SDGs. Many oil and gas companies already report on their contribution to the SDGs and typically do so in one of two ways:

- Using the SDGs as a frame to set out their overall contribution to sustainable development.
- Mapping and discussing material issues against the SDGs that are most applicable to their activities.

You can use this Guidance to develop either option, since it provides the data and other evidence for the assertions the company makes about its contribution to the SDGs. It is important to note that a company’s contribution can embrace both positive contributions to the SDGs as well as activities that increase the challenge set by the goal.

To help, you might like to use tools such as the SDG Compass [10] and IPIECA SDG Atlas [9] that provides guidance on how to align strategies and measure and manage contributions to the SDGs.
Reporting across your value chain

The oil gas industry encompasses a broad spectrum of activities, from extraction to supply of end products. This spectrum is referred to as the value chain and our Guidance can be applied at any point in that chain.

Figure 1.9 shows the range of activities that a fully ‘integrated’ oil and gas company – with broad upstream and downstream activities – might pursue. Depending on the size of your company, you may participate in some or all these activities alongside your partners and suppliers. The processes in this Guidance can help you identify which are most relevant to you.

Stakeholders may be particularly interested in either potential short- or long-term impacts of new activities and technologies, such as hydraulic fracturing, oil sands and biofuels. While the issues and indicators in the Guidance are general enough to cover emerging activities and issues, you may decide that any specific issue requires higher prominence even if it does not yet represent a significant proportion of your business. These decisions are usually drawn out through discussions with stakeholders during your materiality assessment.

USING INDICATORS, WITH CORE AND ADDITIONAL ELEMENTS THAT ARE QUANTITATIVE AND QUALITATIVE

Example: Spills to the environment and process safety

This example demonstrates the applicability of core and additional reporting elements using two of our indicators – process safety (SHS-6) and spills to the environment (ENV-6). These indicators are likely to be material issues for your reporting and are primarily data oriented supported by information about how you manage risks.

Because of its potential to harm people and the environment ‘loss of containment’ – of either gas or oil – is one of the industry’s most critical risks. These two indicators encourage you to report fully on this risk – with SHS-6 focused on safety consequences and ENV-6 on environmental impact. Because the indicators are related by the same basic type of risk, you may wish to inform readers about how the overall risk is managed by your company and to cross-refer between your discussions on process safety and oil spills.

The core reporting element SHS-6 C1 records the number of significant Tier 1 Process Safety Events. These serious loss of containment events caused, or had the potential to cause, loss of life or a serious fire. The criteria for this indicator are defined by recommended practice published by API and IOGP that are now generally accepted for the upstream and downstream oil and gas industry globally. The indicator’s focus is safety — to record and learn from events so that oil and gas is ‘kept in the pipe’ and loss of containment does not occur.

While a gas release is hazardous because of the fire and explosion risk, an oil release can have quite different and potentially catastrophic consequences for the environment and for people. For this reason, ENV-6 reports the number and severity of loss of containment events that result in an oil spills that has reached the environment — whether sea, river or land. The other elements of ENV-6 then focus on impacts, actions and responses to address oil spills.

In both SHS-6 and ENV-6, the additional reporting elements provide the opportunity to offer more data on process safety events and oil spills. The other elements also then encourage qualitative description of how the risks are managed. In SHS-6, the elements include a focus on ‘leading’ indicators to prevent loss of containment. In ENV-6, the elements report qualitatively on impacts, actions and responses to address oil spills. Together, the indicators enable you to lay out the overall picture of your systems and performance in managing a key industry risk.

For both indicators, companies can consider the range of options suggested by the reporting elements that provide choice depending on the criticality of the issue for your activities. For example, if you transport high volumes of products by ship or pipeline, you can place more emphasis on these aspects within the oil spill or process safety disclosures of your report.
Lifecycles and the circular economy

A company’s activities at a single location may span several decades – for instance from early offshore exploration to decommissioning of a platform. We encourage companies to consider the impacts of their activities across the value chain.

Likewise, a company’s products have a lifecycle of benefits and effects. For example, it is possible to assess the environmental ‘wells to wheels’ impact of a fuel – from production to use – across the entire value chain. Taking a lifecycle approach – including any formal lifecycle analysis – can help you make sure your report covers the right issues with the right priority.

We also encourage companies to demonstrate their interaction with the ‘circular economy’ – in which resources are kept in use for as long as possible, with the maximum value extracted before being recovered or regenerated at the end of their service life. You might want to highlight your company’s response to the risks and opportunities that arise, as well as describing the actions you are taking to reduce waste, improve energy efficiency, recycle, or re-formulate products, such as plastics.
Detailed guidance on developing a reporting boundary

The guidance below provides three steps to help you determine which parts of your company will provide data and how that data will be consolidated for each of your indicators:

1. Define your reporting boundary based on how your company is organized, including a list of every reporting unit that you will be asking to provide data – be it assets, people or processes.

2. For each of your chosen indicators, determine whether an operational, equity share, workforce or corporate approach should be applied to consolidate data within your reporting boundary (see below for details on these four approaches).

3. Collect data at a local, national or global level based on the scope of each indicator and its associated reporting elements.

Our description of the reporting boundary process is deliberately generic. More detailed guidance may be available and referred to in specific indicators. This may be useful if you are planning to use the data for other purposes, such as comparisons within or between companies.

STEP 1: DEFINE YOUR REPORTING BOUNDARY

We recommend you start by identifying all the reporting units within your company. Reporting units should ideally represent the smallest practical building blocks, reflecting the internal management of your company, while allowing data to be reported at local, country, regional or global levels, as needed. A reporting unit can be all or part of a subsidiary company, joint venture, investment, facility, plant, office or business location, depending on the company.

Reporting units manage assets that provide benefits to stakeholders and financial value to the company, but they also have associated environmental, social or economic risks. Assets may be operated and/or owned by the reporting company. Oil and gas reporting units are generally grouped by types of upstream and downstream activities. They may also be grouped in a certain way for financial accounting, which can be a useful starting point.

Defining your reporting boundary can be complex because two or more companies may be commercially involved in one asset and work together under a variety of legal forms. To help consolidate your data (see Step 2 on page 1.33), each reporting unit usually:

- represents a discrete piece of business that is unlikely to be split during internal restructuring or portfolio change;
- manages assets operated by a single company;
- manages assets that have the same reporting company ownership; and
- covers a narrow range of related business activities located in one country.

A reporting unit’s manager is generally responsible for providing complete, relevant and accurate indicator data. It is good practice to check that your list of reporting units is sufficiently inclusive to make sure that your consolidated data fully addresses your material issues. This helps provide a complete picture of performance (see reporting principle on completeness on page 1.7).
STEP 2: CONSOLIDATE DATA WITHIN YOUR REPORTING BOUNDARY

The indicators in the Guidance are intended to help you provide data that is representative of the benefits and impacts of your whole company. There are several approaches you can take within your reporting boundary, depending on the purpose and scope of each chosen indicator. Below are the four most common data consolidation approaches that are relevant to this Guidance. It should be noted that more than one approach may be applicable for any indicator depending on which reporting elements you choose.

When calculating normalized quantities (see Step 5 of How to report on page 1.20), for example emissions, it is important to make sure that your reporting boundary and chosen consolidation approach are consistent with both your indicator data and normalization factor.

Four approaches for consolidating data within the reporting boundary

Operational approach

Also referred to as operational control, this is the most common data consolidation method, especially for environmental data. It reflects legal and contractual requirements, as well as internal policies, for the management of potential health, safety, environment and social impacts and benefits. Data is collected by reporting units for the assets that they operate even if partly owned by other companies. Data is not collected for assets operated by other companies. The operational approach generally collects and consolidates all data from assets that meet either of the following criteria:

- the asset is operated by the company, whether for itself, or under a contractual obligation to other owners or participants in the asset (for example, in a joint venture or other such commercial arrangement); or
- the asset is owned by a joint venture (or equivalent commercial arrangement), and operated by a joint venture partner, in respect of which the company can determine management and board level operational decisions of the joint venture.

Given the industry’s complexity, uncertainty about which assets should be included or not is common. For example, one area that frequently causes a dilemma is mobile assets, such as vehicles or ships. These assets should be included when owned and operated by the reporting unit. However, if they are owned by others and leased or chartered to the reporting unit, the following guidance may be useful:

- Vehicles, aircraft or rail rolling stock not owned by the company but contractually dedicated to exclusive business use by the reporting unit are generally included as operated assets for reporting. This excludes ‘spot’ charters that are available for regular business use by other parties.
- When considering marine vessels, an asset would typically be included when the reporting unit holds the International Safety Management Code Document of Compliance (DOC).
Alternative criteria for mobile assets may apply when consolidating GHG emissions or other data if a company is reporting to an external, regulated or voluntary scheme.

The operational approach aligns with reporting on the performance of management systems (see GOV-2 in Module 2 Governance and business ethics), which generally set processes and procedures for the same operated assets and activities. When applying the operational approach as noted above, it is important that 100% of the data from your operated assets is included and the data should not be reduced in proportion to a reporting company’s percentage share of the activity.

**Equity share approach**

This approach is based on asset ownership (or share of financial benefits) and in this guidance primarily refers to the consolidation of GHG emissions data (see CCE-4 in Module 3 Climate change and energy). Unlike the operational approach, data is generally consolidated from all owned, or partly owned, assets in proportion to the reporting unit’s percentage share of equity in the assets. In contrast to the operational approach, this means data are consolidated from assets partially owned, but not operated by, the reporting company, as well as from operated assets that are wholly or partially owned — thus, irrespective of who the operator is, data are consolidated but only in proportion to the reporting company’s ownership of each asset. This approach is, therefore, closely aligned with financial reporting and is intended to provide a more complete picture of potential responsibilities.

More detail is provided on this approach in the companion IPIECA / API / IOGP document Petroleum industry guidelines for reporting greenhouse gas emissions [1].

**Workforce approach**

This approach consolidates data related to activities that affect employees in the reporting unit’s operated assets. Depending on the indicator scope, it can also be used for contractual work that the reporting unit manages, or third parties affected by the activities. The data is generally limited to occupational activities that occur in the working environment and can also be applied to measures such as training. This approach is a useful partner to the operational approach.
As well as production facilities and offices, the work environment may also include road vehicles, aircraft, ships, survey locations, community property, supplier depots or customer premises. The indicator scope sections in this guidance may also define specific activities that are excluded, such as commuting, or voluntary participation in fitness programmes. This approach is commonly used for indicators that record health and safety incidents caused by the activities of operated assets, and may also be applied to other workforce measures, such as training.

Corporate approach

This approach applies to the consolidation of data regarding processes, policies and systems that are developed at a company-wide level but may be implemented locally, nationally or internationally. For example, this could include marketing, research and development, lobbying and staff hiring practices. This approach may be supported by case studies to demonstrate implementation at the asset level. In cases where a company has a standardized policy that applies to everyone, it may not be necessary to consolidate data—simpler processes, such as audits, may provide sufficient confirmation of policy assertions.

The application of the four consolidation approaches can be illustrated by considering a company that decides to collect the following data from each reporting unit within its reporting boundary:

a. **Operational approach:** Direct GHG emissions (CCE-4) data from significant stationary and mobile sources are collected and consolidated based on all emissions from assets operated by the reporting company, to demonstrate its efforts to reduce emissions.

b. **Equity share approach:** Direct GHG emissions (CCE-4) data from significant stationary and mobile sources are collected and then consolidated in proportion to the reporting company’s percentage share of emissions from its part- or wholly-owned assets (both operated and non-operated), because the company wishes to provide information on the significance of its emissions in a manner more aligned with its financial reporting.

c. **Workforce approach:** Data on injuries, illnesses and hours worked (see SHS-3 in Module 5 Safety, Health and Security) are collected and consolidated for each reporting unit’s employees and contractors because the company recognizes its responsibility to manage occupational safety and health risks.

d. **Corporate approach:** The company provides a description of its corporate policies and practices for local procurement (see SOC-14 in Module 6 Social) supported by case studies to illustrate how it applies consistent policies in host countries.

---

**STEP 3: COLLECT DATA WITHIN YOUR INDICATOR SCOPE**

It is important to create a distinction between the activities and assets managed by reporting units that make up the company’s reporting boundary and its indicator scope. The ‘scope’ of each indicator in this guidance helps to narrow the relevance of reporting elements to help you ensure your data is applicable and focused on how your company has managed an issue. The scope, supported by definitions of terms, provides direction on the extent and limitations of the indicator to reflect the potential impact of your company’s activities. This scope is intended to provide clarity, consistency, comparability and relevance for each indicator.
Depending on the materiality of an issue and the extent of its impact, you will need to make sure you have a complete set of relevant data for each selected indicator. Relevance and completeness will vary for different issues and, therefore, each scope section contains specific guidance for the respective indicator. Options on reporting relevant data or information for that indicator are then provided as reporting elements.

The indicator scope includes potential impacts, or benefits, to parties not directly managed by the company. For example, the scope of indicators may include contractors, suppliers, customers, local communities or governments.

The examples below demonstrate how the indicators can provide options to increase your reporting scope beyond activities that relate to your directly managed operations and employees:

- The scope of the GHG emissions (CCE-4) indicator gives you the option to report ‘indirect’ emissions data related to power supplied by plants owned or operated by others, as well as reporting your own ‘direct’ emissions.

- As well as an indicator to report on how a company might address human rights due diligence (SOC-1), a separate indicator provides scope to report on human rights and suppliers (SOC-2). Similarly, another indicator addresses local procurement and supplier development (SOC-14).

- The health and safety indicator on occupational injury and illness incidents (SHS-3) applies to contractors as well as employees, while the product stewardship (SHS-5) indicator includes scope to address how a company communicates product risks to customers.

**Reporting beyond your boundary**

You might want to extend the collection and consolidation of your data beyond your defined reporting boundary, although this would usually only apply to certain indicators where an issue is particularly material. This could include:

- Large joint ventures where the company is not the operator but has a substantial equity share. While GHG emissions data can be consolidated using both equity share and operational approaches, you might want to add further detail to a specific joint venture’s sustainability performance, supported by available data from the joint venture.

- Some contracted activities, such as road transport or shipping, may be partially excluded from the consolidated data because certain assets are non-operated, or the activities are outside the indicator scope. However, you might want to expand the description of risks or incidents, or other potentially significant impacts, and discuss mitigation measures, supported by available data.

While you may want to include this additional data and its source, it should be reported separately so that a base comparison can still be made on the data within your company’s reporting boundary.
Table 1.3: Modules, issue and indicator groupings

<table>
<thead>
<tr>
<th>MODULES</th>
<th>INDICATORS</th>
<th>OPERATIONAL</th>
<th>EQUITY SHARE</th>
<th>WORKFORCE</th>
<th>CORPORATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance and business ethics</td>
<td>GOV-1: Governance approach</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>GOV-2: Management systems</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>GOV-3: Preventing corruption</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>GOV-4: Preventing corruption involving business partners</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>GOV-5: Transparency of payments to host governments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>GOV-6: Public advocacy and lobbying</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Climate change and energy</td>
<td>CCE-1: Climate governance and strategy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CCE-2: Climate risk and opportunities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CCE-3: Lower-carbon technology</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CCE-4: Greenhouse gas (GHG) emissions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CCE-5: Methane emissions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CCE-6: Energy use</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CCE-7: Flared gas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td>ENV-1: Freshwater</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ENV-2: Discharges to water</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ENV-3: biodiversity policy and strategy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ENV-4: Protected and priority areas for biodiversity conservation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ENV-5: Emissions to air</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ENV-6: Spills to the environment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ENV-7: Materials management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ENV-8: Decommissioning</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Safety, health and security</td>
<td>SHS-1: Safety, health and security engagement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SHS-2: Workforce health</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SHS-3: Occupational injury and illness incidents</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SHS-4: Transport safety</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SHS-5: Product stewardship</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SHS-6: Process safety</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SHS-7: Security risk management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social</td>
<td>SOC-1: Human rights due diligence</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SOC-2: Suppliers and human rights</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SOC-3: Security and human rights</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SOC-4: Site-based labour practices and worker accommodation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SOC-5: Workforce diversity and inclusion</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SOC-6: Workforce engagement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SOC-7: Workforce training and development</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SOC-8: Workforce non-retaliation and grievance mechanisms</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SOC-9: Local community impacts and engagement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SOC-10: Indigenous peoples</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SOC-11: Land acquisition and involuntary resettlement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SOC-12: Community grievance mechanisms</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SOC-13: Social investment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SOC-14: Local procurement and supplier development</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SOC-15: Local hiring practices</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Reporting frameworks

In developing this reporting Guidance, we have considered the approach and content within a range of other sustainability reporting frameworks. Over the past two decades, IPIECA, API and IOGP have maintained open dialogue with the UN, GRI and other organizations to exchange information and provide feedback on reporting frameworks.

While this guidance has been developed to provide sector-specific information on good practice in sustainability reporting, the disclosure landscape is complex and ever-evolving. For example, much of the information provided in sustainability reporting is also requested in questionnaires received by companies directly from investors, NGOs, customers and suppliers, but there is no single set of agreed upon disclosures. We therefore aim to reflect other good practice and understand frameworks which are important to key stakeholders as we adapt them for our industry context.

The frameworks highlighted in this section (shown in alphabetical order) were the five most commonly used by IPIECA members in 2019 to guide their reporting. We have also listed a number of other well-established frameworks that are frequently used. This is by no means an exhaustive catalogue of reporting frameworks, and does not reflect reporting requirements included in local, national or international regulation, nor is it associated with stock exchange listing requirements. The inclusion of a framework does not imply its endorsement by IPIECA / IOGP / API.

You may wish to consider the additional reporting recommendations contained within these frameworks, in the light of your material issues. Where relevant, framework documents are cited within the References and Useful Links sections at the end of each module of the Guidance.

Global Reporting Initiative (GRI)

GRI [11] is a well-established non-profit organization that has developed sustainability reporting guidelines, now published as a set of global standards. They feature a modular, interrelated structure covering a range of economic, environmental and social topics. They are designed to be used as a set by any organization that wants to report about its performance and impacts, and how it contributes towards sustainable development.

The GRI Standards are categorised into four ‘series’:

- The 100-series includes three universal Standards guiding reporters in using the Standards, reporting an organisation’s relevant contextual information, and reporting how its material topics are managed.
- The 200 / 300 / 400 series provide topic-specific Standards to be used to report information on an organisation’s material impacts related to economic, environmental and social topics respectively.

Task Force on Climate-Related Financial Disclosures (TCFD)

The TCFD [12], established in 2015 by the Financial Stability Board, was tasked with developing voluntary, consistent climate-related financial disclosure recommendations that would be useful to investors, lenders, and insurance underwriters in understanding material risks. The 32 members of the TCFD were selected by the Financial Stability Board from various organizations, including large banks, insurance companies, asset managers, pension funds, large non-financial companies, accounting and consulting firms, and credit rating agencies.
In its work, the TCFD drew on member expertise, stakeholder engagement, and existing climate-related disclosure regimes to develop recommendations for climate-related financial disclosures. The TCFD developed their recommendations on climate-related financial disclosures to be applicable to organizations across sectors and jurisdictions.

**UN Global Compact**

Commitment to the UN Global Compact [13] includes the requirement to submit an annual Communication on Progress (CoP) that can be met through publication of an annual sustainability report. The CoP requires, as a minimum, a statement of the practical actions a company has taken, or plans to take, to implement the 10 Global Compact Principles in four areas: human rights, labour, environment and anti-corruption.

**UN Guiding Principles on Business and Human Rights**

The UN Guiding Principles on Business and Human Rights [14] are a set of guidelines for governments and companies to prevent, address and remedy human rights abuses committed in business operations. They were proposed by UN Special Representative on business and human rights, John Ruggie, and endorsed by the UN Human Rights Council in June 2011. In the same resolution, the UN Human Rights Council established the UN Working Group on business and human rights. The UN’s separate Reporting Framework provides 31 questions (eight of which provide minimum guidance) for companies that wish to report on how they respect human rights.

**UN Sustainable Development Goals (UN SDGs)**

The 17 SDG [8] s provide a framework for building a better world for people and the planet by 2030. Adopted by all United Nations Member States in 2015, the SDGs are a call for action by all countries — poor, rich and middle-income — to promote prosperity while protecting the environment. They recognize that ending poverty must go hand-in-hand with strategies that build economic growth and address a range of social needs including education, health, equality and job opportunities, while tackling climate change and working to preserve our ocean and forests.

**OTHER FRAMEWORKS**

**International Organization for Standardization (ISO)**

Since 1947, ISO [15] have developed a range of well-established management system standards, many of which are reviewed and updated periodically. The standards are often offered as part of a family or series of documents that can be adopted by companies or integrated within their own internal management systems.

**Principles for Responsible Investment (PRI)**

The PRI [16] provide six voluntary investment principles that offer a menu of possible actions for incorporating ESG issues into responsible investment practices. Principle 3 focuses on ESG disclosures including reporting using tools such as GRI or initiatives such as UN Global Compact.
Sustainability Accounting Standards Board (SASB)

The SASB [17] is an independent non-profit whose mission is to establish industry-specific disclosure standards across environmental, social, and governance topics that facilitate communication between companies and investors about financially material, decision-useful information. Such information should be relevant, reliable and comparable across companies on a global basis. SASB’s standard-setting is accomplished through a rigorous process that includes evidence-based research and broad, balanced stakeholder participation.

The Organisation for Economic Co-operation and Development (OECD)

The OECD’s Guidelines for Multinational Enterprises [18] are recommendations addressed by governments to multinational enterprises operating in or from adhering countries. They provide non-binding principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognised standards. The Guidelines provide a multilaterally agreed and comprehensive code of responsible business conduct that governments have committed to promoting.

The OECD have also produced Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector to help practitioners in the mining and oil and gas industries address the challenges raised when engaging with stakeholders. The guidance provides a practical framework for identifying and managing risks with regard to stakeholder engagement to ensure companies play a role in avoiding and addressing adverse impacts. It includes an assessment framework for industry to evaluate their stakeholder engagement performance and targeted guidance for specific stakeholder groups such as indigenous peoples, women, workers and artisanal and small-scale miners.

CDP

CDP [19], formerly the Carbon Disclosure Project, runs a global disclosure platform that enables companies, cities, states and regions to submit information on their environmental performance and impacts. Data submitted to CDP is used to develop analysis of critical environmental risks, opportunities and impacts of interest to investors, other businesses and policy makers. CDP areas of focus cover climate change, water and forests.

WBCSD / WRI

The WBCSD / WRI Greenhouse Gas Reporting Protocol [20] provides comprehensive global standardized frameworks to measure and manage GHG emissions from private and public sector operations, value chains and mitigation actions. The contents of the Protocol are reflected in the Climate Change and Energy module of the Guidance.

WBCSD provides other resources and programmes in support of good quality corporate reporting on sustainability. This includes the ‘Reporting Exchange’ source of information on sustainability reporting, and the ‘Reporting Matters’ programme which seeks to improve the effectiveness of reports. It involves analysis of sustainability reports from member companies against a set of comprehensive indicators, and the possibility of feedback. An annual overview of reporting trends is produced which showcases good practices and provides recommendations for how to improve.
Module 1
Reporting process

References and links

3. Accountability AA1000 - Accountability Principles [https://www.accountability.org/standards/]
10. SDG Compass, 2015: website providing guidance on strategy alignment as well as measuring and managing a company’s contribution to the SDGs [https://sdgcompass.org/]
12. TCFD, June 2017: Recommendations of the Task Force on Climate-related Financial Disclosures [https://www.fsb-tcfd.org/publications/]
13. UN Global Compact [https://www.unglobalcompact.org/]
15. International Organization for Standardization (ISO) [https://www.iso.org/home.html]
16. Principles for Responsible Investment (PRI) [https://www.unpri.org/]
17. Sustainability Accounting Standards Board (SASB) [https://www.sasb.org/]
19. CDP (formerly the Carbon Disclosure Project) [https://www.cdp.net/]
20. WRI/WBCSD GHG Protocol [https://ghgprotocol.org/]

1.41