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**Cover Note**  
**To Exposure Draft Oil and Gas ESRS**  
**(Upstream and services + Midstream to downstream)**  
**continued discussion on drafting**

**General approach to the review and approval of the Oil and Gas standard:**

1. The Oil and Gas draft ESRS is developed using the same general approach used for Coal and Mining (materiality, architecture, interaction with Sector agnostic standards, etc.). Accordingly, SR TEG members will not be asked to discuss and approve these concepts again for each standard. The discussion that took place for the ESRS Mining, Quarrying and Coal sector will be valid also for the other sectors.
2. The Oil and Gas draft ESRS has a very relevant overlap in terms of contents with the ESRS Mining, Quarrying and Coal draft ESRS. Accordingly, SR TEG members will not be asked to discuss and approve the overlapping content twice. The discussion that took place for the ESRS Mining, Quarrying and Coal will be valid also for Oil and Gas.
3. In particular, **SR TEG members are not expected nor requested to entirely read and review the Oil and Gas Exposure Draft, but will be asked to read, comment and discuss the content of the Exposure Draft that relate to the DRs mentioned in this cover note and highlighted in yellow in the Exposure Draft.**

**The objectives of this session are:**

4. To inform EFRAG SR TEG about the status of the standard, including:
  - (a) structure and content of the Oil and Gas [draft] ESRS V3
  - (b) overview of main changes done in comparison to Oil and Gas [draft] ESRS V2
  - (c) feedback received from SR TEG and stakeholders on Oil and Gas [draft] ESRS V2

**Overview of main changes in comparison to the V2 version:**

**General changes**

5. The presented architecture of the paper, in particular the divisions made between the document's main body and Appendix B – Application Requirements may not represent the

target architecture of the standard. EFRAG writing team expects to continue to adjust the structure according to the decisions made in ESRS Mining, Quarrying and Coal standard.

6. The decision to split the main body and Application B in two distinct chapters (one covering the new DRs/AR introduced by this standard and one covering the datapoints/AR that specify DRs in sector agnostic standards) has been implemented.
7. The decision to change the wording of “Disclosure Requirement” residing in the main body of the Exposure Draft to the “Datapoint” has been implemented.
8. A number of modifications to the disclosures were implemented following the EFRAG SR TEG, as well as stakeholders’ feedback and will be presented in detail during the meeting. The Appendix 1 to this Cover Note described the feedback and changes implemented up to date.
9. The Social and Governance part of the standard has been aligned with the approach of the latest available ESRS Mining, Quarrying and Coal standard (“MIN”, Agenda paper 03-02, 23 February 2022). The specific details and considerations which overlap with the received comments are presented in the Appendix 1 to this Cover Note.

### **Agenda papers**

10. In addition to this cover note and its Appendixes, the agenda papers for this session are:
  - (a) Exposure Draft in preparation of ESRS Oil and Gas v3\_CLEAN
  - (b) Exposure Draft in preparation of ESRS Oil and Gas v3\_redline
  - (c) Source of disclosures in [DRAFT] ESRS Oil and Gas standard

## Appendix 1.

### Feedback of SR TEG and stakeholders to the V2 of the Standard

Note: This is a general aggregated review that outlines the feedback received within the time interval between the last EFRAG SR TEG session (17 February 2023) and date of submission of this cover note (23 February 2023). The following presentation is done for the summary purposes only and as such, it may not reflect exactly an individual comment. At the date of writing this note, EFRAG Writing Team recognizes that likely there is more forthcoming feedback that will need to be addressed and continues the work on summarizing it.

Following table summarizes the feedback relevant for the general and environmental standard section and was build based on the comments of 5 EFRAG SR TEG members and 5 observers.

Par	Content of disclosure	Summary of comment received from EFRAG SR TEG / Stakeholder	Status / comment of the writing team
14	<i>Oil and Gas Downstream activities include refining and marketing of petroleum products, which includes operating gas stations and convenience stores. Activities classified under NACE include C.19.20 Manufacture of refined petroleum products, G.46.71 Wholesale of solid, liquid and gaseous fuels and related products and G.47.30 Retail sale of automotive fuel in specialised stores.</i>	GRI 11 does not cover retail of petroleum products. Suggestion of dedicated review to see how it covers wholesale and retail of products.	Ongoing. We are aware that GRI disclosures are not so applicable to wholesale and retail, despite sales and marketing being on the list of activities in page 9. We welcome the review.
17	<i>This [draft] ESRS sets out Disclosure Requirements related to the sustainability matters considered material to the Oil and Gas sector, listed in the table below. A Detailed descriptions of them is included in Appendix C.</i>	The sustainability matters table is not necessary, as its content is already presented in Appendix C	Ongoing. We will align to the architectural decisions for all standards.
18	<i>The undertaking shall disclose a list of material operational sites that it financially or operationally controls.</i>	Guidance is needed on assessing the materiality of operational site.	To be discussed. We agree with the need for more detailed guidance on materiality assessment (double materiality principle). This needs to be done across all sectors. We have included criteria along the lines of “For the purpose of this DR a material operational site shall be considered as any operational site its financially controls or operates where: More than 5% of the companies revenues are dependent on that site; Material impacts and risks have materialized in the previous 5 years.”

		<p>Proposition to consider as a subset of SBM1 in context of presentation of local footprint and IRO requirements in context of local impact assessment.</p> <p>Request to cover non-operated sites and infrastructure, too, as the Methane Regulation Proposal asks operators to measure their methane emissions in both operated and non-operated assets. It also asks for further information with regard to ownership as well as entities with operational control.</p>	<p>Ongoing The location of disclosures will be aligned with decisions on architecture relevant for all the standards.</p> <p>Address to a certain extent. The ESRS consolidation boundary includes non-operated sites where there is financial control. What the ESRS boundary does not include is sites operated, but not financially controlled. This comment reinforces the need to clarify consolidation requirements and to enlarge ESRS boundary from financial control + operational control. EU regulation usually applies to operational control, not financial control. On the specific issue of methane, our intention is to extend boundary also to operational control. For this (and other) purposes, text has been added in AR explaining boundary expansion to operational control. For CH4 this may not be needed as E1 already provides a boundary extension. But it may be necessary for other purposes. It also includes a tentative definition of operational control.</p>
20	<p><i>When identifying an operational site [TO BE DISCUSSED] the undertaking shall include:</i></p> <p><i>(a) concessioned areas for oil and gas exploration, currently under development or in production;</i></p> <p><i>(b) tailing dams;</i></p> <p><i>(c) refinery assets;</i></p> <p><i>(d) oil and gas transmission pipelines.</i></p>	<p>Terminology alignment is needed: For the concessioned areas, there's a need to separate exploration and production, operated and owned. Tailing dams are relevant only for oil sands according to French experts. Definition of pipelines should be specified in more details (operated / between well and deposit / length etc.)</p>	<p>Ongoing.</p> <p>We agree with the need to distinguish exploration from production and text has been added to clarify this aspect. The differentiation between owned and operated was already made clear.</p> <p>We are aware that tailing dams apply only to oil sands – but oil sands are part of the oil and gas sector, so need to be incorporated. European companies have been pulling out of oil sand exploration (notably Statoil, Shell BP and Total) have sold their assets in Canadian oil sands in past 10 years or recently announced intention to sell. Nevertheless, this type of exploration needs to be considered.</p> <p>Transmission pipeline in the context of oil and gas is sufficiently defined/understood and includes transportation of crude oil and gas or processed products to storage or processing facilities, sometimes through very long distances. Pipelines from wells are part of gathering systems and not considered. We have provided AR on definition of each asset type [ongoing] which hopefully clarifies. Please see also, for example,</p>

			<a href="https://primis.phmsa.dot.gov/comm/FactSheets/FSTransmissionPipelines.htm">https://primis.phmsa.dot.gov/comm/FactSheets/FSTransmissionPipelines.htm</a>
		In reference to all content along the 20 to 22 paragraphs marked as [TO BE DISCUSSED]: the proposed disclosures seem relevant and neither disproportionate nor excessive. Disclosures are complementary to the Methane Regulation Proposal and OGMP 2.0 reporting framework. Support to keep the content of proposals.	Ongoing. To clarify, we are not proposing CH4 disclosure on a site by site level (comment was made in relation to CH4 disclosures). We acknowledge OGMP has leading CH4 methane initiative, but corporate reporting at the level provided by OGMP is perhaps excessive. We could include however a “may” requirement requesting disclosure of participation in the OGMP. As far as we are aware OGMP reports are not publicly available, which is an indication of the business sensitivity of some information.
21	<i>The undertaking shall specify the status of the operational site [TO BE DISCUSSED], and specify:</i> <i>(a) whether the site is active;</i> <i>(b) whether the site has a closure and rehabilitation plans in place;</i> <i>(c) whether the site is undergoing closure activities;</i> <i>(d) whether the site has been closed; or</i> <i>(e) whether the site has been rehabilitated.</i>	Modify to include only material operational sites	Ongoing / to be discussed. Clarification has been made.
		Consider one table merging paragraphs 20 and 21 with a list of main sites and their characteristics.	Ongoing / to be discussed. See suggestion in AR.
22	<i>The undertaking shall also disclose the operational site [TO BE DISCUSSED] material impacts arising from social and environmental matters. This includes the following disclosures:</i> <i>(a) whether the site is located in or near to a protected areas or a key-biodiversity area;</i> <i>(b) whether the undertaking causes or contributes to material impacts on the local community, specifically, in relation to:</i> <i>i. indigenous peoples;</i> <i>ii. land rights;</i> <i>iii. infrastructure, including housing, food, water and sanitation, and power;</i> <i>iv. pollution;</i> <i>v. toxic waste storage or disposal;</i> <i>(c) whether the operational site [TO BE DISCUSSED] is located in or near conflict affected or high-risk areas;</i> <i>(d) whether involuntary resettlements have been caused or contributed to by the undertaking have taken place near the site; and</i> <i>(e) a description of the activities and main characteristics of each site [TO BE DISCUSSED].</i> <i>(f) The undertaking shall also disclose whether it has emergency preparedness and response plans in place.</i>	Modify to include only material operational sites	Been moved to IRO 1 and a restructure of IRO 1 has been done.
		Disclosure related to IROs assessment and repeated in the following DR. Consider the right place for presentation.	

23	<p>The undertaking shall provide a breakdown of its net revenue (both in monetary amount and as a percentage of its total revenue) per NACE-code activity where it is active for the following NACE-code activities:</p> <p>(a) B.06.10 Extraction of crude petroleum  (b) B.06.20 Extraction of natural gas  (c) B.09.10 Support activities for petroleum and natural gas extraction  (d) C.19.20 Manufacture of refined petroleum products  (e) G.46.71 Wholesale of solid, liquid and gaseous fuels and related products  (f) G.47.30 Retail sale of automotive fuel in specialised stores  (g) H.49.50 Transport via pipeline</p>	<p>Clarify for all ESRS that the NACE code should be applied as an economic proxy and not as an administrative definition. The goal of this DR is to reflect the current operations.</p>	<p>To be discussed whether this should be done in all standards or in SEC1?</p>
		<p>Quite extensive e.g. use by customers</p>	<p>[request for clarification sent by email]</p>
24	<p>The undertaking with upstream activities shall disclose the breakdown of its production and its proved reserves, over the following categories of countries, according to their compliance with the EITI standard quality assurance scale:</p> <p>(a) Countries with a very high progress in complying;  (b) Countries with a high to satisfactory progress in complying;  (c) Countries with a moderate to meaningful progress in complying;  (d) Countries with a fairly low to inadequate progress in complying;  (e) Countries with low to no progress in complying;  (f) Countries that the 20 lowest rankings in Transparency International's Corruption Perception Index;  (g) Other countries.</p>	<p><b>Comments received:</b></p> <p>1) In the activity presentation table, consider the country location of the main sites rather than this approach.</p> <p>2) Note the differences with how EITI is referenced in GRI 11. The extractives reporting on payments to governments contained in Directive 2013/34/EU of the European Parliament and the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings (which I understand was amended by the CSR directive of late 2022) were aligned with reporting of similar information under EITI. This asks for reporting of payments to governments by country and by 'project'. As such GRI 11 adopted the concept of project and the associated guidance in relation to reporting payments to governments and similar information for this sector.</p> <p>3) The EITI, in addition to being an "outdated" reference, is unable to adequately represent the operational relevance of the Oil &amp; Gas activities and is not consistent with the procedures for breaking down the information on the basis of SEC rules, already provided by the industry. In this regard, the SEC rules require a breakdown by geographical area on the basis of the relevance of the area (15% threshold) in terms of proved reserves on total reserves.</p>	
<p><b>Status / comment of the writing team:</b> Country by country reporting is an established practice reflected in the <a href="#">OECD BEPS</a> (Base Erosion and Profit Shifting) project (2013), later on introduced at EU level in the <a href="#">Council Directive 2016/881/EU</a>, that requires Multinational (MNE) Groups located in the EU or with operations in the EU, with total consolidated revenue equal or higher than € 750.000.000, to file the country-by-country report. This report respects to revenue, the profit before income tax, the income tax paid and accrued, the number of employees, the stated capital, the retained earnings and the tangible assets.</p> <p>The <a href="#">Directive 2013/34/EU</a> considered in its preamble that (44) "to provide for enhanced transparency of payments made to governments, large undertakings and public-interest entities which are active in the extractive industry or logging of primary forests (2) should disclose material payments made to governments in the countries in which they operate in a separate report, on an annual basis. ... The report should include types of payments comparable to those disclosed by an undertaking participating in the Extractive Industries Transparency Initiative (EITI)." And (45) "The report should serve to help governments of resource rich countries to implement the EITI principles and criteria and account to their citizens for payments such governments receive from undertakings active in the extractive industry .... The report should incorporate disclosures on a country and project basis."</p> <p>It also states in (47) "Undertakings active in the extractive industry or the logging of primary forests should not be required to disaggregate and allocate payments on a project basis where payments are made in respect of obligations imposed on the undertakings at the entity level rather than the project level. For instance, if an undertaking has more than one project in a host country, and that country's government levies corporate income taxes on the undertaking with respect to the undertaking's income in the country as a whole, and not with respect to a particular project or operation within the country, the undertaking would be permitted to disclose the resulting income tax payment or payments</p>			

without specifying a particular project associated with the payment.” And (48) “An undertaking active in the extractive industry ... generally does not need to disclose dividends paid to a government as a common or ordinary shareholder of that undertaking as long as the dividend is paid to the government on the same terms as to other shareholders. However, the undertaking will be required to disclose any dividends paid in lieu of production entitlements or royalties.”

The preamble intentions are reflected in CHAPTER 10 REPORT ON PAYMENTS TO GOVERNMENTS and in particular articles 42 (undertakings required to report on payments to governments), 43 (content of report) and Art. 44 (consolidated report). For purpose of this discussion/DR the content did not include production and reserves data, but only payments to governments.

The amendments introduced by CSRD to [Directive 2013/34/EU](#) do not include Chapter 10 articles, so this part of the Directive 2013/34 is still in force. Furthermore, in terms of alignment of proposed disclosures with the SEC disclosures, we note that in “Item 1202 (Disclosure of reserves)” of the [SEC rule](#) (which pre-dates EITI) disclosure of proved developed, proved undeveloped and total reserves is required and that probable and possible are optional (Item 1202 a). We also note that, on what respects level of geographical disaggregation, SEC requires total and provides flexibility on level of aggregation “by geographic area” proposing “require disclosure by continent, country containing 15% of more of the company’s reserves, and sedimentary basin or field containing 10% or more of the company’s reserves.”. The SEC discusses feedback from industry, mainly opposing increased transparency based on a number of arguments; as well as feedback (minority) asking for country-by-country reporting. The SEC comments that “We think that greater specificity than simply disclosing reserves within “groups of countries” would benefit investors”, “some countries in which many of these companies operate and may have significant reserves are subject to unique risks, such as political instability”. However, when we analyse in detail the EITI updated document on “[Expectations for companies supporting the EITI](#)” there are references that seem to point out to many of the disclosures included in [Directive 2013/34/EU](#), but there are no references to physical disclosures (reserves, production).

Still, a breakdown on reserves could support transparency objectives in relation to companies exposed to countries with poor resource governance, addressed in SASB through the DR on “Percentage of (1) proved and (2) probable reserves in countries that have the 20 lowest rankings in Transparency International’s Corruption Perception Index “ and supported by following rationale “Due to the global nature of the Oil & Gas – Exploration & Production industry, company operations can, and frequently do, occur in areas that may be associated with elevated risks related to corruption, bribery, and other factors related to business assets. The extent of a company’s operations or asset concentration in areas with elevated business ethics risks, and its ability to manage and mitigate such risks, can impact its ability to profitably extract hydrocarbon resources.”

While disclosing SASB metric may be one way of addressing this issue, disclosing on a country-by-country basis and letting the analyst to decide on its criteria for country exposure risk, would be another more flexible approach. By including the SEC requirement to only disclose countries with >15% of reserves, potentially, companies – and in particular multinationals - do not need to disclose for any country (e.g. a company operating in 10 countries and with 10% of reserves in each). So, we do not believe that this approach supports the necessary transparency objectives which are still embedded in the EU regulatory framework expressed both in country-by-country reporting (CBCR) practices for financials, as well as the support demonstrated in Directive 2013/34/EU on the EITI framework. However, we also acknowledge that a suitable flexible approach needs to be defined, which grounds itself on practical criteria. This is why we propose country-by-country of reserves, but with a lower threshold (5%) in relation to the SEC rule. While the SEC produces a list of maximum 6 countries breakdown, our approach produces a list of maximum 20 country breakdown, but that in many cases will be a shorter list and should not be considered disproportionate in face of the material transparency issues that challenge the sector and justify the existence of the EITI framework. This disclosure has been moved from SBM1 to OG – Oil and Gas reserves, which reflects more a risk-based disclosure to different topics.

As to the disclosure of probable reserves, we are happy to accommodate the request from industry to not include it in the disclosure. This would align with the SEC rules, but not be aligned with both SASB disclosures and GRI (requiring probable reserves in different contexts). The rationale for this is that recent academic research reviewed the question of unextractable fossil fuels for a 50% probability of staying within 1.5C and concluded that 60% of oil and gas proved reserves and 90% of coal proved reserves must remain unextracted ([Welsby et al.](#), 2021). There are two ways of considering this issue: first, asking for probable reserves is unnecessary because they are clearly outside the sustainable carbon budget and asking for them could somehow validate expectation of their extraction; on the other hand, the key issues is the continuation of investment in project pipeline to bring undeveloped reserves to developed reserves, when it would be more rationale to require companies to do investment and continue operations in order to extract probable developed reserves (extracting last drops of oil in a well) than to invest in new developments. In any cases, all things considered, we believe it is OK to bring probable reserve reporting into AR as a “may” requirement.

It is explained in AR that it is only required to report for countries with more than 5% production and reserves.

25	<i>Undertakings shall disclose the following activity metrics related to : (a) Upstream undertakings extraction of crude petroleum:</i>	Redundant with Par 23 on NACE Code. This one is more relevant than	23 is revenue here is physical production
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<p>(b) Upstream undertakings extraction of natural gas:  (c) Midstream undertakings oil products distribution volume:  (d) Downstream undertakings refining volume:  (e) Downstream undertakings power sold in retail stations (EV chargers):</p>	<p>Par 23, except if this raises confidentiality issues.</p>	
	<p>All unconventional O&amp;G could be considered in the table. Apart from oil sands, extra heavy oil, shale oil and shale gas, oil shale, tight oil and gas and coal bed methane could also be covered. The definition provided in 12. could be expanded/ clarified to cover these other sources, although there does not seem to be a consensual definition at this stage. The French Observatoire de la Finance Durable made a literature review in 2021 which can be useful (<a href="https://observatoiredefinancedurable.com/documents/71/Recommendations_No_2_Expert_and_Scientific_Committee_of_the_sustainable_finan_QI2OmKp.pdf">https://observatoiredefinancedurable.com/documents/71/Recommendations_No_2_Expert_and_Scientific_Committee_of_the_sustainable_finan_QI2OmKp.pdf</a>, p 9).  Extraction of oil / gas in the Arctic (which is referenced in E4-2) and deep-sea drillings could also be added in the table. Regarding the Arctic, the same source provides a possible mapping (AMAP, p10) and deep sea drillings are identified as those occurring at a depth exceeding 1500 meters.  25. (b) a.could be applicable to undertakings active in the midstream segment (LNG) and processing gas that they have not extracted themselves.</p>	<p>The disclosure corresponds to an EBA requirement. We will approach EBA for clarification.</p>
	<p>Many forward-looking statements are problematic for companies. E.g. disclosure of oil and gas production for projected volumes for the next five years conflicts with anti-trust law on signaling business plans, this information represent sensible data to be publicly disclosed, especially if</p>	<p>Ongoing. Clarification that targeted values are for reporting year + 3 added in AR.</p>



		considered at asset level. In many cases these represent strategic choices that the management should retain the flexibility to adapt according to the evolution of the supply and demand dynamics which can change abruptly, as the recent years have demonstrated	
		Suggestion related to the non-GHG air emissions disclosures: air emissions reporting for mining, cement manufacturing, and oil & gas, total annual values are not very helpful. Since the standard is already asking for production numbers, it may as well go the whole way and ask for intensity values. Subject matter experts can easily discern the age of technology being used based on the emission intensity values.	Ongoing
26 27 28	<p>26. When disclosing according to the sector agnostic ESRS 2-SBM1-2 - Market position, strategy, business model(s) and value chain, the undertaking shall disclose the direct economic value generated and distributed.</p> <p>27. The objective this disclosure requirement is to understand how the undertaking handles and distributes the economic value it creates among stakeholders, namely how shareholders, employees and local communities benefit from it.</p> <p>28. The undertaking shall disclose, the direct economic value generated and distributed at the consolidated level.</p>	<p>Comments received: 1) I think this DR is excessive, if I'm not mistaken we removed it from the agnostic standards and don't really understand why we put it here and why is it relevant at sectoral level - suggestion to remove</p> <p>2) Agree with this DR for business models based on natural resources exploitation. What is the definition of direct economic value generated and distributed at the consolidated level?</p> <p>3) GRI 11 also asks for a break-down of direct value generated and distributed at a project level to enable an assessment of the financial contribution of oil and gas activities to host countries and communities. This also ensured greater consistency across the "financial" or economic reporting across the Standard - project-level reporting was also recommended for payments to governments unique to the sector (such as royalties and licensing fees) which aligned with EU requirements for reporting these types of payments.</p>	
<p>This is a GRI disclosure and aligns with the generic GRI disclosure. GRI for oil and gas ask for DEV by project, which was discussed and considered disproportionate and secretariat received feedback on difficulties or impossibility of calculating the metric at this level. However, DEV at consolidated company level is one way oil and gas companies have to show positive impacts - and we also had feedback by the community to also be able to show positive impacts. The oil and gas sector can have positive impacts by providing revenues, derived from paying taxes and royalties, and by investing in infrastructure, such as power utilities that improve access to energy or public services. The sector can also have positive impacts through local employment and local procurement. Skills development of local communities through education and training can help increase access to jobs in the sector. Local employment, in turn, can lead to increased purchasing power and positive impacts on local businesses. Local procurement of products and services can also help supplier development.</p> <p>DEV should be able to be reported by companies from their financial accounts and is defined as: Direct economic value generated and distributed (EVG&amp;D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in</p>			

addition to reporting the following basic components: i. Direct economic value generated: revenues; Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments; ii. Economic value retained: 'direct economic value generated' less 'economic value distributed'.

Repsol presents DEV in its integrated management report (see [https://www.repsol.com/content/dam/repsol-corporate/en\\_gb/accionistas-e-inversores/informes-anuales/2021/integrated-management-report-2021.pdf](https://www.repsol.com/content/dam/repsol-corporate/en_gb/accionistas-e-inversores/informes-anuales/2021/integrated-management-report-2021.pdf) page 195); Shell presents the data from which it can be calculated (<https://reports.shell.com/sustainability-report/2021/our-performance-data/gri-table.html?tabc=1e7>, see GRI 201-1).

This disclosure is associated with SBM1 (Business model) and we had two titles for SBM1 and this issue was integrated into the other SBM1 disclosures. The objective of the DR was brought into AR as "AR 7. When reporting on Direct Economic Value Generated and Distributed the undertaking may want to discuss how it handles and distributes the economic value it creates among stakeholders, namely how shareholders, employees and how local communities benefit from it."

29	<p><i>When describing the process to identify material impacts, risks and opportunities according to the ESRS 2 IRO-1, the undertaking shall:</i></p> <p><i>(a) include how it applies the mitigation hierarchy and international biodiversity standards in its operational planning, from early concept through to decommissioning</i></p> <p><i>(b) set out its processes for identifying and managing activities in sensitive operating areas, such as Biodiversity Actions Plans and include the criteria used to determine sensitivity and any applicable metrics</i></p> <p><i>(c) report whether application of the mitigation hierarchy has informed actions to manage biodiversity-related impacts</i></p> <p><i>(d) A list of the undertaking's projects and operations that are in water-stressed or water-scarce areas.</i></p>	<p>The local impact assessment should be developed here and not focused only on biodiversity. The use of country index should be referred to. Mitigation hierarchy is rather a policy issue than a IRO assessment issue.</p> <p>(d) resembles Par 22 – consider moving part of par 22 to par 29.</p>	<p>Points a, b and c have been moved/included into biodiversity DRs.</p> <p>Water-scarce areas is dealt in a different way, and included in OG2 (site level) as well as in IRO1 (reserve exposure).</p>
30	<p><i>Upstream undertakings shall describe whether the undertaking envisages any greenfield projects or expansions of oil and gas production and the geographical location of such greenfield projects.</i></p>	<p>Comments received: 1) Before the bid, the information is probably confidential. After the bid, it is already covered by Par 20 "under development"? The next step being in production.</p> <p>2) The EU Taxonomy already ensures a granularity of the information about the alignment of CAPEX with climate change mitigation and adaptation objectives, therefore we would prefer to preserve consistency of classification at the European level to avoid unnecessary duplication of disclosure that would generate confusion for the user and additional compliance effort for the issuer. Moreover, there is no agreement on a common methodology that defines the trajectory for GHG emission intensity reductions aligned with a 1,5°C objective specific for the Oil&amp;Gas sector. Even if the objective is clear and shared, to ensure consistency in such comparison we needs to be clear on the calculation method for company's metric and the reference trajectory to be used.</p> <p>3) There is no agreement on a common methodology that defines the trajectory for GHG emission intensity reductions aligned with a 1,5°C objective specific for the Oil&amp;Gas sector. Even if the objective is clear and shared, to ensure consistency in such comparison we needs to be clear on the calculation method for company's metric and the reference trajectory to be used.</p>	

		<p>If is possible we have to avoid duplication with other regulation, in this case EU Taxonomy that already ensures a granularity of the information about the alignment of CAPEX with climate change mitigation and adaptation objectives.</p>						
<p>On comment 1: we understand the comment. This is a Pillar 3 disclosure requirement and the text we were provided is literally what is there. We copy it for reference</p>								
<table border="1"> <thead> <tr> <th data-bbox="180 695 714 727">Necessary additional disclosures in order for credit institutions to</th> <th data-bbox="714 695 1024 727">Justifications</th> <th data-bbox="1024 695 1925 727">More</th> </tr> </thead> <tbody> <tr> <td data-bbox="180 727 714 792">Description of whether the undertaking envisages any greenfield projects or expansions of oil and gas production and the geographical location of such greenfield projects.</td> <td data-bbox="714 727 1024 792">Template 3: Banking book - Climate change transition risk: Alignment metrics</td> <td data-bbox="1024 727 1925 792">credit portfolio alignment with net-zero</td> </tr> </tbody> </table>			Necessary additional disclosures in order for credit institutions to	Justifications	More	Description of whether the undertaking envisages any greenfield projects or expansions of oil and gas production and the geographical location of such greenfield projects.	Template 3: Banking book - Climate change transition risk: Alignment metrics	credit portfolio alignment with net-zero
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Description of whether the undertaking envisages any greenfield projects or expansions of oil and gas production and the geographical location of such greenfield projects.	Template 3: Banking book - Climate change transition risk: Alignment metrics	credit portfolio alignment with net-zero						
<p>We are checking if the components already required for CAPEX on “undeveloped reserves to bring assets into production (developed producing reserves); non-producing reserves to bring assets into production (developed producing reserves); and Investments in developed producing reserves;” covers the requirement or not.</p>								
<p>On comment 2 and 3: we do not understand the comment in context of the paragraph. However, if it respects to the full disclosure, please see below next comment.</p>								
31	<p><i>Upstream undertakings shall breakdown their CAPEX expenditure into the following categories:</i></p> <ul style="list-style-type: none"> <li><i>(a) Prospection of new fossil resources;</i> <ul style="list-style-type: none"> <li><i>i. undeveloped reserves to bring assets into production (developed producing reserves);</i></li> <li><i>ii. non-producing reserves to bring assets into production (developed producing reserves);</i></li> <li><i>iii. Investments in developed producing reserves;</i></li> </ul> </li> <li><i>(b) Renewable-energy sources:</i> <ul style="list-style-type: none"> <li><i>i. All sources (by type of source), excluding bioenergy;</i></li> <li><i>ii. Bioenergy, including novel biofuel types;</i></li> </ul> </li> <li><i>(c) Carbon Capture Utilization and Storage (CCUS):</i> <ul style="list-style-type: none"> <li><i>i. Fossil Carbon capture and storage;</i></li> <li><i>ii. Direct Air Capture and Storage (DACs);</i></li> </ul> </li> <li><i>(d) Nature-based solutions to mitigate climate change;</i></li> </ul>	<p>Comments: 1) Green CapEx (b) and e) are already captured by the Green Taxonomy according to me. Brown CapEx (a) are already required under E1 AR5. This is probably valid details to be required. Need to check with experts. C) is useful precision. D) is covered under E1-7 on removals and credits. Question: should this be in relation to E1-1 or E1-3 on Resources ? 2) Just noting the use of the word 'prospect' here. Prospecting usually depicts very early exploration activities (ie. When there is knowledge of a geographic structure or anomaly that indicates it could be a good place to look for reserves). As such, the sub-points doesn't seem to fall within the category of 'prospection'. GRI 11 include the fairly simply but (hopefully) inclusive category of "...CapEx that is allocated to investments in: prospection, exploration, and development of new reserves". Also noting that this appears to ask for the amount of capex on each item, in comparison to GRI 11 which only asks for a percentage.</p>						

(e) Other research and development initiatives that can address the organization's risks related to climate change.

On comment 1 and previous comments on the taxonomy.

The taxonomy has both a lot more detail or less in relation to the typology of investments in the disclosure, namely:

1. The taxonomy does not address the issue of investments in fossil fuel and does not provide that transparency. Continuation of investment to bring more assets into production is the critical issue this disclosure is trying to shed light into. The IEA in its "Net Zero by 2050 - A Roadmap for the Global Energy Sector" states "There is no need for investment in new fossil fuel supply in our net zero pathway. Beyond projects already committed as of 2021, there are no new oil and gas fields approved for development in our pathway, and no new coal mines or mine extensions are required. The unwavering policy focus on climate change in the net zero pathway results in a sharp decline in fossil fuel demand, meaning that the focus for oil and gas producers switches entirely to output – and emissions reductions – from the operation of existing assets." This finding seems consistent with the publication previously mentioned on not being possible to extract a significant portion of proven reserves ([Welsby et al.](#), 2021) to meet 1.5C. Similar messages have been expressed by the UN Secretary General, e.g. <https://news.un.org/en/story/2022/06/1120372>. AR5 while addressing CAPEX in coal, oil and gas related, does not make the distinction between developed and undeveloped, which seems critical for the discussion on fossil fuels and relates with the previous paragraph on "greenfield" development..
2. The taxonomy addresses with a lot more detail issues of investment in renewables. It provides 7 different categories of renewable investments plus bioenergy. It was considered that an aggregated disclosure for Sust. Reporting purposes would be beneficial. We can provide in AR a reconciliation to the taxonomy activities.
3. The taxonomy does not address CCUS in its full extent, recognizing the transport of CO2, the storage and the research and development investment in direct air capture. However, it does not recognize investments in the capture of CO2, only referring to it in the context of specific activities, e.g. cement production. We can provide in AR a reconciliation to the taxonomy activities.
4. While we agree that d) is already covered in E1-7, as well as with several items being already covered by the taxonomy, we considered it is useful to layout all the CAPEX investment into one single DR.

We propose to explore only providing the additional points or breakdowns in this DR, but include the presentation suggestion in AR to E1-1. No changes made at this point for lack of time.

On comment 2): there was a mistake, it should read "production of new fossil fuels". This has been corrected.

33	<i>When disclosing according to the sector agnostic E1-2 – Policies related to climate change mitigation and adaptation, the undertaking shall disclose its policies related to the management and abatement of methane emissions.</i>	Agree but with whether it has as for the other sub topics like adaptation. Zero routine flaring policies / targets could be mentioned as well	No action, we do nto understand comment one. On comment 2, on going, we wil refer to it in AR, as something the policy can include.
34	<i>In the absence of methane emissions management policies, the undertaking shall explain why such policies are not in place.</i>	This is part of Set 1 according to me.	No action for lack of time. We understand this would be captured in a provision requiring to justify absence of policies on a material matter.
35	<i>When disclosing according to the sector agnostic E1-3 – Actions and resources in relation to climate change policies, the undertaking shall disclose its actions and resources to manage and abate methane emissions, namely it shall disclose the methods used to monitor and quantify methane emissions, such as the use of Leak Detection &amp; Repair (LDAR) surveys, as well as: (a) the frequency of the monitoring; (b) the different methane monitoring technologies, e.g. remote sensing techniques or estimation methods. (c) the actions taken to address the methane leakages found as a result of the regular monitoring surveys; (d) the effectiveness of the actions taken; (e) the geographical location of any significant flaring or venting emissions; (f) the % of routine and non-routine flaring and cases of flaring; (g) indicate areas for operational improvements; (h) discuss the overall performance of the methane emissions management policy and actions, by source and activity in terms of total absolute emissions and emission intensities.</i>	Comments: 1) a to h should be prioritized for the tagging process. H is probably central when explanations should be grouped in one sub datapoint. But h relates to performance and not actions. Is e) useful ? Restructuring needed of this paragraph with a clearer hierarchy between actions, resources and results and explanations. Some could be in AR ? 2) (f) : Methodology to calculate the percentage should be provided 3) E1: Climate The disclosure requirements under this section are very much in line with the Methane Regulation Proposal. There are several disclosure requirements addressing methane, which is good. However, we have several comments and remarks with regard to Article 35 on Leak Detection & Repair. Point (f) requires to disclose “the % of routine and non-routine flaring and cases of flaring”. Please note that the Proposal seeks to prohibit routine flaring and to limit flaring in general to cases of an emergency or malfunction, and where unavoidable and strictly necessary. Thus, the wording “the % of routine and non-routine flaring” is wrong and needs to be removed. In addition, we should repeat one of our comments we had on draft ‘ESRS Mining, Quarrying and Coal’, i.e. please add a disclosure requirement on the destruction and removal efficiency of combustion devices. Although the Proposal is in the hands of the co-legislators now, it is very likely that one will find a certain threshold for the flaring efficiency of combustion devices in the oil and gas sectors Moreover, this current draft ESRS hardly covers venting, as was the case with the draft ‘ESRS Mining, Quarrying and Coal’. The list of disclosure requirements should include some information on venting, including, for example, the number of cases and the quantity of vented methane. Furthermore, we repeat the same comment on point (e), i.e. “the geographical location of any significant flaring or venting emissions”. What does “significant” mean and who will define this? In addition, we should not only focus on the geographical location, but also on the quantity of methane released after venting and flaring. Finally, and coming back to the aforementioned OGMP2.0 reporting framework, one could link this disclosure requirement to industry practice. The OGMP methodology was designed in a partnership among industry, government and civil society as part of the UNEP-led CCAC’s Mineral Methane Initiative. The OGMP2.0 overhauls this and sets important standards. Basically, there are different levels of granularity, somewhat similar to the tiers used by the	

		<p>IPCC. Although I do not know the details of the methodology, I think that this disclosure requirement is largely in line with the OGMP2.0 reporting framework (except for the issues raised above). Point (b) asks for “the different methane monitoring technologies, e.g. remote sensing techniques or estimation methods”, while point (h) includes source relevance. Normally, this would mean higher levels of reporting according to the OGMP2.0 reporting framework. The other disclosure requirements on GHG emissions in general seem very relevant.</p>	
<p>Lack of time did not allow us to change this DR. However the following quick comments:</p> <ol style="list-style-type: none"> <li>1) to be considered. We do not need it all tagged separately, can all be one narrative. In that case we do not need to break it down this way, done only for consistency and clarity of what is asked;</li> <li>2) We will look into it, but in principle it calculated on a time basis and not on a flow basis;</li> <li>3) Several issues: <ol style="list-style-type: none"> <li>a. We understand the EU is to forbid flaring in its space; however, that same prohibition will not be valid for other jurisdictions; in this jurisdictions international oil companies will likely continue to have less than perfect practices and it is important that is captured transparently; disclosure does not mandate actions it merely asks for transparency;</li> <li>b. Adding a requirement on efficiency of combustion of flaring → we have added it to line f)</li> <li>c. Venting: the std. does cover venting; points a) to e) cover venting as well as flaring; venting is also provided as a GHG breakdown in E1-6 [29.b] – which will cover the quantities of CH4 released through flaring and venting (this point is about metrics and not actions). This is why inclusion of number of cases and quantity of vented is not found here. So, we will be missing number of cases of venting. Considering that venting can occur at almost any valve and in so many oil and gas operations (filling, emptying tanks; maintenance of wells; maintenance of pipelines, etc) we preferred to refer to “significant venting emissions” so that, in the context of actions on methane, this could be prioritised; we propose no actions, however, if TEG or DG ENV so requires, we can add the nr. Of venting cases. We can define the word “significant” in AR. Typically, for instance in the context of the EU ETS, a typical significance threshold is &gt;5% of the vented emissions.</li> <li>d. We do hope the DR is aligned with the OGMP2.0 as we referred also to CCAC materials and OGMP documents. However, we will try to reinforce this alignment in a future version. However, we would like to highlight that OGMP is a very detailed reporting template, which we do not think is worth replicating at the sustainability statements level. Furthermore, OGMP reports are not publicly available, showing perhaps that its public disclosure is business sensitive. However, we believe the key issue is if companies are effectively measuring CH4 release or not, or if CH4 disclosure is being done based on engineering estimations of the type used in National Inventory calculations, which are not appropriate for active CH4 management. Furthermore, we are aware of several (commercial) tools that allow the application of remote sensing techniques to detect methane leakage with high degrees of precision (to asset level, at least) and that could represent a significant change in CH4 management practices. A lot of this work is possible due to the ground-breaking work of the EU ESA with Sentinel-5P satellite (<a href="https://www.esa.int/Applications/Observing_the_Earth/Copernicus/Sentinel-5P/Mapping_methane_emissions_on_a_global_scale">https://www.esa.int/Applications/Observing_the_Earth/Copernicus/Sentinel-5P/Mapping_methane_emissions_on_a_global_scale</a>). We believe at AR level we can refer to OGMP as well as to this type of techniques. And we could add participation in the OGMP as a simple disclosure related to actions.</li> </ol> </li> </ol>			
38	<p><i>The undertaking shall disclose its Scope 3, Use of sold products emissions, according to the following:</i></p> <p><i>(a) integrated undertakings shall separately report Scope 3, Use of sold products emissions for each segment of the value-chain in which they operate in and in accordance to Application Requirement 13; service undertakings shall report the emissions associated with the use of the products they have sold to undertakings in the oil and gas value chain;</i></p> <p><i>(b) service undertakings shall report the emissions associated with the</i></p>	<p>Is it the only scope 3 category worth to be mandatorily disclosed ? Transport ? No "may" and no "facilitated emissions for services" in the AR. Scope 3 aims at identifying the origin of the impacts and risks and where actions may be taken. EFRAG can't forbid to sell services or products to carbon intensive activities.</p>	<p>Typically, other categories represent less than 15% of emissions of S3, USP. To give an idea Shell S3, USP represents 78%, with downstream and distribution representing 0.5%. Emissions from 3<sup>rd</sup> party energy products sold by Shell, are the second highest emission category with 11%, followed by “Purchased 3<sup>rd</sup> party power sold by Shell” (electricity retail a non-oil and gas activity) third with 10%. So, in general, upstream companies it will be mostly S3, USP; integrated companies, it will depend if their business is more active</p>

	<i>use of the products they have sold to undertakings in the oil and gas value chain;</i>		<p>upstream or downstream. In the case of Shell, they sell up to 3 times more than what they produce, so naturally the upstream footprint associated with production of gasoline they buy from other for their retail business will be higher. In all cases, the DR is not saying that they should not disclose this categories, simply that the one that everyone needs to disclose is S3, USP.</p> <p>See <a href="https://www.shell.com/sustainability/transparency-and-sustainability-reporting/performance-data/greenhouse-gas-emissions/jcr_content/root/main/section_1296778443/simple_1731362929/text_625214062_multi.stream/1670009651107/4472dc772bfce030fde048300725373516858190/final-scope-3-table-2021.pdf">https://www.shell.com/sustainability/transparency-and-sustainability-reporting/performance-data/greenhouse-gas-emissions/jcr_content/root/main/section_1296778443/simple_1731362929/text_625214062_multi.stream/1670009651107/4472dc772bfce030fde048300725373516858190/final-scope-3-table-2021.pdf</a> for Shell.</p> <p>As to the “facilitated emissions” for services I think there is some confusion. It is not about forbidding anyone to sell whatever services to whomever. Is simply the recognition that when a company provides a service to another company, it is facilitating the product delivery of that company. That product, in the case of the oil and gas value chain, as a very intense and large carbon footprint. Oil and gas services do not currently recognize this reality, merely counting as S3,USP the emissions associated with the running of their equipment’s. This also does not properly represent the critical role oil and gas services play in facilitating oil and gas production at cost.</p> <p>However, as agreed in TEG meeting on 17<sup>th</sup> of Feb, we have deleted the may requirement from V3 and we will consult on this issue.</p>
39	<i>The undertaking operating in the Services segment shall disclose Scope 3, Leased assets.</i>	All the details on methodology should be in AR. Valid for all the requirements in this file. We should probably take the opportunity of sector standards to bring Appendix B in the main body.	<p>Agree. However, this DR is not about methodology, merely about the need to recognise that service companies have significant business leasing equipment and not just renting it.</p> <p>Bringing ARs to main body is an architectural decision that should be discussed in TEG.</p>
42	<i>Upstream undertakings shall disclose how the management of climate change-related risks and opportunities affect future fair value: (a) due to changes in the investment levels dedicated to the development of oil and gas (proven) reserves, as well as disclose changes in the level of investment level;</i>	In GRI 11, reporting on potential write-offs and early closure of existing assets applies to all organizations within the scope. While I understand that this may be reflected in changes in the project reporting for the next five years,	<p>We agree that write-offs can occur for any assets. However, we believe the case exists to particularly flag upstream and midstream assets, frequently very large and expensive. Downstream (marketing and sales) as a much larger number of assets easier to transition and less likely to strand due to climate change issues.</p>

	<i>(b) oil and gas production volumes for the current reporting period and projected volumes for the next five years;</i>	assets that are not within the five-year time frame (which is quite common for gas for example) may not be picked up in that reporting requirement.	
44	<i>The undertaking shall disclose for its activities related to CO2 abatement technologies.</i>	<i>double check email</i>	
46	<i>The undertaking shall disclose amounts of CO2 abated from emissions sources through carbon capture technologies, disaggregated by:</i> <i>(a) Transferred inside to the undertaking's organization (e.g. as a CCS service) and:</i> <i>i. Used for internal processes (e.g. synthetic fuels);</i> <i>ii. Permanently sequestered (e.g. CCS technologies);</i> <i>iii. Transported to another organization (e.g. CO2 transfer through pipeline).</i> <i>(b) Captured inside the undertaking's organization and:</i> <i>i. Transferred outside to the undertaking's organization (e.g. sold as product);</i> <i>ii. Used for internal processes (e.g. synthetic fuels, enhanced oil recovery);</i> <i>iii. Permanently sequestered (e.g. CCS technologies).</i>	Just noting that GRI 11 asks specifically for 'net mass of CO2', meaning that the organization needs to account for any GHGs emitted in the capture and storage process. Perhaps this is covered elsewhere?	Net mass of CO2 can be interpreted as "net CO2" this is, net emissions which typically considers CO2 emissions minus removals and offsets. E1 does not allow this practice. As CO2 abated is never emitted, in practice there is no "netting". As to emissions associated in the process of capture and storage, we agree, they should be accounted as any other emissions.  (No action)
48	<i>The undertaking shall disclose its GHG emission intensity per unit of energy produced.</i>	Methodologies need to be clarified (e.g. no common methodology that defines the trajectory for GHG Emission intensity reductions aligned with a 1.5 C objective specific for the O&G sector, or how to calculate scope 3 emissions other than GHG).	There is some detail on methodology in AR although we agree more could be provided. Time is a limitation. Note this is a Pillar 3 disclosure for upstream. Please also note that reference to 1.5C alignment has been taken out as implicit from E1 requirements. So, requirement still valid, but derived from E1. Although there is no common methodology oil and gas companies have sufficient technical expertise to calculate GHG intensities of primary energy from existent scenario data. In particular ENI participated in the oil and gas SBTi methodology development, where several methodologies were tried put. The ACT methodology also proposes one approach. We may refer to these methods in AR. Lack of time only allowed us to provide a placeholder for AR to OG4-E1.
50	<i>An undertaking operating upstream shall:</i> <i>(a) disclose the GHG intensity of its energy production (CO2e/unit of energy);</i> <i>(b) demonstrate how the GHG intensity of its energy production as well as its trajectory are aligned with the objectives of limiting global</i>	b and c) are already covered in E1 according to me. Targets are intended to be expressed in intensity. I would only require to disclose if the intensity metrics are used	Agree, there is not sufficient differentiation with E1 requirements so b and c can be taken out. Lack of time only allowed us to provide a placeholder for AR to OG4-E1.



	<p>warming to 1.5°C; (c) by reference to its transition plan for climate change mitigation (DR E1-1) and to its climate change mitigation action plan (DR E1-4), provide an explanation of how its CAPEX and financial resource allocation decision will influence the direction of the GHG intensity of its produced energy.</p>	<p>in the target setting process or are part of the reduction targets.</p> <p>Does (b) mean undertakings will have to disclose also their targeted GHG emission intensity per units of energy (which would be welcome even if we acknowledge complexity to have such detailed prospective approach)? Looking back to ESG risks Pillar 3 ITS, template 3 requires banks to disclose alignment metrics, targets and how they progress on their sector-specific portfolio alignment with a trajectory compatible with a 1.5°C scenario. To fill in this template, we would need relevant companies to disclose DR OG 3-E1 on a present but also on a forward looking basis and with the following sectoral granularity: B.06.10 - Extraction of crude petroleum; B.06.2 - Extraction of natural gas. C.19.20 Manufacture of refined petroleum product Can it be added in the draft ESRS and add potentially a “where feasible” to acknowledge complexity of this request (indirectly coming from ESG risks Pillar 3 ITS)?</p>	<p>[no action]</p> <p>The intention is to have a metric for the GHG intensity of energy production. This will be any energy production by the company and not on an individually fuels basis: oil, gas, coal. Because the GHG intensity of each individual oil changes, but not significantly. And what we want to promote transparency on is on the (desirable) move to renewables and not a move to “cleaner oil” or “cleaner gas”. In any case, at least for first years, any increased performance in terms of own emissions on oil and gas production would probably make a difference in the GHG intensity. So, I do not think the Pillar 3 requirement of breaking down crude from gas makes sense and it would certainly add complexity – where you have co-production you would need to define a methodology to split energy and CH4 emissions per crude and gas fractions.</p>
53	<p>Undertakings with marketing activities shall: (a) disclose GHG intensity of the final energy it sells (CO2e/unit of energy); (b) demonstrate how the GHG intensity of its energy sales as well as its trajectory are aligned with the objectives of limiting global warming to 1.5°C; (c) by reference to its transition plan for climate change mitigation (DR E1-1) and to its climate change mitigation action plan (DR E1-4), provide an explanation of how its CAPEX and financial resource allocation decision will influence the direction of the GHG intensity of its energy sales.</p>	<p>I don't understand how this fits here: Undertakings with marketing activities shall:</p> <p>Same as for Par 50: b and c) are already covered in E1 according to me. Targets are intended to be expressed in intensity. I would only require to</p>	<p>[to be decided]</p> <p>"Marketing of oil and gas" is terminology for the specific segment that sell and market petroleum products (the gas stations). They are referred in the sector description as “marketing of petroleum products”. They are sometimes referred to “sales and marketing” and we can adopt that terminology if it helps.</p> <p>As per comment 50 + intensity of energy sold is equally important to energy produced. It represents the extent to which companies are trying to change its consumer</p>

		disclose if he intensity metrics are used in the target setting process or are part of the reduction targets.	facing business to use less carbon intensity energy and change the demand for energy.
54	<i>The undertaking shall explain the accounting for GHG emissions from its associates, joint ventures, unconsolidated subsidiaries and joint arrangements that are not structured through an entity (i.e., these entities and arrangements can be part of the undertaking's value chain), namely considering AR44 to DR E1-6 – Gross scope 1,2,3 and Total GHG emissions.</i>	Redundant with E1?	Agree, was a place holder for boundary consolidation issues. It has been deleted, however to be decided where to include boundary exceptions to the different disclosures. Please note text on boundaries in new AR related to ESRS 1 5.1.
55	<i>When disclosing according to the sector agnostic E2-1 – Policies related to pollution, the undertaking shall disclose its strategy and policies for avoiding, managing and minimising the impact of pollutants release to air, water, soil and organisms from: (a) normal operation of its facilities and equipment through its policies on pollution prevention and control, namely its maintenance practices and how it systematically identifies and implements Best Available Technologies. (b) industrial hazards and accidents.</i>	Should be addressed by "whether and how" or "shall consideré as in Set 1. Wording to be aligned with Set 1. Policies are under the responsibility of undertakings.  Just in relation to the discussion in the cover note on the calculation basis for GHG emissions (and other topics), we did not identify consistency in calculation method - both equity and operational control were used as the basis for attributing emissions - so the approach outlined in GRI 305: Emissions 2016 (and as per the GHG protocol) was retained which is that the organization must just clearly specify which basis they are using.	[on going] While policies are under the responsibility of the undertaking, just as in Set 1, we can refer to specific content the policies should cover, no? To be decided issue of bringing several topics into PTA in a consistent manner. Current DR on Industrial Hazards reflects actions and metrics on industrial hazard pollution. It could be beneficial to have a more standardized approach to this issues, also considering the shear amount of work it will have to be done on sector standards.  Agree, there is currently no consistency. ESRS should try to promote/drive that consistency for sake of comparability (ESRS 1). On boundary issues please note new text on boundaries in new AR related to ESRS 1 5.1. to be decided where to include boundary exceptions to the different disclosures.
56	<i>In disclosing its policies related to pollution according to the sector agnostic E2-1 – Policies related to pollution the undertaking shall explain how they address: (a) spills and loss of containment events for hydrocarbon and other chemicals used in operations; (b) tailings from oil sands mining and in particular the existence of any tailing ponds or dams; (c) substances of concern and substances of very high concern, namely: i. their use and disposal; ii. how substances of concern and very high concern are defined, e.g.</i>	Move to AR	[ongoing/to be done] Lack of time did not allow us to move it to AR.

	<p><i>in accordance to any international standard, law, authoritative list or criteria used;</i></p> <p><i>iii. the approach for setting discharge limits for substances of concern or very high concern.</i></p> <p><i>(d) maintenance and inspection frequency of critical infrastructure, in particular by disclosing:</i></p> <p><i>iv. percentage of natural gas pipelines inspected</i></p> <p><i>v. percentage of hazardous liquid pipelines inspected</i></p>		
57	<p><i>When disclosing according to the sector agnostic E2-2 – Pollution action plans and resources, the undertaking shall disclose its pollution-related action plans and the resources allocated to their implementation, with regards to:</i></p> <p><i>(a) normal operation of its facilities and equipment through its policies on pollution prevention and control, namely its maintenance practices and how it systematically identifies and implements Best Available Technologies.</i></p> <p><i>(b) industrial hazards and accidents.</i></p>	Merged with 56 in AR.	As per above on policies.
59	<p><i>The undertaking shall specify to which layer in the mitigation hierarchy an action plan and resources can be allocated to:</i></p> <p><i>(a) avoid pollution including any phase out of materials/compounds that have a material negative impact (prevention of pollution at source);</i></p> <p><i>(b) reduce pollution (minimisation), including by meeting BAT requirements in the future;</i></p> <p><i>(c) restore and regenerate ecosystems where pollution occurred (control of the impacts both from regular activities and incidents);</i></p> <p><i>(d) transform ecosystem e.g. through technological, economic, institutional, and social factors and changes in underlying values and behaviours;</i></p> <p><i>(e) meet enforcement requirements or future compliance needs such as meeting BAT requirements in the future, or any phase out of materials/compounds; and</i></p> <p><i>(f) address failures to comply with Do-No-Significant-Harm criteria for pollution prevention and control according to the EU Taxonomy Regulation and its Delegated Acts.</i></p>	Redundant with Set 1?	[ongoing] We agree text needs to be improved and there are aspects in here that can be moved to AR. We do not believe is covered in set. Lack of time did not allow any action on this DR.
62	<p><i>The description of targets shall contain the information on whether the targets adopted are mandatory (based on legislation, including future legislation), or voluntary.</i></p>	We need to stay at consolidated level. I would not keep this Par.	[paragraph deleted] Agree that the implication of this paragraph is that many targets may be set on a local/site/facility level if driven by regulation. Considering that having targets is more relevant than their specific origin and that paragraph could introduce confusion on the appropriate level of reporting, we have deleted the paragraph.

68	<p>The undertaking shall disclose the following information on process safety events, as defined by the International Association of Oil &amp; Gas Producers (OGP) as a total number of Tier 1 process safety events, including:</p> <p>a. number of Tier 1 process safety events reported separately for each major business activity, such as refining or upstream;</p> <p>b. provide qualitative descriptions of any significant process safety events that occurred during the reporting year, including the undertakings' response and lessons learned to prevent recurrence;</p> <p>c. Explaining the review assessment and management of process safety risks.</p>	<p>B and c should be merged for tagging issues.</p> <p>GRI 11 includes reporting on Tier 1 and 2 safety events. Reporting on Tier 2 safety events has been included in GRI reporting for the sector for about 10 years. While reporting on unplanned or uncontrolled loss of material from primary containment with severe consequences is obviously the reporting priority, it was considered that reporting Tier 2 events as well provides a better understanding of any performance issues associated with process safety.</p>	<p>[ongoing] We do not disagree. Would this imply merging a + b.</p> <p>[ongoing] The Tier 2 reporting is currently included as an application requirements (may); we will welcome the feedback if it should be a "shall" and continue improve this disclosure.</p>
72	<p>When disclosing the information required in sector agnostic Disclosure Requirement E3-1 on policies and targets related to water and marine sources, the undertakings shall include in the narrative its interactions with water as a shared resource, particularly in water-stressed areas and where conflicts between different water uses may emerge.</p>	<p>Not specific to O&amp;G. Should not be there.</p>	<p>[ongoing] From a content perspective this is challenging, because it is also not in E3 and oil and gas affects local water resources. Furthermore, it is a GRI disclosure 303-1(although there is a lot more detailed). We need to think what does it mean to be "specific to O&amp;G"? to that respect is "S3, USP" specific? Are CH4 emissions specific? Are spills? To be discussed at TEG.</p>
75	<p>The undertakings shall disclose the following indicators:</p> <p>(a) Total volume of water withdrawn from all areas in thousands of cubic meters (103m3), including a breakdown by:</p> <p>i. Total freshwater divided by:</p> <ol style="list-style-type: none"> <li>1. surface water;</li> <li>2. groundwater.</li> </ol> <p>ii. Other water:</p> <ol style="list-style-type: none"> <li>1. seawater;</li> <li>2. produced water and recycled process wastewater;</li> <li>3. third-party water.</li> </ol> <p>(b) Total volume of water withdrawn from water stressed areas in thousands of cubic meters (103m3), including a breakdown by:</p> <p>i. Total Freshwater divided by:</p> <ol style="list-style-type: none"> <li>1. surface water;</li> <li>2. groundwater.</li> </ol> <p>ii. Other water:</p> <ol style="list-style-type: none"> <li>1. seawater;</li> <li>2. produced water and recycled process wastewater;</li> </ol>	<p>Why so much disaggregation by type ? This information is not for local use. Why do we need a new DR ? Withdrawal and discharges are already covered in Set 1.</p>	<p>[to be discussed] Withdrawals are only addressed in E3 at AR level: AR7e) undertaking may report policies to "promote reduction of water withdrawals and water discharges."; AR 23 undertaking may provide targets related to reduction of water withdrawals; and may include withdrawals from polluted soil and aquifers. Only water consumption is mentioned and has metrics. This DR aligned with GRI 303 which is a requirement for O&amp;G. Is also aligned with other main water Disclosure frameworks like the CEO water mandate and also CDP Water (water stress areas). Also aligns with IPIECA "Report the total volume of freshwater you withdraw.", although no specific breakdowns are asked. We can alleviate the requirements on breakdowns, welcome discussion at TEG.</p>

	<p>3. <i>third-party water.</i>  (c) <i>Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.</i></p>	<p>Just noting that in GRI the term megalitre is used. 1 megalitre is equivalent a thousand cubic meters so this should result in comparable reporting but just noting the different terminology</p>	<p>[to be discussed] We recognize it. Intension was to align with the measurement units of Set 1 (which is m3) while also acknowledging it is a small unit for expected reporting volumes. (thus 10<sup>3</sup>). Welcom</p>
76	<p><i>The undertaking shall disclose the volume, the destination, and the impacts of the water it discharges to the environment or exports to third-parties; and the actions it may have taken to improve the quality of the water discharged.</i></p>	<p>Not sure we need all these preliminary Par that do not bring any value (obvious sentences).</p>	<p>It is an architecture decision to have purpose, objective and then elements in para=g 1,2 and 3 of new Disclosure.</p>
77	<p><i>The purpose of this Disclosure Requirement is to provide understanding of the impact of the undertakings' water discharges on local water resources and use.</i></p>	<p>The purpose of ESRS is not to provide information at local level. Otherwise, there would not have been an exemption for subsidiaries.</p>	<p>Impacts are local for water. No global water impacts. This local impact scan be highly material, e.g. see Pascua Lama Gold mine case study <a href="https://www.cdp.net/en/articles/water/pascua-lama-gold-mine">https://www.cdp.net/en/articles/water/pascua-lama-gold-mine</a> which applies to a mining example but there ar also example of oil and gas contamination, e.g. <a href="https://www.scientificamerican.com/article/fracking-can-contaminate-drinking-water/">https://www.scientificamerican.com/article/fracking-can-contaminate-drinking-water/</a> or <a href="https://www.pnas.org/doi/10.1073/pnas.1420279112">https://www.pnas.org/doi/10.1073/pnas.1420279112</a></p>
78	<p><i>The undertakings shall disclose the following indicators:</i>  (a) <i>Total water discharged in thousands of cubic meters (103m3) and a breakdown of this total by the following types of destination, if applicable:</i>  i. <i>Freshwater bodies, divided by:</i>  1. <i>surface water;</i>  2. <i>groundwater.</i>  ii. <i>Other water bodies, divided by:</i>  1. <i>seawater;</i>  2. <i>exported to a third-party for treatment and discharge to the environment;</i>  3. <i>exported to a third-party for re-cycling and re-use.</i>  (b) <i>Total volume of water discharged to water stressed areas in thousands of cubic meters (103m3), including a breakdown by:</i>  i. <i>freshwater;</i>  ii. <i>other water.</i>  (c) <i>volume in thousands of cubic meters (103m3) of produced water and process wastewater discharged.</i>  (d) <i>the number of occasions on which discharge limits were exceeded</i>  (e) <i>any contextual information necessary to understand how the data</i></p>	<p>Why so much disaggregation by type ?  This information is not for local use.  Why do we need a new DR ?  Withdrawal and discharges are already covered in Set 1.</p>	<p>[to be discussed] As with withdrawals, discharge is nto in E3 except at level of AR. DR is Aligned with GRI 303-3, included in oil and gas standard. We would favour a discussion on TEG on these disclosures.</p>

	<i>have been compiled, such as any standards, methodologies, and assumptions used.</i>		
82	<i>When disclosing its policies implemented to manage its material impacts, risks and opportunities related to biodiversity and ecosystems, the undertaking with upstream and midstream operations shall describe if its policies address: (a) a phase-out of existing operations and/or stopping operational investments in areas of key biodiversity value, as well as in the artic. In case such policies are not in place, the undertaking shall disclose the policy provisions to minimize biodiversity and ecosystem impacts from current operations in these areas, if they exist (b) the achievement of no net loss or a net gain to biodiversity on operational sites; and whether these commitments apply to existing and future operations and to operations beyond areas of high biodiversity value. (c) decommissioning of operational sites at their end-of-life, including the systematic implementation of site restoration plans.</i>	Isn't it redundant with Set 1?  (a) could specify if exclusion or phase-out policies are only partial, and in this case, the type of resource covered.	[ongoing] No, but we can double check with Philippe.  We have included a paragraph on exclusions "The undertaking shall disclose if its policies implemented to manage material impacts, risks and opportunities related to biodiversity and ecosystems do not apply to one or more of its sites. In such case, the undertaking shall disclose which policies apply for those operational sites and, when for sites located in or near key biodiversity areas, if they are more stringent than the corporate wide policy."
83	<i>When describing biodiversity and ecosystems-related actions and the resources allocated to their implementation according to the sector agnostic Disclosure Requirement E4-3, the undertaking shall explain how the application of the mitigation hierarchy, if applicable, has resulted in: (a) areas protected through avoidance measures or offset measures; (b) areas restored through on-site restoration measures or offset measures.</i>	Isn't it redundant with Set 1?	[ongoing] This may be. We will double check, also with Philippe.
84	<i>The undertaking shall provide examples or case studies of operating areas where it has put biodiversity management activities and adaptive management in place.</i>	This should not be a "shall" but a "may". Each subtopic can't require examples. This will obscure the management report.	Agree. Moved to AR.
85	<i>The undertaking shall describe its decommissioning activities where it relates to biodiversity and if a site restoration plan exists or is foreseen for each of its operational sites. If this is not the case, the undertaking shall disclose the list of sites for which there is no existing or foreseen site restoration plan.</i>	Already covered at the beginning in Par 20 and redundant with Set 1.	[ongoing] We do not understand why it is redundant with Set 1. Decommissioning is not addressed in Set 1, neither are site level restoration plans. The list referred here is not the same as in the list of operational sites. It works on an exceptional basis when biodiversity policies on restoration plans do not apply to specific sites.
86	<i>The undertaking shall describe its decommissioning activities and if a site restoration plan exists or is foreseen for each of its operational sites. If this is not the case, the undertaking shall disclose the list of sites for which there is no existing or foreseen site restoration plan.</i>	Redundant with Par 84? Or to be merged.	Editorial error, only this version of the paragraph was kept and prag. 85 was deleted.
87	<i>When disclosing according to the sector agnostic Disclosure Requirement E4-4 – Targets related to biodiversity and ecosystems,</i>	a) seem to be at site level which is not relevant in the management report.	a) This has been corrected. Acreage per oil well and acreage per gas well are averaged across company and

	<p><i>the undertaking shall disclose targets related to:</i></p> <p><i>(a) minimising average disturbed acreage per oil and per gas well site;</i></p> <p><i>(b) minimising acreage disturbed and maximising percentage of impacted area restored;</i></p> <p><i>(c) avoidance and mitigation measures that relate to projects and operations in or near protected areas within the priority sites for biodiversity conservation.</i></p>	<p>What is specific to O&amp;G in b and c compared to E4 set 1?</p>	<p>not site by site averages. The word “site” was deleted for clarity. B) there are no targets on maximising percentage of impacted area restored; however, minimising acreage disturbed is a repetition of a) so has been deleted.</p> <p>Biodiversity targets in set 1 have no mention to disturbed land footprints or to max of area restored.</p>
		<p>(c ) should cover both protected areas and Key Biodiversity Areas (in consistency with E4)</p>	<p>Thanks. This paragraph was misplaced as it refers to avoidance and mitigation measures (so, actions and plans). Of course, one can have targets related to actions and plans, but seems redundant with disclosure on E4-3 (current parag. 53). So this paragraph was deleted,</p>
88	<p><i>The undertaking shall report metrics related to material impacts resulting in biodiversity and ecosystem change, following ESRS E4-5, per each operational site [TO BE DISCUSSED] located in or that has material impacts on key biodiversity areas.</i></p>	<p>No need for introductory paragraphs when it relates to Set 1.</p>	<p>Deleted.</p>
		<p>Where relevant (shale gas extraction for instance), operational sites should be grouped and broader areas considered to also take into account the increase in traffic for instance when water is transported by trucks.</p>	
		<p>Material operational sites</p>	
89	<p><i>The objective of this Disclosure Requirement is to provide an overview of the undertaking’s operational sites [TO BE DISCUSSED] situated in or that have material impacts on key biodiversity areas and to provide information on impacts on biodiversity arising from its operational sites [TO BE DISCUSSED] located in or near these areas.</i></p>	<p>No need for introductory paragraphs when it relates to Set 1.</p>	<p>Deleted.</p>
		<p>Material operational sites</p>	
90	<p><i>The undertaking shall include metrics related to:</i></p> <p><i>(a) average disturbed acreage per oil and per gas well site differentiating between on-shore and off-shore wells;</i></p> <p><i>(b) acreage disturbed and percentage of impacted area restored differentiating between on-shore and off-shore operations;</i></p> <p><i>(c) total number of IUCN Red List species and national conservation list species with habitats in areas affected by the operations of the organization, by level of extinction risk (Critically endangered / endangered / vulnerable / near threatened / least concern).</i></p>	<p>Only for sites near biodiversity areas.</p>	<p>Agree. Please note intention is to have average for all sites in KBA of the 3 metrics in a, b and c. Next we ask, where there are material impacts, report biodiversity metrics – which may be the same or not. So order of the two paragraphs has been switched.</p>

91	<i>The undertaking shall explain their process of identifying the sites with protected conservation status or endangered species habitat in a way that is easy to understand and replicate.</i>	Part of policies in set 1. should not be there.	Agree. moved
92	<i>The undertaking shall disclose the percentage of proved reserves that are located in or near high-risk areas.</i>	Covered in Par 20.	Agree. Deleted.
93	<i>When reporting on the policies related to resource use and circular economy according to the E5-1 sector agnostic disclosure, the undertaking shall disclose how its strategy and policies to manage material impacts, risks and opportunities address the following areas: (a) carrying of decommissioning activities of its offshore and onshore assets, facilities and infrastructures (b) revalorising by-products and waste, with a focus on drilling waste (muds and cuttings, scale, sludges and tailings)</i>	Whether and how or shall consider. And to be moved to AR. Nothing new here.	Deleted word "strategy". I believe we are only flagging at this level that decommissioning activities and drilling waste are a material IRO which policies in E5-1 should address. Seems to me to configure a case of additional datapoint
94	<i>When reporting on the action plans and resources in relation to resource use and circular economy according to DR E5-2, the undertaking shall disclose its action plans and the resources allocated with regards to: (a) Minimising and managing the drilling waste (muds and cuttings) (b) Minimising and managing the drilling waste (muds and cuttings), scale, sludges and tailings (c) Decommissioning activities for offshore and onshore assets,</i>	Whether and how or shall consider. And to be moved to AR. Nothing new here.	As per above.
95	<i>The undertaking should provide the number, location, status and brief description of decommissioning and associated remediation projects, as per Disclosure Requirement OG1 List of operational and decommissioned sites and infrastructure, that it considers to be relevant, and the total financial provision made by the undertaking for decommissioning offshore and / or onshore projects and decommissioning facilities and infrastructures.</i>	This requirement relates to closure and should be addressed by a specific OG requirement. Not linked to E5. This covers all environmental and social sub topics.	[ongoing] Agree, the requirement needs to be revised with a new architecture for closure of sites. E2-6 needs to be brought into the standard as well as other changes made in coal and mining. This was not done due to time limitations.
96	<i>When reporting on the targets related to resource use and circular economy according to the E5-3 sector agnostic disclosure, the undertaking shall describe the resource use and circular economy targets related to: (a) Minimising waste (muds and cuttings), scale, sludges and tailings (b) Decommissioning activities for offshore and onshore assets</i>	Add "it has set". These are examples of targets that should be added in the menu for targets. Not a specific requirement.	Agree DR not formulated as a target. This was changes to: The undertaking shall disclose its targets related to: - Waste (muds and cuttings), scale, sludges and tailings minimisation; - % of materials resulting from decommissioning activities for offshore and onshore assets that are re-used or recycled.



97	<i>When reporting on the resource inflows according to the E5-4 sector agnostic disclosure, the undertaking shall include the tonnes of materials recovered from decommissioning activities of offshore and onshore assets,</i>	Redundant with Set 1? Or specification for decommissioning but in AR in this case.	Not sure how it is redundant. Seems highly specific to oil and gas, but may need guidance. As it is I read it as recovered material from decommissioning that is used as input to other oil and gas activities (given it is marked as resource inflow). Clarify with Mariana.
99	<i>The undertaking shall disclose the volume (in cubic meters) and percent of crude oil and gas that is traded for the following activities: (a) petrochemicals; (b) petroleum products; (c) unknown</i>	ok but isn't it already in activity metrics ?	No, it is production and end destiny is not differentiated. Most companies will report unknown.
101	<i>The information provided under the paragraph 100 should be reflecting the total weight of the outflow material in its original state, without data modification, such as reporting on a "dry weight" basis.</i>	Application requirement	Agree.moved to AR.
102	<i>The undertaking shall provide qualitative descriptions of: (a) any significant process safety events that occurred during the reporting year; (b)the actions taken in response; (c)lessons learned to prevent recurrence; (d)its regular review process of the assessment and management of process safety risks.</i>	Comment related to the scope of information. An in-depth analysis of the boundaries of the information in relation to the characteristics of the Oil & Gas industry is necessary. In particular, in order to ensure information comparability among operators, it is necessary for the European standard to clearly identify whether the information must be provided in the "operated" dimension or in the "equity" dimension, in particular with reference to HSE indicators.	Ongoing
120	<i>The undertaking shall disclose [for each operational site/for the key operational sites [TO BE DISCUSSED]: (a) the percentage of top management that are recruited from the local community; (b)the percentage of the procurement budget spent on suppliers local to that operation; © the extent of development of significant infrastructure investments (e.g. transport links, utilities) and services (e.g. community social facilities, health, and welfare centres) supported and whether these investments and services are commercial, in-kind, or pro bono engagements.</i>	Modify to the "material" operational sites	Ongoing
		With regards to (b.): noting the challenges associated with the definition of 'local' especially in relation to suppliers and procurement. While in 'local communities, it is often assumed to reference the communities in the immediate vicinity. In terms of procurement and suppliers for this sector, it may refer to a range of levels, up to and including the country level. In the GRI Standards, it is dealt with by	Ongoing

		asking the reporting organization to provide their 'geographical definition of local' for this disclosure.	
122	<i>The undertaking shall also disclose [for each operational site/for the key operational sites [TO BE DISCUSSED]: (a) the number and description of identified incidents of violations involving the rights of indigenous peoples; (b) its interactions with indigenous peoples, including but not limited to means of communication, language used, frequency; (c) where applicable, the co-ownership programs developed for indigenous peoples and local communities. This shall include equity shares acquired by communities and their value; (d) the most recent examples of involvement in the process of seeking free, prior, and informed consent from indigenous peoples to any of the undertakings' activities, and whether an agreement has been reached and if it is publicly available.</i>	Modify to the "material" operational sites	Ongoing
123	<i>The undertaking shall disclose, for each operational site/for key operational sites [TO BE DISCUSSED] impact metrics on affected communities.</i>	The standard should be very precise in defining aspects related to boundaries that have to be adopted for different disclosure requirements, in line with industry practice and IPIECA guidelines (such as the operational/equity criteria for HSE data). In particular it is very important to define rules to explain what can be considered as "operated". It is necessary to clarify if information should be presented according to a "operatorship approach" or a "equity interest approach"; the different approaches are relevant not only for the disclosure presented but also for the scope of the internal control system necessary to be established in order to support the reliability of the information presented.	A separate application requirement ESRS 1 – 5.1 was proposed to discuss the boundary specificity.
129	<i>The undertaking shall disclose its reserves located in or near indigenous peoples' land</i>	There is the need to better specify the methodology of some KPIs taken from other standards without leaving too much discretion to the undertakings	This disclosure was aligned with the coal and mining approach, including the definitions sources from this sector standard.

		<p>and to ensure a coherent disclosure. Regarding the DRs related to Reserves in or Near Areas Of Conflict/Indigenous land methodologies should explain if all reserves should be taken into account, or only on-shore ones (if off-shore reserves do not need on-shore export facilities should they be included?). Moreover, when “near” is defined, as in the SASB, as “5 kilometers” this distance should be calculated from the operative area because the extension of the actual concession would be too broad. At the same time understanding the effective perimeter of the operating area could prove difficult and result in an overestimation of the area. Moreover, it may be difficult to have a standard definition for indigenous peoples’ land: indeed, in some Countries such land may be recognized by law, in other indigenous people struggle to reach such recognition by law, in other they may historically have settled on some land but not ask for formal recognition.</p>	
131	<p><i>The entity shall disclose the percent of net proved reserves and net probable reserves that are located in or near areas that are considered to be indigenous peoples’ land.</i></p>	<p>Disclosing data on “probable reserves” is problematic in terms of a level playing field for those required to disclose, and those outside the scope of the reporting regime. A stronger contrast with SEC regulations and best practices would derive by the EFRAG request to provide information on probable reserves. Many countries’ national laws or contractual provisions prohibit disclosure of a country’s reserves held by international Oil &amp; Gas companies and, as such, requiring</p>	<p>This disclosure was aligned with the coal and mining approach. Probable reserves are now disclosure that may be considered by the undertaking.</p>

		disclosure of reserves by country could be not viable as it would lead to violations of both national laws or contractual provisions triggering adverse consequences for the undertaking. Asking for a disclosure on reserves with the detail by countries according to the compliance with the EITI quality assurance standards would not be meaningful, it would be of little value for the reader and would, in any case, go against what is required by the relevant SEC regulations (Regulation S-K).	
144	<p><i>When disclosing under the sector agnostic G1-6 – Payment practices, the undertaking shall disclose its approach to contract transparency, including:</i></p> <p><i>(a) whether contracts and licenses with local governments are made publicly available and, if so, where they are published;</i></p> <p><i>(b) if contracts or licenses with local governments are not publicly available, the reason for this and actions taken to make them public in the future.</i></p>	<p>Disclosure requirement G1-6 “Payment practices” should be eliminated as it requires companies to disclose confidential information related to Oil &amp; Gas contracts. Contracts and licenses usually have a confidentiality clause that would not allow this type of disclosure.</p> <p>flagging use of the word 'local', would just 'governments' be less likely to be misinterpreted?</p>	<p>The disclosure G1-6 was aligned with the coal and mining sector approach.</p> <p>Ongoing</p>
145	<i>The undertaking shall disclose its sales to, support received from, and payments made to governments.</i>	Regarding transparency, the request for payments made to governments represents a duplication of a disclosure made under other regulations; it seems to be unnecessary to provide for new KPIs but a direct cross reference could be made to the data disclosed/reports according to the regulations adopted. European companies in the extractive industries already undergo a reporting regime as per Directive 2013/34/EU, which has harmed their competitive positions against players not subject to that reporting regime. So, EFRAG	The disclosure was aligned with the coal and mining sector approach.

		requirements should be waived by reporting in compliance with the mentioned Directive, by making a cross reference to the Payments to Governments report. In this case it must be considered that you can only make reference to fiscal year n-1 because these reports come out after the publication of the Annual Report, considering that the appropriate verifications with the fiscal authorities of the different countries have to be conducted.	
147	<p><i>The undertaking shall disclose:</i></p> <p>(a) <i>the oil and gas sales to government organizations, including for oil and gas extraction, trade, handling, transport and export, and including sales to third parties appointed by the state on their behalf;</i></p> <p>(b) <i>the fee or payment for the sales to government organizations (or third parties acting on the government's behalf);</i></p> <p>(c) <i>various types of materials purchased, names of the buying undertaking(s), and the recipient of the fee;</i></p> <p>(d) <i>a breakdown of the payments to governments levied at the project-level, by project and revenue streams [granularity TO BE DISCUSSED];</i></p> <p>(e) <i>the monetary value of financial assistance received by the undertaking from any government during the reporting period, split [by country/ by key country [TO BE DISCUSSED];</i></p> <p>(f) <i>whether, and the extent to which, any government is present in the shareholding structure and in which country and, in case of a state-owned company the financial relationship between the government and the undertaking;</i></p> <p>(g) <i>all payments to governments relating to oil and gas upstream, midstream and downstream activities, trade and transport from all concerned / affected countries, in accordance with jurisdictional legislation. Undertakings shall disclose all relevant payments in line with the principals outlined in the Extractive Industry Transparency Initiatives (EITI).</i></p>	If we go for "by key country" in letter e), the rest of the disclosures should be reported "when material"	The letter (e) was removed in the process of alignment with coal and mining sector disclosures.
G1 SM	<i>Corruption in the oil and gas sector can occur throughout the value chain and has been linked to various negative impacts, such as misallocation of resources revenues, damage to the environment, abuse of democracy and human rights, and political instability. Due to</i>	The information requirement on "beneficial owners" was removed in the agnostic standards as the EFRAG SRB considered the information to be	We acknowledge this and will align with the approach in other sectors.

	<p><i>its characteristics of interactions and complexity of financial transactions, the oil and gas sector faces higher risks of corruption in comparison with other sectors. To combat corruption and prevent the negative impacts that stem from it, organizations in the oil and gas sector are expected by the marketplace, international norms, and stakeholders to demonstrate their adherence to integrity, governance, and responsible business practices. Responsible business conduct of the sector also includes the anti-competitive behaviour practices as well as beneficial ownership.</i></p>	<p>superfluous in the context of beneficial ownership registers in the EU and a tenuous link to bribery/corruption; why should it be a specific requirement for the sector? It is impossible to give disclosure of the "beneficial owners of business partners, including joint ventures and suppliers" and subsidiaries. Moreover, the concept of beneficial owner should be, in any case, better specified. Disclosure on beneficial owners, if required, should be related only to the group level and for the other categories it is only possible to provide the due diligence procedures that are put in place, not all the beneficial owners.</p>	
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