Reporting survey results 2014

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Reporting survey

• Issued July 2014

• Sent to:
  – RWG members
  – Prime members where companies not represented
  – Non member company contacts
Purpose of the survey

• **Assess:**
  – Use of IPIECA, API and OGP Guidance
  – Uptake of other reporting frameworks
  – Overall reporting trends

• **Establish ways companies use reports and how they add value**

• **Results will provide:**
  – Overview of current practices and emerging trends
  – Identify future work areas for RWG
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Survey Pathways

- **Survey designed with 3 pathways**
  - Reporters
  - Near-Term Reporters
  - Non-Reporters

- **Different questions asked depending on response to Q1**

  - **Does your company produce a sustainability report?**
    - Yes
    - **Reporters**
    - **Near-Term Reporters**
    - **Non-Reporters**
    - No
    - **Is your company planning or considering production of a report in the near future?**
      - Yes
      - **Potential Near-Term Reporters**
      - **Non Reporters**
      - No
Does your company produce a sustainability report?

It remained challenging to find non-reporters willing to respond...

Out of 33 respondents 3 are currently non-reporters. 2 of these plan to produce reports in the near future.
Only one responder has no current plans to produce a report
- Lack of resources
- Do not see the need
- Hesitancy to provide too much information

How can IPIECA help?
- Helping us find solutions for integrating information and isolating business value for various sustainability initiatives.

Three key sustainability issues for your company?
1. Communication and transparency on key topics with stakeholders
2. Effective and successful stakeholder engagement
3. Coordination of sustainability efforts and data management
Of those planning to produce a report in near future.....

• **Report 1 will be:**
  – A sustainability fact sheet / score card
  – A stand-alone sustainability report
  – Web based only

• **Report 2:**
  – Do not yet know
Reasons why companies have not produced report to date

1. Have not seen the need
2. Sustainability performance is covered in group report

What are the key drivers in moving towards reporting in near future?

- To demonstrate commitment to sustainability related issues: 100%
- To improve public image: 100%
- To improve investor relations: 50%
- To conform to industry expectations: 50%
- To inspire improved performance: 100%
- To meet with regulatory requirements: 50%
- To engage with stakeholders: 100%
- To align company values: 50%
- To increase internal awareness: 50%
- Clarifying strategy of company: 50%
- Other (please specify): 100%
Use of frameworks

- Both plan to use IPIECA Guidance
- GRI G3 & OGSS – 1
- GRI G4 – neither
  1. Plan to use other standards
  2. May produce correlation table as it's useful to GRI stakeholders but don't have a strong business case for doing so
- UN Global Compact – 1
  1. Not signatory of UN Global Compact and cautious about association due to its low standards on reporting requirements
  2. Part of UNGC commitment by the Group
- IIRC – neither
  1. Does not fit stakeholder expectations
  2. Too soon but certainly will follow more closely and perhaps adopt in time especially if it aligns with SEC Annual Reporting requirements

Why do you plan to use IPIECA/G3.1?

- Requested by stakeholders
- To enable comparability with industry peers
- To ensure report consistent with industry standard
- To improve the quality of our report
- For guidance on most likely material issues for sector
- To use industry good practice

Other (please specify)
What kind of tools would you find helpful in preparing your first report?

‘Other’ tools included:
- *Job Description[s] for Reporting staff, Project Management map with typical timeline and tasks including critical path, Resources Guide*
- *Social performance data collection and management*

Q: How do you think the industry, working together through IPIECA, could further assist your organization in reporting on sustainability performance? *Provide a mentor or a paid call out/help desk style service.*
How long has your company been reporting on sustainability performance?

86% have been reporting for at least five years

Sample: 30 of 33 respondents
How often do you produce a sustainability report?

100% of respondents produce a report annually.

2012: 6% every 2/3 years
‘Other’ formats include:
- Planning to publish a printed and web based version for RY 2014.
- Interactive version also available
- We produce a Consolidated sustainability Statements as a part of Annual Report (integrated report) and a document focused on sustainability and on company contribution to sustainable development objectives
- Ability to create customized PDFs from online
Is your sustainability report verified by a third party?

78% either fully or partially verified by a third party.
(same as 2012)

‘Other’: 
- We provide an Opinion Letter from an external advisory group, but no assurance or third party verification
- Limited level, as set out by ISAE3000
- All data verified
- A portion of one of the metrics is verified (GHG's for jurisdictions that require 3rd party verification)
- Social and environmental information published in our annual report is fully verified by an external third party
Key drivers for reporting on sustainability performance

- To demonstrate our commitment to sustainability related issues: 100%
- To engage with stakeholders: 100%
- To improve public image: 83%
- To improve investor relations: 76%
- To increase internal awareness: 76%
- To conform to industry expectations: 72%
- To inspire improved performance: 66%
- Clarifying the strategy of the company: 52%
- To align company values: 34%
- To meet with regulatory requirements: 21%
- Other (please specify): 7%

Results very similar to 2012

Other:
- Improve data capture and data quality
- To engage customers in our brand.

100% cite demonstrating commitment to sustainability related issues and stakeholder engagement as a key driver.
What are the main benefits that producing a report brings to your company? (1)

- Employee engagement and **mitigate risk of shareholder proposals**
- Creating **internal and external awareness on key sustainability issues and communicating how they are addressed**
- Internal engagement and improved processes, **reputational value and risk mitigation**
- Internal and external benchmarking to continuously improve disclosure.
- Brings opportunity to clarify to our stakeholders about our contribution and impact on society. It also builds a good foundation for **constructive dialogue** with stakeholders.
- Internal communications on sustainability initiatives, external communications with regulators, insurers and communities
- Generates trust and commitment to (company) by providing insight into the quality of (company) assets and operations and openly reporting on how we aim to manage our businesses responsibly. Enables constructive dialogue with stakeholders by reporting back on the issues of greatest concern to stakeholders. Provides support for our licence to operate by communicating our position and performance on environmental, social and safety matters which can be used for advocacy.
- Report is the response for the responsibility of economic, environment and society. **It transfers the company's core value** and gain the improvement of the public image.
- To meet regulatory requirements
- Provides a consolidated, audited suite of ESG data for public disclosure AND tells the story of who we are, what our values are and how we are performing
What are the main benefits that producing a report brings to your company? (2)

- Internal commitment; external recognition of our sustainability activities and performance; comprehensive presentation of our sustainability performance to external stakeholders.
- Provides a good tool for engagement with stakeholders. **Stakeholders have withdrawn 17 proposals over the past five years due to engagements topics in the CCR**, Allows us to communicate our country & regional initiatives and commitments, Process provides a vehicle to communicate our sustainability contributions and progress across all company businesses and employees.
- Demonstrating commitment to sustainability related issues and integration into company values and strategy.
- To meet stakeholders expectations: regulators, clients, NGOs, investors, society, etc.
- **Pursuit of more transparency in dialogue with our stakeholders**
- Effective way to communicate we understand stakeholder/society concerns and explain approach to managing them.
- Awareness rising (internal and external), overall picture of our efforts
- Provides a platform for dialogue with our stakeholders. **The materiality discussion helps to engage senior management on our most pressing sustainability issues**
- Valuable data; internal discussion; raise internal awareness of issues important to external stakeholders; communication tool
- **Annually updated, verified data and policy statements readily available for external communication with a wide range of stakeholders and purposes.**
What are the main benefits that producing a report brings to your company? (3)

• **Identifies areas for improvement in the management of the Company**
• Informing our stakeholders (particularly employees and customers) about all the social and environmental activities and our performance. Capturing performance information each year as a reference for the future.
• Demonstrate our commitment to CR
• As sustainability issues are increasingly high profile for investors, external stakeholders (including governments of new countries in which we wish to work), and the people and communities with whom we work we need to be seen to be conducting our business in a socially and environmental responsible and ethical way to maintain our license to operate. A **verified, data heavy report is a good way for us to show we are serious about the issues, and provides high quality content around our material issues that the company can use throughout the rest of the year (for new stories, talking to new partners, responding to investor queries, etc.).**
• Provides a once source document detailing our social, environmental and governance performance.
• **Single source for many internal and external stakeholders to see non-financial information.** We direct analysts, employees, potential employees, NGO's and others to the report for their information needs. It reduces the requirement to address each query individually. The report also allows us to benchmark our performance against our peers.
• Strong communication tool with multi-stakeholders
• Reputational benefits
Themes of benefits

• Internal and external engagement
  – Constructive dialogue with stakeholders
  – Way to engage senior management

• Annually updated, verified data and policy statements readily available for external communication with wide range of stakeholders and purposes
If you were meeting the board of a non-reporting company what are 3 reasons you would tell them why they need to start producing a report? (1)

- Meet stakeholders expectations x 8
- Mitigate risk of activist shareholder proposals
- Shows you are a transparent company.
- Helps you focus your attention to sustainability issues, strategy and performance
- To use as a 'calling card' to open stakeholder conversations
- One strategy to enhance competitiveness
- Support internal efforts to become a sustainable company
- Valuable Data
- They are already a laggard in their industry and they need to come to the table as this is a stakeholder expectation

- Investors are scrutinising non-financial risks - the report provides a forum to communicate company approach x 2
- Helps in streamlining already implemented sustainability activities
- Good way to benchmark against peers and find improvement opportunities
- To address concerns regarding industry activities
- Communication tool for risk and impact
- Can help drive improvement in performance.
- Environmental and social performance can have a material impact on the company
- Benefits to company reputation to capture social and environmental projects in a public report x 2
If you were meeting the board of a non-reporting company what are 3 reasons you would tell them why they need to start producing a report?

- Improved reputation
- Lending requirements take sustainability into account
- Management of internal processes and relationships
- Transparency x 2
- **Driver to create changes in the organization. We can not change and improve on what we can not measure.**
- To help answer questions from socially responsible investors
- To better assess the business management of the natural, cultural and social capital.
- **It a best practice - and now expected from a responsible producer**
- Demonstration of appropriate risk/issue management
- Internal awareness and discussion of non-financial performance x 2
- **Tell your story the way you want it told**

- Transparency in reporting allows stakeholders the opportunity to assess potential risks and opportunities
- Promote internal CSR initiatives
- License to operate
- Provides stakeholders with transparent information regarding your approach to sustainability.
- **Help to build internal dialogue and empower employees to become sustainability ambassadors for the company**
- Increasing trend to report on performance and becoming an expectation
- Build community goodwill bank - maintain social licence to operate
- Meets demand by external stakeholders (esp. financial world, investors)
- Stakeholder engagement tool
- To illustrate to society benefits of company values and strategy
- Communicate commitment to ethical, environmental and social values
- Improve external reputation
If you were meeting the board of a non-reporting company what are 3 reasons you would tell them why they need to start producing a sustainability report? (3)

- Employee and stakeholder engagement tool x 5
- Company reputation
- Risk mitigation
- **Continuous improvement in company performance, using internal and external benchmarking**
- It shows your commitment to open and transparent reporting of sustainability performance
- **It enhances employee satisfaction, motivation and performance**
- To clarify company positions and frame performance on key sustainability issues
- Contribute to sustainable development for company and natural.
- Industry benchmark
- Improved investor relations
- Help to clarify and externally express how your company is managing sustainability risks and identifying opportunities
- Access to greenfunds/superannuation shareholders
- **Development process allows a company to develop, communicate and monitor progress against sustainability strategies and values**
- Improve public image
- manage risks and create opportunities
- Drive/communicate sustainability performance
- Increasing reporting regulation, requirements and expectations
- **Top performing companies have been, and are continuing to report on their performance. This has become an expectation, not a nice to have.**
- What gets measured gets managed - standard indicators identify areas that must be improved
- Express our commitment that CSR is important in our business strategy
- External expectation
- **It helps benchmark performance and identify strengths and weaknesses in company programs**
Companies should report to...

- **Meet stakeholder expectations**
  - Industry laggards
  - Build reputation

- **Drive change in the company**
  - Build internal awareness and dialogue
  - Instil pride

- **Improve performance**
  - Reporting provides valuable data
  - Benchmarking with peers
  - Identify areas that need improvement
Yes, 79%

No, 17%

24 November 2014

Do you engage stakeholders to identify material issues for your report?

Of 17% who do not engage stakeholders in the identification of material issues for the report, reasons were provided:

- *Consolidate stakeholder feedback throughout the year and apply that to our materiality assessment. Engaging stakeholders on the report alone would be too time consuming and potentially unproductive.*

- *Our experts engage with stakeholders in meaningful dialogue throughout year on issues that are relevant to them. We find it gives us a more accurate picture of stakeholder concerns than engagement around reporting that we’ve conducted in the past.*

- *We have plans to initiate a stakeholder engagement program in future. As of today, we publish key metrics that are consistent with peers and with global reporting standards. Material issues are assessed through internal dialogue with management.*

- *We do not have the resources to do direct stakeholder engagement. We indirectly utilize input through our use of a comprehensive process that culls information on material issues from a broad range of resources. We consistently identify the key material issues for our company and these are comparable to those of other O&G companies.*
The 79% who do engage with stakeholders to identify material issues, were asked:

**Q: How do you engage stakeholders to identify material issues for your report?**

- **Online questionnaire survey**: 17%
- **Telephone calls**: 31%
- **Face to face dialogue sessions**: 38%
- **Other (please specify)**: 38%

**OTHER:**

- *(Company) convened an **External Advisory Group** made-up of key stakeholder representatives to assess material issues and validate output.*
- **Systematic dialogue with stakeholders throughout year to find inputs and relevant material issues to the report.**
- **Request review of material issues by selected external reviewers**
- **Planned for 2014; previously also had external expert panel**
- **Ongoing issues monitoring**
- **We hold regular client HSE meetings to discuss issues pertinent to the industry and our business**
- **Review of international standards, analysis of local and international news, analysis of issues arising in the general meeting of shareholders**
- **Extensive stakeholder engagement throughout the year with investors, regulators, media, NGOs etc. Input received in ongoing, regular dialogues is used for the materiality assessment, along with media analysis.**
- **Shareholder engagement combined with internal team assessment of stakeholder needs**
What benefits do engaging stakeholders bring and how does the information feed into the content of the report?

- Credibility in report quality and ability to identify 'blind-spots'
- Understanding what readers/stakeholders are most interested in from a sustainability lens, ability to clarify misconceptions about the industry (set the facts straight), demonstrate commitment to stakeholder inclusiveness
- Able to make a report that efficiently responds to high value issues that both stakeholders and company have
- External stakeholder input brings useful challenge to company perspective, and helps us to report in a more balanced way. It also helps us demonstrate that we are listening and responsive to stakeholder concerns.
- With their trust and support, we are able to achieve long-term and sustainable development.
- Validation that we have identified and properly explained key material issues; provide more balanced perspective of issues.
- External view and challenging of internal material issues
- Influences what is focussed on in the report - acts as a filter
- Improves relationship with external stakeholders; gives clear picture of expectations; helps in creating an external perspective on the company's performance; helps in structuring the content of the report

- Allows company to identify emerging issues, identify what stories to tell to meet stakeholder expectations, improve overall content and format
- Being aware of their expectations in relation to our ethical, S & E performance and mainstreaming these expectations into our internal decision-making processes allows us to design initiatives to reduce the performance gap. These initiatives shape our sustainability plans
- Open and transparent dialogue with stakeholders mainly allows to increase their trust and to start collaborative relationships. The mapping of their requests and their interests is fundamental in order to define the content of the report due to the fact that the report is addressed to their need of information. Adds balance to report by challenging company - prevents internal focus and unbalanced reporting.
- Ensures that you are considering their concerns not only when determining report content, but also in working to address their issues and concerns.
- Clarification and prioritization of material issues.
Q: Do you seek stakeholder feedback on the report once it has been issued?

82% request stakeholder feedback on the report. Of the 18% who do not request feedback, reasons provided included:

- *Not specifically, but we re-test materiality on an annual basis, and by default, that will be a feedback loop from key stakeholders (internal and external).*

- *We don't have a systematic approach to seek for feedback, but we do carry conversations with some key internal and external stakeholders.*

- *Lack of resources*

- *No resources, feedback can be included in stakeholder engagement activities for next reporting cycle*

- *As a business to business company, it is more difficult to for us to know exactly who our stakeholders are for the sustainability report. If we had more traditional 'customers' we'd be more likely to do this.*
Q: How do you seek stakeholder feedback on the report once it has been issued?
‘Other’-
- Email x 4
- We periodically do an online reader survey - though not this year.
- Website contact
- Provide email address in report and online.
- In ongoing dialogues, meeting with selected investors and other relevant stakeholders on specific sustainability issues, where reporting is one of the topics on the agenda.
- Sent out as letter
- Dedicated email address for sustainability queries. We also use CorporateRegister.com and have met directly with consultants to hear their feedback, although we do not hold formal F2F dialogue sessions.
How do you use the feedback?

- Improve future reports x 6
- Inform future reports x 7
- Validate our efforts and continuous improvement of disclosure materials
- Feedback is used to shape our future reporting approach. Feedback on our strategy and performance is passed to the relevant teams within (company).
- Review and planning for next report; build into broader engagement and communications
- We include the focus of attention from the shareholders into the priority action.
- To report to the Board Committee and to influence subsequent reports.
- We use external stakeholder comments and recommendations from the External Citizenship Advisory Panel to make improvements to our report each year. In 2013, we made changes to content, design and format based on feedback.
- (Company) analyses their requests for information and, where possible and appropriate, incorporate these topics in the web or the following year in the CRR
- As input to the materiality assessment.
- Helps us determine if we are including information that is material to our stakeholders.
- We use it to improve the content for future years, as well to support initiatives for improved data gathering and reporting.

To improve/inform future reports
The 3 key issues for companies...(1)

1. **Environment/Health and Safety** 2. People (employees and communities). 3. the way we do business affects our employees and the **communities where we operate**.

1. **Environment**: This is vital for an energy company since we have a potentially big impact on environment but also the opportunity to create a positive difference. 2. **Social**: Employees are most important resource we can have. 3. **Business Integrity**: Our way of conducting business in a transparent and responsible way.

1. **Safety performance**. 2. **Environmental performance** (GHGs, water use, spills etc). 3. **Community investment**

1. **Climate change** and the energy challenge. 2. **Safety** 3. **Environmental** and **social issues**

1. To tackle **climate change**, protect the eco-environment and guarantee safe energy supply, the energy structure adjustment will be inevitable. 2. **Attention paid to environment protection** and whole life-cycle environmental protection management because of SD. 3. Devote to humanitarian engagements, volunteer service and making joint efforts to build the community, because the fundamental of enterprise social responsibility is to facilitate the economy and employment by enterprise development for giving back to the society with development achievement.

1. Major incident prevention and response - most frequently reported stakeholder concern and potential massive impact on the company. 2. **Social and economic impacts on communities** - broadest impact area and critical to understand and manage well to meet societal expectations. 3. **Occupational health and safety** - key indicator of reliable and safe operations

1. **Safety**. 2. **Environment**. 3. **Employees**.

1. **Social Performance** - social license to operate is key 2. **Environmental performance** - of most interest to internal stakeholders and some investors. 3. **Data Transparency** - important issue for sector

1. **climate change** 2. **water** 3. **stakeholder relations and communities**
The 3 key issues for companies cont...(2)

1. **Environmental performance** (energy, emissions, water, waste, spills). 2. **Health and Safety performance**, including driving safety. 3. Employee volunteering and support for charitable causes

1. Benefits of natural gas in low carbon economy. 2. **Community engagement** - to help us gather community support for development projects. 3. Workforce composition, capability and commitment

1. **(Occupational) Safety**. 2. Human resources and diversity. 3. **Emissions**

1. **GHG emissions**. 2. Spill performance. 3. **Personnel safety**

1. **Greenhouse gas emissions**. 2. hydraulic fracturing. 3. **Community engagement/investment**

1. **Climate change** 2. Environmental accidents: spills. 3. Human rights, including occupational Health and safety

1. **Climate change** - high materiality 2. **Safety** - high materiality 3. Revenue transparency

1. **Operational Excellence/Environment** 2. **Operational Excellence/Health & Safety** 3. **Social Performance**

1. **Safety** 2. Climate change. 3. **Working with local communities**

1. **Air Emissions**. 2. **Workplace Safety**. 3. **Social Performance**


1. **Climate change** 2. Shale energy development -- address controversy head on with fact-based reporting 3. **Social responsibility (stakeholder engagement, social risk and impact management, community benefits)** - importance to license to operate

1. **Climate change** 2. **Environmental management** 3. Business ethics


1. **Climate change**. 2. **health & safety**. 3. **societal needs**

1. Water use 2. **safety** 3. **GHG emissions**
And the top responses....

**Grouped responses for the question:**

**Q. What are the three key issues that your company reports on and why?**

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<th>Rank</th>
<th>Issue</th>
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<tr>
<td>1</td>
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**2012 results:**

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What are the 3 most important emerging issues you think your company will report on in future? … (1)

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<td>1. Climate change</td>
<td>2. <strong>Land use/cumulative effects</strong></td>
<td>3. Workplace/board diversity</td>
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<td>1. Water supply and quality</td>
<td>2. Human rights</td>
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<td>1. Economic impact: growth, competitiveness and job creation</td>
<td>2. Local stakeholder engagement</td>
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<tr>
<td>1. Supply chain</td>
<td>2. Waste</td>
<td>3. <strong>Mental Health</strong></td>
</tr>
<tr>
<td>1. Efforts to mitigate risks assoc with field operations</td>
<td>2. Community eng methods</td>
<td>3. Materiality assessment</td>
</tr>
<tr>
<td>1. Climate Change risks and opportunities</td>
<td>2. Social educational projects</td>
<td>3. <strong>Hydrogen mobility</strong></td>
</tr>
<tr>
<td>1. New operating environments (Arctic, unconventional resources)</td>
<td>2. Value chain</td>
<td>3. Water management</td>
</tr>
<tr>
<td>1. <strong>Investor divestment</strong></td>
<td>2. Supply chain – local capacity building</td>
<td>3. <strong>Climate change and sovereign risk</strong></td>
</tr>
<tr>
<td>1. Long term climate change vision and strategy</td>
<td>2. Financial transparency (reporting of taxes paid)</td>
<td>3. supply chain</td>
</tr>
</tbody>
</table>
And the top responses...

Grouped responses for the question:
Q. What are the three most important emerging issues that you think your company will be reporting on in the future?

1. Climate change risks  8
2. Supply chain  6
2. Water  6
4. Human rights  5
  Transparency  5
  Local stakeholder engagement  4
  Methane and flaring  3
5. Economic impact  2
  Waste  2
  Workforce  2

Others:
- Hydraulic fracturing
- Air emissions
- Ecosystem services
- Land use
- Workforce/board diversity
- Community investment
- Alternative energy
- Investor divestment
# Emerging issues – 2014 compared to 2012

### 2014

<table>
<thead>
<tr>
<th>Position</th>
<th>Issue</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Climate change risks</td>
<td>8</td>
</tr>
<tr>
<td>2</td>
<td>Supply chain</td>
<td>6</td>
</tr>
<tr>
<td>2</td>
<td>Water</td>
<td>6</td>
</tr>
<tr>
<td>4</td>
<td>Human rights</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Transparency</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Local stakeholder engagement</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Methane and flaring</td>
<td>3</td>
</tr>
<tr>
<td>5</td>
<td>Economic impact</td>
<td>2</td>
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<tr>
<td></td>
<td>Waste</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Workforce</td>
<td>2</td>
</tr>
</tbody>
</table>

Climate change risks clearly the most significant emerging issues over the past 2 years.

### 2012

<table>
<thead>
<tr>
<th>Position</th>
<th>Issue</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Water</td>
<td>8</td>
</tr>
<tr>
<td>2</td>
<td>Biodiversity/sensitive areas</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Human rights</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Unconventionals/gas from shale</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Revenue transparency/anti-corruption</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>Social performance/societal role</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Human resources/employee attraction and retention/labour shortages</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Environmental performance and value chain</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Climate change</td>
<td>3</td>
</tr>
</tbody>
</table>
Q. Do you use the IPIECA, API, OGP Oil and Gas Industry Guidance on Voluntary Sustainability?

- Yes: 65%
- No: 35%

No's
- 4 non-members
- 2 members

83% in 2012.

Q. Why do you not IPIECA, API, OGP guidance?

- We use GRI due to *legitimacy externally*. IPIECA is not well known by our regulators and stakeholders - however we might use the IPIECA standard going forward to get guidance on industry practice with regards to new indicators. Will reference if used.

- We have not in the past because we *used the GRI*, but we have decided not to use this framework because it's turned into too much of a tick box exercise, we are now looking at the feasibility of using IPIECA guidelines instead as they are more aligned with our industry and business.
How has the IPIECA Guidance helped?

- Sector specific indicators very important, plus cross-referenced with G4 adds additional level of confidence among stakeholders that are more familiar with GRI.
- Ideas for extending / improving our reporting on material issues.
- IPIECA may be used for guidance on industry standards where GRI is unclear.

94% reference their use of the Guidance
Environmental indicators - reporting

Sample: 16 companies

More companies report to Other for E3, E4 and E8 than Supplemental

No reporters to Other for E5 and E9
Health and safety reporting

100% report to common for HS1 and HS3
Social and economic SE1-SE10

SE1 has 50% of reporting to Supplemental

- SE1 Local comm impacts and eng: 50% Common, 38% Supplemental, 13% Other, 6% NA
- SE2 IPs: 38% Common, 38% Supplemental, 6% Other, 6% NA
- SE3 Invol resettlement: 44% Common, 31% Supplemental, 13% Other, 6% NA
- SE4 SI: 38% Common, 31% Supplemental, 13% Other, 6% NA
- SE5 Local content practices: 19% Common, 13% Supplemental, 13% Other, 6% NA
- SE6 Local hiring practices: 25% Common, 19% Supplemental, 19% Other, 6% NA
- SE7 Local procurement and supplier dev: 25% Common, 19% Supplemental, 19% Other, 6% NA
- SE8 HR due diligence: 69% Common, 25% Supplemental, 13% Other, 6% NA
- SE9 HR and suppliers: 69% Common, 25% Supplemental, 19% Other, 6% NA
- SE10 Security and HR: 75% Common, 25% Supplemental, 19% Other, 6% NA

Legend: Common, Supplemental, Other, NA
**SE15 50% of reporting to Supplemental**

Bar chart showing the percentage of reporting for various social and economic issues from SE11 to SE18.

- **SE11 Preventing corruption**: 94% common, 25% supplemental, 25% other, 6% NA
- **SE12 Preventing corruption b-ptnrs**: 75% common, 0% supplemental, 19% other, 6% NA
- **SE13 Trans payments to host govs**: 75% common, 13% supplemental, 13% other, 6% NA
- **SE14 Advocacy and lobbying**: 81% common, 31% supplemental, 13% other, 6% NA
- **SE15 Workforce diversity and inclusion**: 88% common, 31% supplemental, 13% other, 6% NA
- **SE16 Workforce eng**: 50% common, 6% supplemental, 6% other, 6% NA
- **SE17 Workforce training and dev**: 44% common, 6% supplemental, 6% other, 6% NA
- **SE18 Non-retaliation & grievance systems**: 94% common, 6% supplemental, 6% other, 6% NA
• 79% use GRI 3.1 in the development of their reports

Q. How have GRI 3.1 Guidelines and the OGSS assisted you in the development of your report?
• GRI reporting standards have, over the years, been an important driving force in driving consistent, quality sustainability reporting across different sectors.
• As a reference only
• Improved transparency of reporting indicators across business activities
• Data links to investor surveys e.g. DJSI
• GRI cross reference table enables readers with a GRI context to locate specific content.
• Some of the indicators are very detailed and difficult to fulfil.
• We cross-reference
• Helps identify a standard methodology for metric generation
Q: Why do you not use GRI 3.1 and the Oil & Gas Sector Supplement?

‘Other’

- **GRI Reporting Guidelines** have provided support in the setting up of the Group’s processes for compiling non-financial data. However, in our opinion, the value of non-financial reporting could be enhanced if the indicators or choice of indicators were more in keeping with our business. For this reason we have chosen not to report in accordance to GRI. We will follow the development in international reporting standards for non-financial reporting in order to continuously evaluate which reporting form provides our stakeholders with the fairest picture of the Group.

- We have used GRI for several years however the new developments have increasingly made this reporting framework **too resource intensive** for the value that we get out of it. We perceive there is no interest from our key stakeholders and we believe that we are reporting extensively and transparently without following GRI.
26% use the GR4 in the development of their reports

Q. How has the GRI 4 assisted you in the development of your report?
• Re-focus on materiality and 'latest-and-greatest' guidelines going forward.
• Link to investor surveys
• Cross reference/index
• Same as GRI G3 - methodology

- Other (please specify) 57%
- Improved comparability with industry peers 57%
- More consistent with the industry standard 57%
- More focus on the material issues for our organization 57%
- Better engagement with stakeholders 43%
- Improved quality 43%
Q: Why do you not use GRI 4 in the development of your report?

‘Other’
- Unavailable resources
- Uncertainty of use within industry
- Too difficult
- Planned to use it in the upcoming report
- We are in the process of transitioning, but have not yet changed our reporting format/content
- Will probably be used in the future
- Plan to adapt to G4
- **Our CEO responds to the "grading" system, so we will stick with GRI 3.1 as long as possible.**
- Not ready yet to use it (G4 Core). Decision to be made later this year whether to use G4, or not.

Overall uncertainty remains over use of G4
GRI G4...

Q: Do you plan to use version GRI G4 when developing future reports?
- Yes, 36%
- No, 14%
- No decision made yet, 50%

Q: When do you plan on using GRI G4 in developing future reports?
- In 2014: 9%
- In 2015: 64%
- In 2016: 9%
- Other (please specify): 18%

Q: Why do you not intend to use version GRI G4?
- Too much focus on supply chain
- We are no longer using GRI
Q: Do you have any comments regarding your consideration of using GRI G4?
- Company is still deciding on its suitability
- Considering stepping away from GRI at this point. Has pushed too far and made the process too onerous.
- Many indicators not relevant. Very onerous. Seems sometimes to be data for sake of data. Some descriptions unclear.
- In accordance Core option could be perceived as a way back for a G3.1 A+ reported; still, In accordance Comprehensive option is hardly to be reached in the near future.
- We will use it to inform us of what some stakeholders view as important issues.
- We used as a cross reference for our 2013 report.
- Will wait to see adoption rates for core versus comprehensive.
- We do not believe that our CEO will relate well to the "in accordance with" approach. Also, it will require additional resources to address many of the new quantitative indicators, and our reporting organization has gotten smaller.
- A formal decision has not been made yet, but even using level G4 Core might prove to be too challenging (and G4 comprehensive is not achievable).
**UN Global Compact Ten Principles**

- **Yes, 43%**
- **No, 57%**

**Other:**
- We primarily use GRI and IPIECA to support the development of our report.
- More flexibility to tailor to the issues that are most important to us. Clear alignment with material issues for sector.
- Meets stakeholder expectations
- No additional benefit, but membership requirement. When reporting based on GRI, UNGC automatically covered.
- We report because we are a signatory, otherwise there is no real value to our reporting.

**Q: Why do you not use the UN Global Compact’s Ten Principles?**
- 53% no perceived need, 27% use other standards, 13% does not fit stakeholder expectations
- (Company) is a US, onshore focused E&P, stakeholders would not expect UNGC alignment.
- Uncertainty on whether it's necessary or not.
- We have previously been Australia focused; now starting to build in UNGC Principles
- Although we have alignment, we are not signatories to the Global Compact
- We used to, but moved away from them.
The vast proportion (81%) of respondents have no current plans to produce an integrated report.

2012 higher number – but concerns that integrated was interpreted as combined by some responders.

Sample – 29 companies
• Important to bring non-financial risk and performance alongside financial disclosure and demonstrate holistically the management of all types of capital associated with our business

• Non-financial performance is key to strategy of our company. There are a variety of indicators that have a direct connection to our strategy and performance as the transformation of the energy sector, energy efficiency for (country) customers, CO2 emissions from our operations among others. Integrating those aspects to the life of the business is vital to the continuation of employee satisfaction safety vision and view in creating a sustainable business integrity

• Joined a pilot project on integrated reporting. However, we have not yet decided whether or not to perform IR. Currently we have plans to analyze this situation. The reasons to consider IR would be among others: to integrate financial and non-financial information in a single report to facilitate investment decision making and better understand the risks and opportunities that affect the company and how they influence the strategic decisions of the company

• Because sustainability was embedded in our business activities since the company was born but we need to communicate this through a document dedicated to describing how financial and non financial performance both contribute to value creation

50% will continue to produce separate sustainability report for foreseeable future, 50% TBC
Q: Do you use the Integrated Reporting Framework to report?

- 96% do not use the Integrated Reporting Framework in the development of their report.
- Of the 4% (1 respondent) who do use the Integrated Reporting Framework, it assisted through:
  - Improving quality
  - Better engagement with stakeholders
  - More focus on material issues for our organization

Q: Why do you not use the Integrated Reporting Framework?

- 42% No perceived need
- 19% Does not fit our stakeholders expectations
- 27% Use other standards
- 38% Other (please specify)
Q: Why do you not use the Integrated Reporting Framework? Other.....

- Under consideration but a challenge internally
- Uncertainty within industry.
- **We will continuously evaluate which reporting form provides our stakeholders with a fairest picture of the Group.**
- We produce a combined report (Annual Report and Form-20-F) which means we have less flexibility to change our style of reporting. We have found the new UK reporting regulations have helped us produce a Strategic Report that is focused on material issues - both financial and non-financial.
- **We have made a deliberate decision to de-couple our reports. this enables us to more effectively communicate with different stakeholder groups in a manner than is most suitable to their needs.**
- We are considering integrated reporting, but have not yet made the decision to do so
- Even if we produced an integrated report, the framework’s support would be quite limited as it is too general
- Plans to study the need
- **For many of the indicators, we only collect data annually and not within the tight timeframe as with the annual corporate report of SEC 10-K filing.**
Do you use any other tool in the development of your report?

**Other Tools included:**
- Numerous industry guidelines (e.g. SASB) and ESG rating and ranking methodologies (e.g. MSCI, Bloomberg, SAM/DJSI, etc.).
- Canadian Association of Petroleum Producers (CAPP) Responsible Canadian Energy Program
- DJSI as reference check
- We use investor surveys (CDP, Dow Jones, Sustainalytics, IW Finance) to determine areas of stakeholder interest that informs the content of our report
- (Company) Sustainability Scorecard
- Internal intensity based indicators

73% do not use any other tools in the development of their report
What additional tools could assist your company in developing sustainability reports?

- Sector guidance on integrated reporting: 57%
- Case studies on identifying material issues: 75%
- Case studies on stakeholder engagement processes: 54%
- Case studies on data collection and management: 39%
- None of the above: 4%
- Other (please specify): 7%

‘Other’: 
- Case studies and guidance material on KPI and performance reporting
- Intensity based and segment based indicators that facilitate benchmarking.
What key developments do you see for the future of reporting?

0% said less reporting in 2012

**‘Other’**:  
- More reporting among # of companies, but more focused in its content.  
- Greater focus on material issues, rather than comprehensive reporting. Reporters growing in maturity, perhaps moving away from traditional reporting guidance.  
- More concise reporting targeted around material issues and related to performance against strategy  
- More alignment between surveys to minimize the amount of work required. More sector-specific reporting guidance  
- Separation of the story i.e. linking strategy to sustainability and data/performance  
- More regulation on mandatory non-financial reporting  
- Reports to address specific issues (e.g. Unburnable carbon)
How do you think the industry, working together through IPIECA, could further assist your organization in reporting on sustainability performance? (1)

- Collaboration with other IPIECA member trades, specifically AXPC and IPAA.
- Through sharing of best practices
- Continuation of workshops and webinars to learn from peers.
- **Discussions with subsidiary companies** who continue to produce sustainability reports
- F2F meetings, peer review of reports, stakeholder engagement on reporting, and collective advocacy against a proliferation of reporting standards.
- **Producing broad range of global industry themes annually that could be used as reference**
- **Providing methods and definitions for more comparable reporting** - providing benchmarks - providing best practices for reporting
- Help with harmonization of all of the frameworks standards out there in order to ease the reporting burden and help companies focus more on meaningful and material reporting
- I think the IPIECA guidelines are good. They are targeted to oil and gas operators and more guidance for the service companies could be useful. For example, the boundary for reporting performance in field operations (energy use, water consumption) by service company vs. operator.
- Same as today, through an active RWG which enables exchange of information, experience and best practice, and active engagement with stakeholders and reporting initiatives.
- Consistency of interpretation of guidelines - IPIECA engaging in development/streamlining of other guidelines.
- Alignment through RWG is very helpful; maybe more knowledge sharing, e.g. on GRI G4 adaption
- **Case study development**
How do you think the industry, working together through IPIECA, could further assist your organization in reporting on sustainability performance? (2)

• Identifying material issues for sector - **Would be useful to conduct a workshop in which an example is presented on how to conduct a materiality study.** For certain issues that are managed at local level what is the best approach to report them since the material issues for the company as a whole are different than material issues at a local level for each country where we operate.

• **Drive the development of relevant indicators (segment/intensity based) and clarify calculation methods to facilitate performance benchmarking for a few, key indicators.** Drive simplification in standards and ratings/questionnaires through dialogue with standard setters. **Focus on highly material issues and improve indicators related to these, rather than expand the list of issues and indicators constantly.**

• **Continued updates and discussion of priority issues for assessing risk and impact.**

• Continue to support on integrated reporting and how this has been addressed in our industry.

• Keeping track and up-to-date on the myriad of new reporting guidelines and standards that are surfacing.

• Work to ensure metrics and methodologies within global or broad-reaching standards are consistent with other existing standards.

• I think that IPIECA has done an excellent job with developing guidance and providing support to member companies. It is possible that in the next several years member companies will want a robust alternative sustainability reporting framework that will be the de facto O&G sector standard. I think that industry concerns about the reporting indicators/requirements emerging from multiple external frameworks will require extensive new reporting resources, and companies will look to IPIECA for a common-sense reporting standard.
I'd like us to consider how we can raise our game. I think we are sometimes too close to the forest so we don't see the trees. Do we have the right people on the WG? Can we have one meeting a year where each member brings their Annual Report counterparts? Can we improve how we measure the business case? Can we make visible some numbers on time and money used to produce sustainability reports? Can we consider coming up with a new vision for sustainability reporting? I still think all reports contain way too much information that is not used. Are we clear on who is making what decisions based on sustainability reports? What would an ideal sustainability report look like - according to practitioners? What can we adopt as ambitions to challenge ourselves? Should we be thinking about standards for editorial content?

I am also interested in the resources applied and organisation structure of teams producing SD reporting.

IPIECA should have a stronger influence on GRI reporting (e.g. OGSS).

Reporting has become an onerous task. Looking to make it of more value and relevant to the business and interested stakeholders. Less emphasis on ticking process boxes.
• Has not been growth in web-only or quarterly/continuous reporting expected in 2012 (although some respondents still see this coming...)

• Benefits of reporting
  – Internal and external engagement
    • Constructive dialogue with stakeholders
    • Way to engage senior management
  – Annually updated, verified data and policy statements readily available for external communication with wide range of stakeholders and purposes

• Non reporting companies should report to..
  1. Meet stakeholder expectations
  2. Drive change
  3. Improve performance
Engaging stakeholders on sustainability reporting prevents internal focus and unbalanced reporting – acts ‘as a filter’

3 key issues for companies to report on:
- Health and safety
- Local communities – investment/impacts
- Climate change and GHG emissions

3 most important ‘emerging’ issues
- Climate change risks
- Supply chain
- Water

Overall uncertainty remains over use of G4

Respondents would welcome IPIECA developing case studies on materiality