



Item 05 - Project Proposal for an Oil, Gas, and Coal Sector Standard

For GSSB Approval

Date	12 March 2019
Meeting	25-26 March 2019
Project	Development of a Sector Standard for the oil, gas, and coal sector
Description	<p>This document sets out the revised project proposal to develop an Oil, Gas, and Coal Sector Standard. Note that the project name has been revised to reflect more clearly that coal is included within this project.</p> <p>In accordance with the Due Process Protocol the draft proposal was discussed by the GSSB at the 7 February GSSB meeting, and the Project Proposal was shared with the GRI Stakeholder Council and the GRI Board after this meeting.</p> <p>The GRI Stakeholder Council has commented on the proposal, and the proposal has been revised based on those comments. The GRI Stakeholder Council's comments are contained in Item 02. The GRI Board has also received the proposal, and individual GRI board members have provided feedback. The GSSB discussed the draft proposal at the 7 February 2019 GSSB meeting, but did not request amendments to the text of this proposal.</p>

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

Project background

This document sets out the revised project proposal to develop an Oil, Gas, and Coal Sector Standard. In accordance with the [Due Process Protocol](#) the draft proposal was discussed by the GSSB at the 7 February GSSB meeting, and the Project Proposal was shared with the GRI Stakeholder Council and the GRI Board after this meeting.

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This document is the final proposal for the development of an Oil, Gas and Coal Sector Standard, for approval by the GSSB.

Changes since previous version

The following changes have been made:

- The name of the project has been revised throughout the document to reflect more clearly that coal is included within the scope of the project.

- The timelines in table 2 and table 3 have been adjusted.

Oil, Gas, and Coal

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

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

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

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

31 Rationale for prioritization

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

37
38 The impacts of the oil, gas, and coal sector have been widely documented by intergovernmental
39 organizations such as the Organisation for Economic Co-operation (OECD), the International Labour
40 Organization (ILO), the UN Development Programme, and the UN Conference on Trade and
41 Development (UNCTAD), as well as by numerous civil society groups, such as Greenpeace, Center
42 for Biological Diversity (CBD), the Natural Resources Defense Council (NRDC), and Global Witness.²

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

48 **Economic Impacts:** The United Nations Development Programme (UNDP), the International
49 Finance Corporation (IFC), and IPIECA have highlighted the oil, gas, and coal sector's potential to fuel
50 economic growth through job creation and the provision of critical infrastructure and services,
51 including in developing countries where these needs are high.³ However, the OECD has identified
52 corruption and lack of transparency as hindering sustainable development in the oil, gas, and coal
53 sector.⁴

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

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

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

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

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

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

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

Sector-relevant reporting initiatives: The oil, gas, and coal sector is subject to diverse voluntary reporting initiatives and principles, including but not limited to the *OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractives Sector*, the International Finance Corporation (IFC) *Performance Standards on Environmental and Social Sustainability*, the Extractives Industry Transparency Initiative (EITI), and IPIECA's *Oil, gas, and coal industry guidance on voluntary sustainability reporting*.¹¹ The work of these organizations as well as others provides a broad foundation for building a common understanding of the sector's impacts.

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

Project objectives and scope

Objectives: The primary objectives of this project are to:

- identify and describe the oil, gas, and coal sector's significant impacts and stakeholder expectations, from a sustainable development perspective;

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

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

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

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

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

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

89 • provide evidence and authoritative references for these.

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

92 It is anticipated that this project will generate insight during the process itself on the feasibility of
93 developing reporting requirements, recommendations, and/or guidance for the sector. Any additional
94 content on management approaches is to be compatible for organizations to use together with *GRI*
95 *103: Management Approach*.

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

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

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

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

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

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

114 Next Steps

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

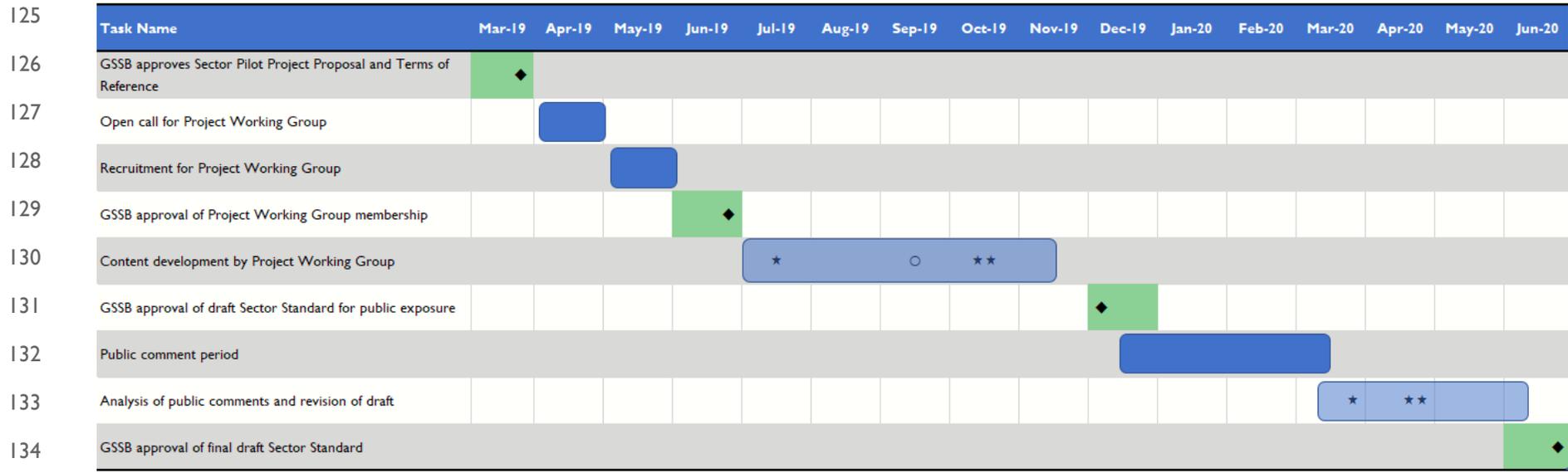
119 Table 2: Sector project milestones

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

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

- 122 **Key:**
- 123 GSSB Approvals ◆
 - 124 Project Working Group Meetings (Virtual) ★
 - 125 Project Working Group Meetings (In-person) ○



Discussion document