# Oil and Gas Exposure Draft

## Illustration of datapoints in ESRS OG ED not deriving from other standards

### Objective

1 To summarise the sources of data points in ESRS [draft] Oil and Gas ('ESRS OG ED') with a focus on understanding of those data points that are stemming from EFRAG.

### Clarification on counting of datapoints on policy target and actions (PAT)

2 One of the key elements in the sector ESRS architecture lengthy discussed in EFRAG SR TEG is how to appropriately frame the sector specifications of PAT datapoints of topical standards (agnostic) that are being proposed in the OG ED. An example for climate change, previously counted as four datapoints, is:

*When reporting its **policies**, **actions** and **targets** related to management and abatement of methane and its other GHG emissions according to ESRS E1-2, E1-3 and E1-4, the undertaking shall specify whether and how they address:*

(a) *implementation of Leak Detection & Repair (LDAR) programmes;*

(b) *addressing the methane leakages found as a result of the regular monitoring surveys;*

(c) *GHG emissions from Scope 3 category 11 'Use of sold products'*

(d) *methane emissions.*

3 The relevant datapoints here are the disclosure of PAT stemming from E1-2, 3 and 4 in Set 1. The items in (a), (b) and (c) in the OG ED specify a required content to be included when reporting on those relevant datapoints of Set 1, only when the content of the existing PAT of the undertaking do cover (a), (b) or (c). The undertaking is not required to report per each item of (a), (b) and (c) that it does not have PAT in place as this is only required at level of datapoint (PAT of E1-2, 3 and 4). Therefore, those can be seen as "qualifiers" of the PAT reported at Set 1 level (whether and how the PAT cover a specific sector aspect).

4 This is aligned with the methodology adopted in digitalization of Set 1, where similar qualifiers have been used when a disclosure of PAT goes one level down the sub-sub topic in AR 16 and this level below sub-sub topic is not counted as a separate datapoint. The XBRL taxonomy foresees semi-narrative XBRL items (enumerations and booleans) for these qualifiers so that there are no details in the substance that are lost in the digitalization.

5 As there are 16 items of this nature in the ED, the counting of datapoints has been revised from the latest version of the indicative counting.

### Evolution of datapoint count

6 The indicative datapoints counting presented on 26 June 2024 included a total count of 223 datapoints. This number was updated and it decreased due to the following refinements:

(a) reclassification of the PAT datapoints counting according to the explanation above

(b) decision to move ESRS 2.IRO.OG Disclosure Requirement to SEC1

(c) first review carried out together with the EFRAG XBRL team resulting with an initial alignment of datapoints for digitisation purposes (ongoing)

(d) reduction of the datapoints and streamlining of the exposure draft following the feedback of the SRB in July 2024

### Disclaimer: quality control ongoing

7 The mapping exercise presented is still subject to quality control and will be continuously improved and reviewed by the EFRAG XBRL team in the coming weeks and months (including during the future public consultation).

8 Further potential to reduce the datapoints and their corresponding XBRL elements in the XBRL taxonomy will be given by re-using ESRS Set 1 sector-agnostic items. In fact, many O&G datapoints relate to ESRS Set 1; so it is likely that the list still includes some items being double-counted, when reading the count in conjunction with Set 1.

9 A revised mapping will be produced in the next phases. In the meanwhile, the EFRAG Secretariat considers it reasonably robust to support the EFRAG SRB approval of the consultation document.

### Results

10 The table below shows the resulting summary of metrics datapoints in ESRS OG ED:

| **Datapoint source** | **Total count** | **Metrics count** |
|---|---|---|
| 1. EFRAG datapoints, including | 49 | 41 |
| *Incl. EFRAG specification of other frameworks** | *35 (71%)* | *30 (73%)* |
| 2. EFRAG financial effects | 8 | 8 |
| 3. EU Regulations | 19 | 14 |
| 4. Other frameworks (i.e., GRI, SASB, IPIECA) | 112 | 84 |
| 5. SEC | 3 | 3 |
| **TOTAL** | **191 **** | **150** |

* The sub-category of 'EFRAG specification of other frameworks' was proposed to highlight EFRAG datapoints that are closely linked with existing disclosures, but provide additional levels of granularity, or offer an alternative version of these disclosures.

### Explanation of datapoints stemming from EFRAG

Datapoints in sub-category 'EFRAG specifications of other frameworks' are marked with asterisk by the paragraph number (*)

| Disclosure | Ref. | Explanation |
|---|---|---|
| ESRS 2.SBM1.OG – Activity indicators | **21 (a) and (b)** | The datapoint on production forecasts is stemming from feedback received from sector community (institutional investor body representing majority of EU asset managers) which suggested including production targets split by fuel. Received feedback highlights that such information, previously considered commercially sensitive, is now voluntarily provided by some European companies already, albeit in an inconsistent way, which further reinforces the need for standardised reporting requirements on this topic.<br><br>The provision also reflects TEG request on 6 June 2024 to include within the business strategy disclosure a measure of the direction for transition.<br><br>The datapoints included in OG ED are built on Net Zero Standard for Oil & Gas (5.v.b to 5.v.h) developed by IIGCC with support of the Transition Pathway Initiative (TPI).<br><br>Additional datapoints that were proposed by individual TEG members after TEG approval, but were not included in the OG ED are:<br>• Medium- to long-terms plans for oil and gas production (separately and combined) in barrels of oil equivalent, complemented by:<br>  ○ Year of phaseout from oil production and year of phaseout from natural gas production<br>  ○ description how these production plans and phaseout-dates are consistent with 1.5°C aligned climate scenario.<br>• Share of energy production by fossil/renewable sources at medium and long-term target years, complemented by:<br>  ○ description how the O&G company is planning to transform its business model away from the production and sale of fossil fuels<br>• Ratio of brown Capex vs green Capex on rolling period of 5 years, understood as: ratio of investments in coal, oil and natural gas-related activities and investments in renewable energy or, alternatively: share of Capex in renewable energy projects vs. total Capex for the reporting year, until 2030 and until 2050<br>  ○ complemented by a disaggregation of Capex for specific renewable energy sources (e.g. offshore-wind, renewable hydrogen, CCUS, biofuels)<br>• Carbon intensity of energy sold (all types)<br>• Breakdown of investments in billions of euros: Petroleum products, Gas, Low-carbon energy<br>• Evolution of installed renewable electricity capacity in gigawatts<br>• Trends in oil and gas production in barrels of oil equivalent<br>• Carbon intensity of energy sold (all types) |
| OG 01. Mapping of business sites | **24(a)*** | The datapoint is proposed to streamline and improve the identification of site classification proposed in the standard. It also reflects the conceptual assumptions of GRI 11.4.2, which requires additional provisions on description of site, such as size of site, or type of operation. |
| | **24(c)** | This datapoint is proposed to clarify the application of the reporting boundary (financial or operational) with regards to the individual site. |
| | **24(e)iii.2.** | This binary datapoint relates to whether negative impacts connected to land rights arise for a OG1 business sites as land rights is a common denominator or trigger for a number of Affected communities matters across the various frameworks (e.g., GRI 11.16) and its site specific. Hence, the decision taken by SR TEG to move the disclosure from ESRS S3 to cross-cutting. |
| | **24(e)iii.3.** | Same logic as the point above. Binary datapoint only to be marked as yes when applicable, i.e., material negative impacts that relate to the economic and social rights of affected communities as this is site specific information. |
| | **24(e)iii.4.*** | Paragraph 24(e)iii.3. mirrors GRI 11.15.3 with a revised level of granularity for this binary datapoint which is the business sites of OG1. |

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| | **24(e)iii.5.*** | Following the same logic as the points above, this binary datapoint concerns whether hazardous waste storage at OG1 business sites results in negative impacts on local communities' level. |
| | **27 (a) - (e)*** | The percentage breakdown of reserves is built on SASB EM-EP-160a.3, EM-EP-210a.1 and EM-EP-510a.1, which requires disclosures corresponding to points (a), (c), (d), and (e). Disclosure related to the last point of areas of high-water stress was added by EFRAG resulting in classification of datapoint (table) as further specification. The datapoint was classified as derived from EFRAG to ensure full transparency. |
| | **35(b)*** | Paragraph 35 (b), proposed by EFRAG, aims at accounting for the specific work-related hazards in the Oil and Gas industry. Hazardous work environments and health and safety at work are extensively covered in **EU legislation** supporting paragraph 35(a) and (b).<br><br>This datapoint is captured in Directive 2002/44/EC on the minimum health and safety requirements regarding the exposure of workers to the risks arising for physical agents (vibration). It lays down minimum requirements for the protection of workers from risks to their health and safety arising or likely to arise from exposure to mechanical vibration. In addition, typical hazards in the industry are also related to ergonomics-related injuries like heavy-lifting, bending, reaching higher objects, or working hours with optimal posture. |
| | **36*** | Specification of ESRS S1-14 disclosures for chemical hazards. This disclosure emanates from **EU legislation** such as the Directive on protecting workers from risks of exposures to carcinogens or mutagens and Directive 2014/34/EU on equipment and protective systems for use in explosive atmospheres.<br><br>In addition, the EU has specific laws pertaining to the safety in the extractives industry such as Council Directive 92/104/EEC on the minimum requirements for improving the safety and health protection of workers in surface and underground mineral-extracting industries. |
| OG 04. Closure of assets | **43*** | Specific datapoint proposed to cover a social standard with no metrics in set 1 (ESRS S3). The description of the engagement with affected stakeholders is a common datapoint in SASB, GRI and IPIECA and **just transition** for the extractive industries is a core sustainability matter which is reflected in this metric; hence, this datapoint meets a twofold objective. In the case of SASB, the stages of the project where such engagement is performed is a requirement. |
| | **44*** | Agenda paper 04-05 of 6 June 2024<br><br>It can also be noted that IPIECA additional recommendations (ENV-8 A4) refer to total financial provision made by undertaking for decommissioning its projects. Also GRI 11.7.6. refer to a similar provision by requiring to report the total monetary value of financial provisions for closure and rehabilitation made by the organization, including post-closure monitoring and aftercare for operational sites |
| ESRS E1 – OG Climate change | **47 (a)*** | The datapoints are stemming from third party frameworks, but have been classified as proposed by EFRAG to ensure transparency on the further granularity proposed by EFRAG.<br><br>Reporting on CapEx to develop reserves is an established practice, as required by the GRI 11.2.2. or SEC (§ 229.1203). Forward-looking CapEx reporting is also recognised by the IIGCC Net Zero Standard for Oil & Gas (6.i.b.)<br><br>The importance of disclosing information on the development of oil and gas reserves is strongly supported by scientific evidence, which shows that the cumulative CO2 emissions from these reserves are incompatible with a 1.5°C climate pathway. The datapoint disclosure adopts the investment (CapEx) as a means to understand whether undertakings are reinvesting oil revenues into further exploration and maintaining current operations or transitioning to alternative business models.<br><br>Based on feedback from the SRB and concerns about the granularity of disclosures, the proposed data points were simplified by reducing the breakdowns into reserve sub-categories. |

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| | **47 (b)*** | The datapoint addresses similar concern as paragraph above and is adapted to measure transition of midstream and downstream sub-sectors. A similar requirement is also emphasised in IIGCC Net Zero Standard for Oil & Gas 6.i. |
| | **48 (b)*** | Disclosure of definition of transition related R&D expenditures is proposed to ensure transparency of the expenditures when disclosing on the datapoint stemming from GRI 11.2.2. This datapoint is therefore classified as stemming from EFRAG, as it introduces additional level of granularity to the disclosure of expenditures. |
| | **48 (c)** | The datapoint was requested by TEG upon approval of 6 June 2024. Differentiating between the conventional and unconventional activities is considered important to characterise potential environmental impacts related to these two types of extraction processes. |
| | **48 (d)** | The datapoint was proposed by TEG on 6 June 2024. The original version requested ('CapEx plans to align with IEA Net Zero Emissions 2050') was modified following the discussion with SRB to streamline the terminology with ESRS Set 1. |
| | **48 (e)** | The datapoints were proposed by TEG on 6 June 2024 and aim to include relevant financial disclosures, which can be considered connectivity disclosures. These datapoints do not represent potential financial effects, but refer to financial reporting items with clear links to sustainability. EFRAG Secretariat recommends to keep them as connectivity disclosures. |
| | **48 (f)** | The datapoint was proposed by TEG on 6 June 2024. Following discussion with SRB, EFRAG Secretariat proposed a streamlining (previous version: Accounted provisions for on-going lawsuits, with reference to financial reporting. ) |
| | **49*** | This disclosure builds on GRI 11.2.2 that recommends reporting the emissions potential for proven and probable reserves, but introduces further granularity by differentiating the metrics into undeveloped and developed reserves to ensure alignment with the disclosure on CAPEX.<br><br>Current feedback from the industry points out that methodology to assess locked-in emissions is at early stages of development. Following the discussions at SRB, the datapoint was simplified from earlier version that envisaged breakdown into undeveloped, developed non-producing and developed producing reserves. |
| | **51 (b)** | The datapoint is proposed to address sector-specific GHG intensity metrics for downstream (refining) sub-sector. The CWT is an indicator referred to in (EU) 2019/331 of 19 December 2018 as a benchmark for the refinery sector (Annex I). |
| | **51 (c)*** | The datapoint was proposed to address carbon intensity for specific sub-sector (refining and marketing) and is based on existing practice in the industry. It conceptually supports IPIECA CCE-4 C4 that recommends reporting GHG emissions intensity disaggregated by business activity (if appropriate). |
| | **52*** | Scope 3 category 11 'Use of sold products' is particularly relevant for the industry due to the volume of oil and gas products and their associated GHG emissions. This is acknowledged by CDP Technical note on relevance of Scope 3 categories by sector, as well as existing industry publications. It is also emphasised in IPIECA additional indicators CCE-4 A2 that refers to reporting Scope 3, Category 11 as appropriate. |
| | **54** | Agenda paper 04-05 of 6 June 2024 |
| OG 05. Carbon capture and storage | **59 (a) – (c)*** | CCS technologies were identified as one of important solutions for the industry to achieve climate goals. The disclosure aims to capture their role in the undertaking's decarbonisation.<br><br>This disclosure was classified as EFRAG datapoint due to its granularity and breakdowns, but its assumptions build on GRI 11.2.2, which already introduces the data point of reporting on net mass of CO2 captured and removed from the atmosphere. IPIECA additional recommendations (CCE-3 A2 and A6) also refer to the CCS.<br><br>The industry can capture and store CO2 from its own operations, as well as provide storage solutions for CO2 captured from external sources. For this reason, TEG considered relevant to identify additional breakdowns that classify the source of CO2. This information is considered important to enable understanding to which extent the |

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| | | CCS technologies utilisation focuses the decarbonisation of undertaking's own operations. |
| | **59 (d)*** | This datapoint seeks to address the problem of potential liabilities related to release of the captured CO2 and the risk of eventual carbon reversal events. |
| | **59 (e)*** | The datapoint aims to provide an understanding of efficiency of CCS technologies, as one of important concerns related to the implementation of this technological solution. |
| OG 06. Water and marine resources metrics | **68** | Third party frameworks and research literature strongly acknowledge the water management subjects to the sector activities. This datapoint has been simplified following the SRB meeting in order to streamline number of other disclosures related to water impacts. |
| | **69 (b)*** | The datapoints is stemming from TEG decision and is established with intention to complement the disclosure of total offshore sites by enhancing its granularity to provide understanding of the undertaking's ocean footprint. Exploration of Oil and Gas deposits in the oceans is expanding worldwide and is associated with potential sustainability impacts. |
| | **71 (b)*** | The datapoint is proposed to align conceptually with the notion of average disturbed land area (EM-SV-160a.1) and is tailored to enable understanding of similar impact assessment to the land-use change, therefore proposing additional granularity level. |
| | **71 (c)*** | This datapoint is built on EM-MD-160a.3 focused on terrestrial land area disturbed, and percentage of impacted area restored. In a similar way to the previous datapoint, it introduces the disaggregation into the on-shore and off-shore activities and it was classified as EFRAG datapoint due to this additional granularity level. |
| ESRS E5 – OG Circular economy | **75 (a)*** | This paragraph was proposed by EFRAG TEG to improve the traceability of the plastics value chain by understanding the source of hydrocarbons used in petrochemical production. It can be noted that it is conceptually linked with SASB EM-RM.000.A and aims to provide further granularity with regards to thereof. Some undertakings in the sector already disclose the metrics related to products sales of petrochemicals and other products. This additional provision is therefore expected to facilitate harmonisation of existing market practice. |
| OG 7. Work stoppages | **81(a)** | Paragraph 81(a) builds on SASB EM-EP-210b.2 which requires the total number and duration of site shutdowns or projects delays due to non-technical factors. This paragraph requires to disclose the number of employees in work stoppages to better understand the scale and impact of such disruptions on operations. |
| ESRS S3 – OG Affected communities | **84*** | This datapoint builds on GRI 413 (Topic management disclosure 1.1) which requires a disclosure of how local communities are managed in accordance with GRI 3-3. This may include disclosing the approach to identifying stakeholders within local communities and how to engage with them (GRI 11.15.1). In this regard, defining and providing a definition of 'affected communities' is vital to ensure transparency on the criteria used to identify impacted groups and to elaborate on the definition of 'affected communities' as provided in Set 1. This data point aims to ensure consistent reporting on S3-related disclosures by requiring the definition used to define affected communities when preparing the sustainability statement. |
| | **86** | This datapoint is considered particularly relevant for extractive sector since the work of environmental and human rights defenders is critical (refer to the United Nations report [1]) in terms of protecting and minimising the negative impacts on the affected communities. This datapoint was consulted with the community and further feedback will be obtained during the public consultation. |
| OG 8 – Security personnel | **89 b)*** | Paragraph 89(b), following IPIECA's paper on 'Respecting human rights' as well as SASB Oil and Gas Exploration and Production Standard, recognizes the potential risks of private or public security forces used to protect their workers and assets may knowingly |

[1] OHCHR, Environmental human rights defenders must be heard and protected, 2022

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| | | and unknowingly contribute to human rights violations, including use of excessive force. This has been translated as a metric by EFRAG and consulted with the community. |
| ESRS G1 - OG. Business conduct | **96*** | The disclosure paragraph 86 builds on the GRI Oil and Gas standard (recommendations 11.22.1), where undertakings are required to disclose their approach to advocacy and lobbying activities. IPIECA Sustainability reporting guidance for the Oil and Gas industry also recommends describing "the governance approach and management processes on advocacy and lobbying" (GOV5.C1) and the "approach to reporting political contributions" (GOV5.C2). |
| | **97*** | Disclosure of definition is proposed to ensure transparency of the expenditures when disclosing on the datapoint above. |
| OG 15. Cybersecurity | **115 (a), (b), (c)** | In general, data points on incidents reporting build on the white paper "A Template for Voluntary Corporate Reporting on Data Governance, Cybersecurity, and AI" published by the Centre for Long-Term Cybersecurity of UC Berkeley.<br>A preparer-TEG member suggested to limit the datapoints regarding incident reporting to the cases that are public. |