

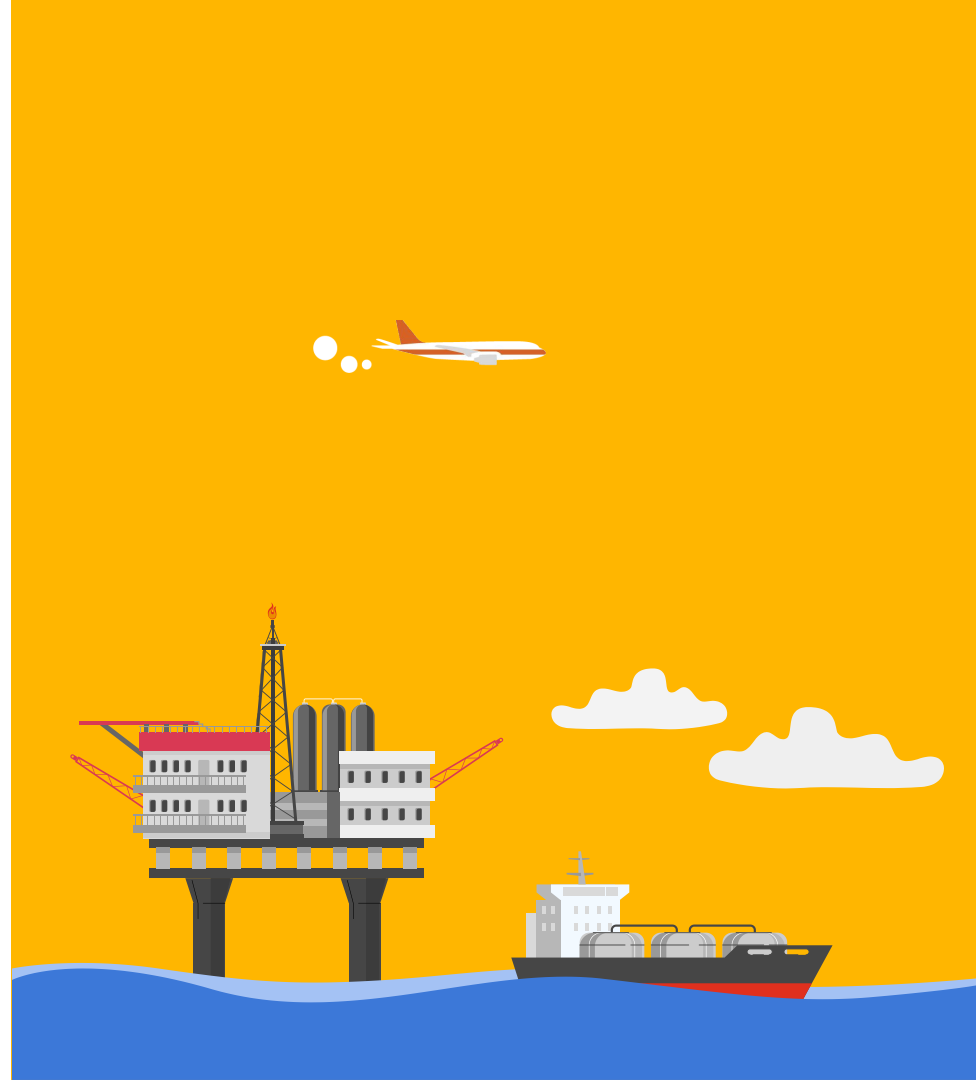
# Sector specific ESRS Oil and Gas

Presentation by  
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June 2024



# Agenda

- European Sustainability Reporting Standards (ESRS)
- The Oil and Gas Exposure Draft
- Reporting boundaries



# Why create the ESRs?



# What kind of information do the ESRS ask for?



# Architecture of ESRs

## 1. Sector agnostic requirements

### Strategy, management, impact, risks and opportunities



General requirements



General disclosures

#### Environment



Climate change



Pollution



Water and marine resources



Biodiversity and ecosystems



Resource use and circular economy

#### Social



Own workforce



Workers in the value chain



Affected communities



Consumers and end-users

#### Governance



Business conduct

## 2. Sector specific requirements

## 3. Entity specific requirements

# Sector groups and sectors

## 1. Sector agnostic requirements

## 2. Sector specific requirements



### Agriculture

Agriculture, Farming and Fishing  
Forestry and wood products



### Construction

Construction and Engineering



### Utilities

Power Production and Energy Utilities  
Water and Waste Services



### Entertainment

Recreation and Leisure



### Financial Institutions

Capital Markets  
Credit Institutions  
Insurance



### Health Care

Health Care and Services



### Hospitality

Accommodation  
Food and Beverage Services



### Manufacturing

Aerospace, defence and services  
Bioenergy  
Chemicals and polymers  
Construction Materials  
Electronics and electrical equipment  
Food and Beverages  
Machinery and Equipment  
Medical Instruments  
Metal Processing  
Motor Vehicles  
Paper and Wood Products  
Pharma and Biotechnology  
Textiles, Accessories, Footwear and Jewellery



### Mining

Mining, Quarrying and Coal  
Oil and Gas



### Real Estate

Real Estate



### Sales and Trade

Sales and Trade



### Services

Education  
Professional Services



### Technology

Information Technology  
Media and Communication

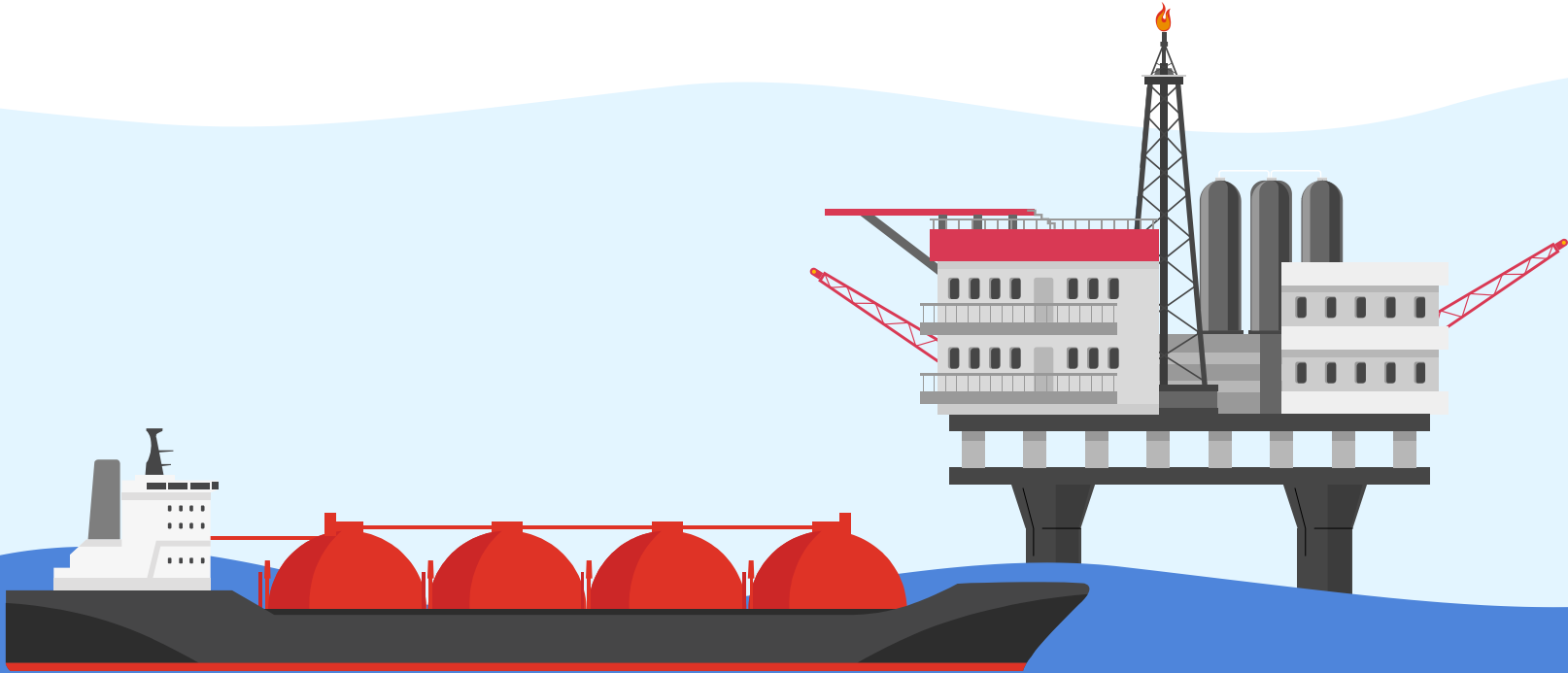


### Transportation

Other Transportation  
Road Transport

## 3. Entity specific requirements

# Creating the Oil & Gas Sector specific standard



# Built on existing frameworks....





# ...and what Oil and Gas companies already are reporting on.

## Materiality assessment

A materiality assessment was performed to identify and determine Equinor's material sustainability topics for 2023. The basis for the materiality assessment is the approach described in the GRI standard 3 Material topics 2021 universal standard issued by the Global Sustainability Standards Board, but expanded to a double materiality assessment informed by the approach described in the European Sustainability Reporting

in our 2022 annual report. They were also asked to provide other improvement proposals and additional topics to be considered. The survey, with about 40% response rate, showed a large degree of alignment with our internal assessment on relative materiality of the different topics. Through the survey we also received feedback that contributed to the decision to have Respecting human rights as a separate topic

### Material topics

| Strategic pillars | Material topics                                 |
|-------------------|---|
| Always safe       | Safe and secure operations                      |
|                   | Protecting nature                               |
|                   | Respecting human rights                         |
|                   | Workforce for the future                        |
|                   | Profitable portfolio                            |
|                   | Energy provision and value creation for society |
|                   | Integrity and anti-corruption                   |
|                   | Net-zero pathway                                |

## Risk factors

Response and measures used to manage or mitigate our risks are embedded in our governance and business management system complemented by our risk management framework. Risk management is integrated in our activities and permeates and supports our decision-making. Communication of risks arising across the value chain and assets is ensured by our enterprise risk process, which encompasses all business units.

The risk factors highlighted below could have a material adverse effect separately, or in combination, on our financial condition. They are classified according to three categories: Operational, Strategic and Financial. Aker BP must manage:

### Geopolitical situation

Ongoing conflicts worldwide present potential threats to global political and economic stability. Such conflicts may exert influence on energy markets both directly through disruptions to supply and demand, through government-imposed sanctions and changes in global trading patterns, and indirectly through changes in market behaviour caused by increased uncertainty.

### Impact

The geopolitical situation has caused significant business disruption, volatility in international debt and equity markets, and disruption to the global economy in the short term. General instability



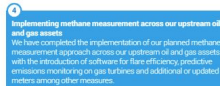
## Sustainability at Shell

Welcome to the Shell Sustainability Report, which covers our social, safety and environmental performance in 2023.

- 02 Letter from the CEO
- 04 Powering Progress
- 05 Our approach to sustainability
- 08 About this report

## 2023 sustainability progress




Since launching our net zero aims in 2020 and our people and planet aims in 2021, we have been in action to deliver them. In 2023 we made progress across these three focus areas.



- Key:
- 1 Set to net zero
  - 2 Improve people's lives
  - 3 Care for our planet

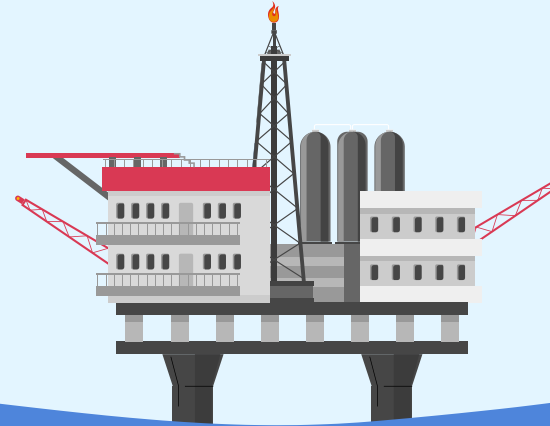


# Most relevant sustainability matters

|   |                    | Environment  |  |   |   |  | Social  |                                |   |                             | Governance  |
|---|--------------------|---|--|---|---|--|--|--------------------------------|---|-----------------------------|--|
| Topics  |                    | E1: Climate change  | E2: Pollution                                    | E3: Water & marine resources                                      | E4: Biodiversity & ecosystems                     | E5: Resource use and circular economy              | S1: Own workforce  | S2: Workers in the value chain | S3: Affected communities                          | S4: Consumers and End-users | G1: Business conduct   |
| Supposed material Sub-topics and sub-sub topics |                    | Climate change adaptation   | Pollution of air, water and soil                 | Water withdrawals   | Direct impact drivers of biodiversity loss        | Resources inflows, including resource use          | Working time and Work-life balance   | Health and safety              | Communities' economic, social and cultural rights |                             | Corporate culture  |
|   |                    | Climate change mitigation   | Pollution of living organisms and food resources | Water consumption   | Impacts on the state of species                   | Resource outflows related to products and services | Adequate wages and secure employment   | Working conditions             | Communities' civil and political rights           |                             | Political engagement and lobbying activities   |
|   |                    | Energy  | Substances of concern                            | Water use   | Impacts on the extent and condition of ecosystems | Waste  | Freedom of association and collective bargaining   | Diversity                      | Indigenous peoples                                |                             | Management of relationships with suppliers including payment practices                         |
|   |                    | Methane   | Substances of very high concern                  | Water discharges in water bodies and in the oceans                | Impacts and dependencies on ecosystem services    |  | Training and skills development  | Other work-related rights      |   |                             | Corruption and bribery   |
|   |                    |   |  | Habitat degradation and intensity of pressure on marine resources |   |  | Health and safety  |                                |   |                             | Cyber security   |
|   |                    |   |  |   |   |  | Measures against violence and harassment   |                                |   |                             |  |
|   |                    |   |  |   |   |  | Diversity  |                                |   |                             |  |
|   | Industrial hazards |   |  |   |   |  |  |                                |   |                             |  |
|   | Closure of assets  |   |  |   |   |  |  |                                |   |                             |  |

# Types of sector specific disclosure requirements

1. Additions/specifications to agnostic **disclosure** requirements
2. Additions/specifications to agnostic **application** requirements
3. **Original** Oil and Gas disclosure requirements



# Oil and Gas Sector Disclosure Requirements

| ESRS 2 General Disclosures |  |
|----------------------------|--|
| IRO-2                      | Conclusions on material matters and reported information |
| SBM-1                      | Activity indicators                                      |
| SBM-2                      | Stakeholders   |
| IRO-2- OG                  | Disclosure requirements                                  |

| ESRS 2 Application requirements |                   |
|---------------------------------|-------------------|
| ESRS GOV 4                      | Due diligence     |
| ESRS SBM 3                      | Vulnerable groups |

| Cross-topical Sector Disclosure |                              |
|---------------------------------|------------------------------|
| OG 1                            | Mapping of operational sites |
| OG 2                            | Oil and Gas Reserves         |
| OG 3                            | Industrial hazards           |
| OG 4                            | Closure of assets            |

| Environmental Disclosures |                                    |
|---------------------------|------------------------------------|
| ESRS E1 - OG              | Climate Change                     |
| OG 5                      | CO2 Abatement                      |
| ESRS E2 - OG              | Pollution                          |
| ESRS E3 - OG              | Water and Marine Resources         |
| OG 6                      | Water and Marine resources Metrics |
| ESRS E4 - OG              | Biodiversity and ecosystems        |
| ESRS E5 - OG              | Circular Economy                   |

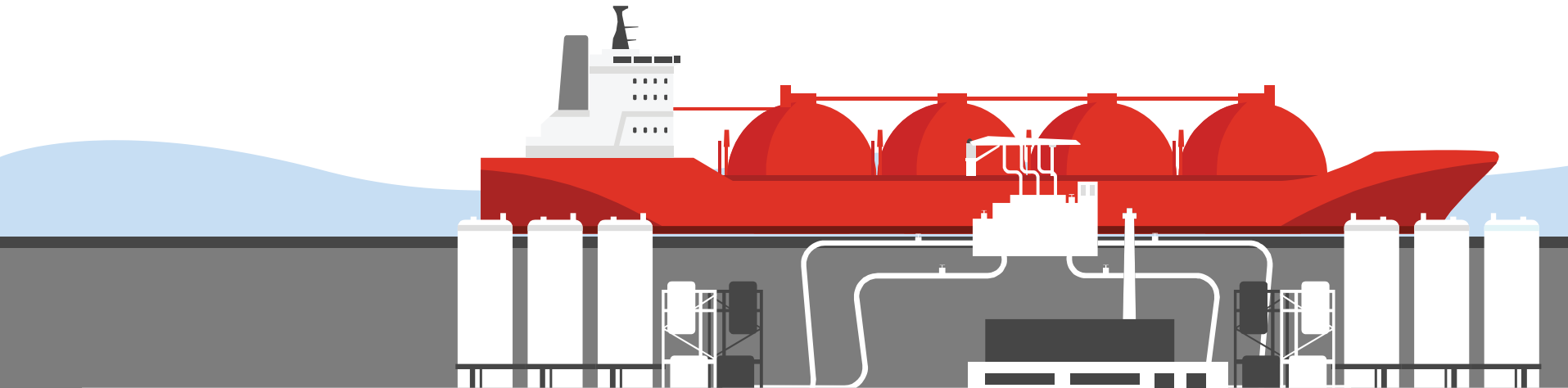
| Social Disclosures |   |
|--------------------|---|
| ESRS S1-OG         | Own Workforce   |
| OG 7               | Work Stoppages  |
| ESRS S2- OG        | Workers in the Value Chain                                    |
| ESRS S3-OG         | Affected communities - indigenous people                      |
| OG 8               | Security personnel  |
| OG 9               | Engagement with affected communities and grievance mechanisms |
| OG 10              | Human rights and environmental defenders                      |

| Governance Disclosures |   |
|------------------------|---|
| ESRS G1 - OG           | Business conduct                          |
| OG 11                  | Transparency about contracts and licenses |
| OG 12                  | State-aid and competition                 |
| OG 13                  | Beneficial ownership                      |
| OG 14                  | Oil and Gas purchased from states         |
| OG 15                  | Cybersecurity                             |

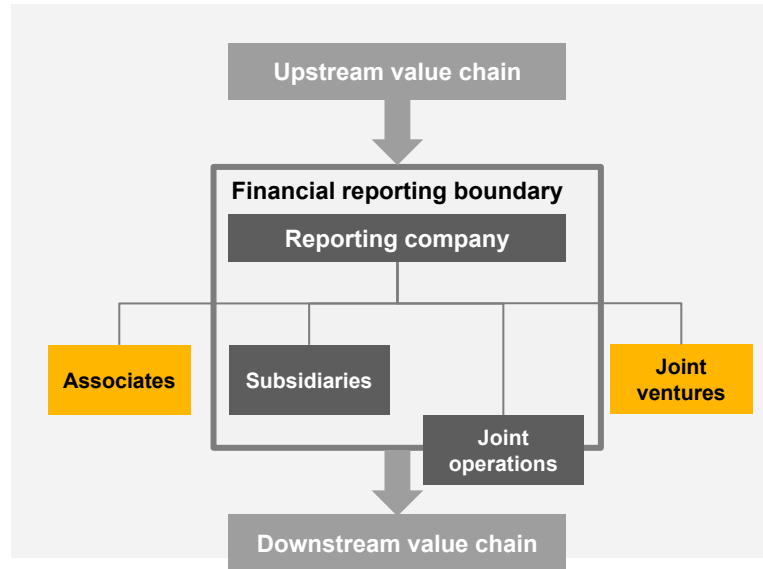
# Several topics still being discussed

- Definition and extent of operational sites
- Reserves definition
- Granularity
- Topics that are not Oil and Gas specific
- Materiality assessment in the sector standards

Delta i prosessen  
og gi tilbakemelding  
ved høringsrunden!



# Reporting boundary



**Associates and joint arrangements** may form part of the upstream or downstream **value chain**

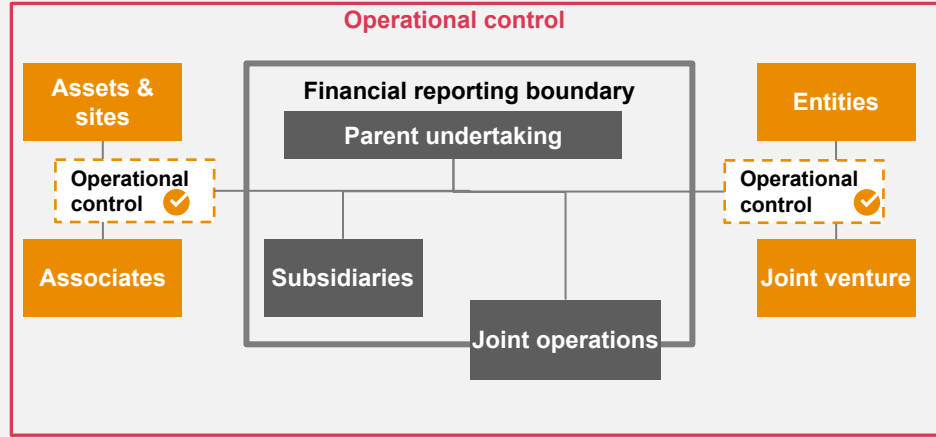
The sustainability statement shall be for the same reporting undertaking as the financial statements. - ESRS 1.62

The information about the reporting undertaking provided in the sustainability statement shall be extended to include information on the material impacts, risks and opportunities connected with the undertaking through its direct and indirect business relationships in the upstream and/or downstream value chain (“value chain information”) - ESRS 1.63

This means that its assets and liabilities forming part of the financial perimeter are own operations rather than value chain. - IG2.39



# Selected E-standards - additional operational control reporting



## Operational control

(over an entity, site, operation or asset) is the situation where the undertaking **has the ability to direct the operational activities and relationships** of the entity, site, operation or asset.

## Which GHG emission are included

- **consolidated accounting group**; and
- **investees** such as associates, joint ventures, or unconsolidated subsidiaries, as well as contractual arrangements that are joint arrangements not structured through an entity (i.e., jointly controlled operations and assets), **for which it has operational control**.

# GHG emissions reporting - financial vs operational control

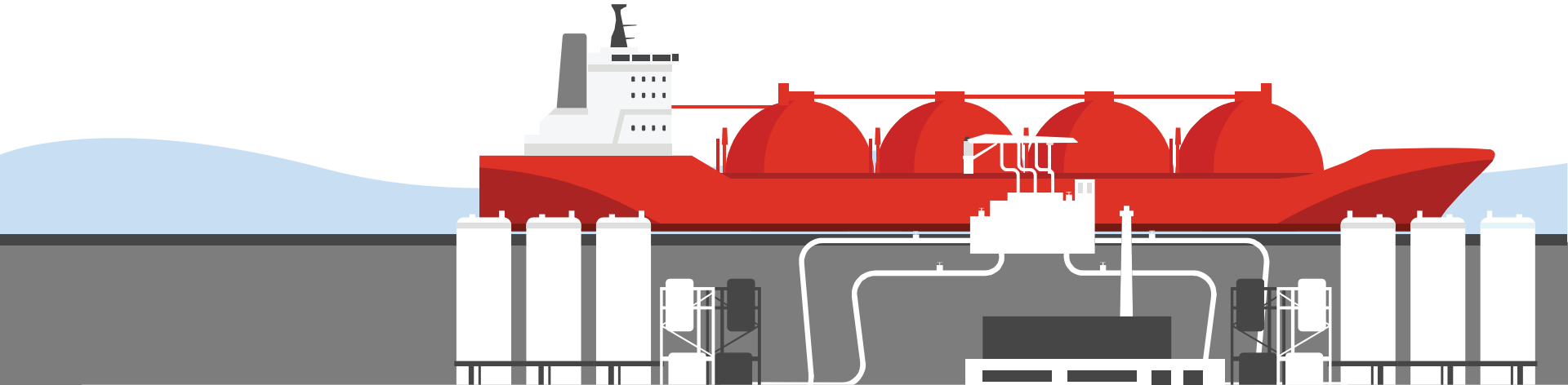
ESRS requires undertakings to disclose scope 1 and 2 emissions under operational control (50b) separately from emissions under financial control (50a). This is further explained in value chain implementation guidance

| Relationship                     | Financial control   | If operational control      |                                 |
|----------------------------------|---|-----------------------------|---------------------------------|
|                                  |   | Scope 1 & 2                 | Scope 3                         |
| Subsidiary                       | Yes - 100% of scope 1, 2 and 3                                    | N/A                         | N/A                             |
| Associate                        | No - share of scope 1 and 2 included as Scope 3 (cat 15)          | 100%                        | 100%                            |
| Investment                       | No - share of scope 1 and 2 included as Scope 3 (cat 15)          | Probably N/A                | Probably N/A                    |
| Joint venture                    | No - share of scope 1 and 2 (and 3?) included as Scope 3 (cat 15) | 100%                        | 100%                            |
| Joint operations                 | Yes - Share of scope 1, 2 and 3                                   | Additional share up to 100% | Additional share up to 100% (?) |
| Entity, site or asset (e.g. TSP) | No  | 100%                        | 100% (?)                        |



# Some closing remarks

- GHG emissions related to products and services from the value chain may result in additional scope 3 emissions for share of impact for all relationships
- Scope 3 reporting under operational control for joint operations? (ESRS E1.AR.46.h.ii)
- GHG intensity reporting - includes emissions under operational control.



# Takk for oss!



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