

Sustainability Reporting in the Nigerian Oil and Gas Sector

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Abstract

This paper assesses sustainability reporting in the Nigerian Oil and Gas sector. Content analysis was used on data sourced from the annual reports of selected oil companies to identify the extent to which their reporting has been in line with global best practices. The study found an arbitrary and incompatible sustainability reporting indicators among all the sampled companies and therefore recommends the introduction of sustainability reporting framework in line with global best practices in the Nigerian Oil and Gas sector.

Keywords: Sustainability reporting, oil and gas companies, corporate social responsibility, disclosure, multinationals.

Introduction

Conventional financial reporting has been premised on the notion that, although a number of identifiable user group exist, the primary concerns of financial statements are shareholders, prospective investors and financial intermediaries (FEE, 2000). Friedman (1962) claimed that the only responsibility of business is to make profits and traditional financial statements principally report on shareholders at the detriment of other stakeholders.

In the past decade however, there has been a consistent concern that traditional financial reports do not adequately represent the multiple dimensions of corporate value today (Simnet, Vanstraelen & China, 2009). This pressure has further been exacerbated by the recent global financial crisis with its profound consequences on accounting and auditing. This has resulted in a search for both new financial metrics and additional non-financial measures of value/performance (Stewart 1999; Skveiby, 1997), and a call for better corporate governance, transparency and accountability as traditional financial statement do not provide a full measure of business performance and shareholder value creation.

During the past 40 years, pressures from a variety of sources have come to bear on the business community on their responsibility towards all of its stakeholders, environment and the society in which it operates (Sihotang & Effendi, 2010; Dilling, 2010), hence, the need for an interdisciplinary reporting that reflects a simultaneous integration of economic, environmental

and social factors into corporate behavior with the aim of sustaining resources for future generation (Eppel, 1999 as quoted by Quick, 2008). Sustainability reporting has emerged in an attempt to respond to the demands for interdisciplinary reporting. While there is no single globally accepted definition of sustainability reporting, Elkington (1997) stated that “the term sustainability reporting or “triple bottom-line” in its narrowest term is a framework for measuring and reporting corporate performance against economic, social and environmental parameters while in its broadest term, it is the whole set of values, issues and processes that companies must address in order to minimize any harm resulting from their activities and to create economic, social and environmental values and the three lines represent society, economy and the environments. Although, sustainability reporting has yet to reach a generally accepted standard of financial reporting and is still largely a voluntary exercise in many countries of the world, however, this is changing with mandatory requirements being introduced in countries such as France, Germany, South Africa (ACCA, 2005; SIRAN, 2008).

Nigeria should not be an exception in the introduction of sustainability reporting in the business community with particular reference to the oil and gas sector in view of its role in economic development of the nation. The oil and gas sector is the backbone and mainstay of Nigeria's economy, accounting for over 95% of her foreign exchange earnings, 40% of her GDP and 85% of the Federal Government's collectible revenue (Uwakonye, Osho & Anucha, 2006). The major oil producing companies are Shell Petroleum Development Company of Nigeria Ltd., Mobil Producing Nigeria Unlimited, Chevron Nig. Ltd., Nigerian Agip Oil Company Ltd., Elf Petroleum Nig. Ltd., and Texaco Overseas Petroleum Company of Nigeria Unlimited. These multinationals participate in the petroleum industry in joint ventures with Nigeria National Petroleum Corporation (NNPC), as operators/contractors in the Nigeria deep water under production sharing contracts (PSC) which did not address the triple bottom line aspect of sustainability reporting and in one instance under a service contract with NNPC. All of the crude oil in Nigeria comes from numerous small producing fields, located in the swamps of the Niger Delta, however, the multinationals have had to contend with a number of issues including lack of transparency, environmental degradation, insensitivity to stakeholders concern and have continually been targets of community unrest and public criticisms.

Consequently, the objective of this paper is to carry out a critical assessment of the current level of sustainability reporting through content analysis with a view of recommending a framework in line with international best practices. The analysis is based on the multinational oil and gas companies whose operations have a very strong impact on the environment.

Sustainability Reporting Best Practices

Several reporting standards exist as guidelines for reporting sustainability. These standards are as follows:

- Global reporting initiative sustainability reporting guideline developed by Global Reporting Initiative in 2006.

- Oil and Gas Industry Guidance on Voluntary Sustainability Reporting developed by American Petroleum Initiative (API) and the International Petroleum Industry Environmental Conservation Association (IPIECA).
- Organization for Economic Cooperation and Development Guidelines for Multinational Enterprises developed by Organization for Economic Cooperation and Development (OECD).
- Environmental Management (ISO 14001, EMAS)
- Greenhouse Gas Protocol developed by World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI).
- Global Compact and United Nation Norms developed by the United Nations.
- AA 1000 for auditing and assurance process developed by Accountability, an international membership organization.
- Social Accountability 8000 developed by Social Accountability International, an independent organization consisting of business, non-governmental organizations, trade unions and others.

Among other standards, the GRI G3 Sustainability reporting guidelines and the API/IPIECA oil and gas industry guidance on voluntary sustainability reporting are the most widely accepted reporting standard for oil and gas industries.

Methodology

The primary purpose of this paper is to carry out an assessment of the current level of sustainability reporting in line with international best practices. The study focused on the six major oil and gas multinationals operating in Nigeria. Data were sourced through content analysis of annual reports (global and local), stand-alone sustainability reporting and other triple line-reporting publications.

The Global Reporting Initiative and the IPIECA oil and gas industry guidance on voluntary sustainability reporting served as the basis for the development of an evaluation method. While the two studies outlined above applied an extensive range of evaluation criteria, this study will only use limited criteria deemed relevant within the Nigerian context. The description of the evaluation criteria are as shown in Table 1.

The following scaling ratings were applied in assessing the degree of reporting in the sample companies.

| | Rating/Score |
|--|--------------|
| ✓ Issue not reported at all | 0 |
| ✓ Issue reported locally but in general terms | 1 |
| ✓ Issue reported locally and in specific terms | 2 |
| ✓ Issue reported globally with no specific mention of Nigeria | 3 |
| ✓ Issue reported globally and with specific mention of Nigeria | 4 |
| ✓ Issue reported in both global and local reports | 5 |

Discussion

Criterion 1: Organizational Profile, Strategy, Report and Governance

All surveyed multinationals fared well under the above criterion with the exception of Governance. Most multinationals reported extensively on their profile, strategy and reporting parameters. On the issue of strategy, while multinationals established a relationship between companies' strategies and sustainability in their global reports, such was not reported at the local level. 50% of the sampled companies described key impacts risks and opportunities at both local and global levels, the other 50% only reported same issues only on the global scene. On the issue of the Reporting parameters, multinationals only described their reporting cycle both locally and globally but failed to mention the contact person at the local level and their policies with regards to seeking external assurance for the report.

However, in the reporting of governance structure, all companies reported globally but their Nigerian affiliates did not report on key issues like list of stakeholders group, approaches and frequency of engagement; basis for identification and selection of stakeholders with whom to engage as well as key topics and concerns raised and how the organization responded to them.

Criterion 2: Economic Performance Indicators

All surveyed companies reported extensively on their economic performance indicators in both local and global reports but failed on their responsibilities to mention in their local reports policies and / or advocacy programmes for the promotion of transparency of payments to host government. Over the years, the multinationals have been accused by other stakeholders of a lack of transparency in their dealings with the Nigerian government. These criticisms, inter alia, culminated to the introduction of Nigeria Extractive Industries Transparency Initiatives (NEITI) which was meant to promote transparency in the activities of the multinationals in their dealing with the Federal Government. As at the time of carrying out this research, the said initiatives remained non-operative.

Criterion 3: Environmental Performance Indicators

All surveyed companies reported environmental performance Indicators in general terms in their global reports but their local affiliates did not make any report on their environmental performance. On spills and discharges, multinationals in their local reports failed to mention the number and volume of hydrocarbon spilled and present in regulated discharges to a water environment.

On the issue of wastes and residual materials, there was no report on the quantity of hazardous and non-hazardous wastes disposed toxic releases and the total quantity of materials recycled, re-used or reclaimed that would otherwise have been considered as wastes.

On emissions issues, international best practices require that individual quantities of emissions by type, total volume of hydrocarbon gas both vented and flared to the atmosphere and annual emissions of greenhouse gases reported as total CO₂ equivalent be appropriately accounted for. This requirement was not adhered to by multinationals in their local reports.

On resource usage, the multinationals only reported the implementation and coverage of an Environmental management system in both local and global reports while the Quantity of primary energy and fresh water consumed in their operations were only reported globally.

On Biodiversity, companies failed to report locally their operations in area of high biodiversity, the impact of their operations on biodiversity and their strategies for managing the impact on biodiversity associate with their activities despite reporting same in their global reports.

Criterion 4: Health and Safety Performance Indicators

While multinationals operations in Nigeria stated the existence and implementation of an occupational health and safety management system, they failed to describe in specific terms the participation of employees in health dialogues, the existence of programmes to understand the general health risks affecting the local force and a description of a system for reporting occupational injuries unto total injury rate, total illness rate, lost time injury rate and fatality rate.

Criterion 5: Social Responsibility Performance Indicators

Multinationals in their local reports failed on their Social Responsibility performance Indicators. In respect of Human Rights, there was neither policies and / or procedure for addressing human rights nor employees training on the issue of human right. There was no report on the number of incidents of discrimination and violation involving rights indigenous people and action taken (if any).

In terms of employment practices, while multinationals reported on the availability of a policy for preventing discrimination among employees, there was no programme to gauge employees' satisfaction. On the issue of the community, there were no description of processes engaged and address the needs of indigenous communities, resettlement and land rights of impacted communities, management of the positive and negative impacts on communities in areas affected by core business activities, the total number of legal actions against the companies were not reported although the companies made provision for contingent liabilities (for issues like fines, non compliance with laws and court cases) in their local reports

Conclusion

- (i) The study found out significant variations in sustainability reporting disclosures with no support by any known local regulation.
- (ii) While multinationals reported extensively in line with global best practices in their global reports, their local affiliates did not report locally on the same issue
- (iii) Multinationals also differed in their mode of reporting which resulted in a lack of comparison from one company to another.
- (iv) Multinationals operating in Nigeria fared badly in their Environmental and Social reporting indicators which may partly explain the upsurge in criticism and unrest that characterized their operations in the last decade.

Recommendations

Since multinationals operating in the Nigerian Oil and Gas sector have not been adhering to international best practices on the issue of sustainability reporting, this paper recommends a mandatory localized sustainability reporting framework in line with international best practices as practiced in countries like France, Germany and South Africa for companies operating in the Oil and Gas sector of the economy in view of the criticality of the sector to the economic well-being of the Nigerian State.

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Table 1: Description of Sustainability Reporting indicators and Assessment/Ratings

| S/No | Code | Indicators | Multinational Oil/Gas Companies Assessment/Ratings | | | | | |
|--|------|------------|--|---|---|---|---|---|
| Criterion 1: Organizational Profile, Strategy, & Governance | | | | | | | | |
| Organizational Profile | | | A | B | C | D | E | F |

| | | | | | | | | |
|--------------------------------|------|--|---|---|---|---|---|---|
| 1. | OR1 | Name of organization, primary brand, product and /or service | | | | | | |
| 2. | OR2 | Countries in which the organization's operations are located and its headquarters | | | | | | |
| 3. | OR3 | Market served (including geographic breakdown, sector served and types of customers). | | | | | | |
| 4. | OR4 | Significant changes during the reporting period regarding size, structure and ownership. | | | | | | |
| Organizational Strategy | | | | | | | | |
| 5. | OR5 | Statement from CEO about relevance of sustainability to organization and its strategy. | | | | | | |
| 6. | OR6 | Description of key impacts, risks and opportunities. | | | | | | |
| Report Parameters | | | A | B | C | D | E | F |
| 7. | OR7 | Reporting period (e.g. calendar year) and cycle. | | | | | | |
| 8. | OR8 | Contact person(s) for the report including e-mail and web addresses. | | | | | | |
| 9. | OR9 | Boundaries of the report (countries/divisions/ leased facilities /joint venture) and specific limitation on boundary of reports | | | | | | |
| 10. | OR10 | Policy and current practices with regard to seeking external assurance for the report. | | | | | | |
| Governance | | | A | B | C | D | E | F |
| 11. | OR11 | Governance structure of the organization, including major committees under the board of directors that are responsible for setting strategy or organizational oversight. | | | | | | |

| | | | | | | | | |
|-----|----------|--|--|--|--|--|--|--|
| 12. | OR1 2 | Mechanism for shareholders and employees to provide recommendations or direction to the highest governance body. | | | | | | |
| 13. | OR 13 | Internally developed statements of mission or value, code of conducts and principles relevant to economic, environmental, and social performance and the status of their implementation. | | | | | | |
| 14. | OR1 4 | Procedure of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles. | | | | | | |
| 15. | OR1 5 | Process for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance. | | | | | | |
| 16. | OR1 6 | Externally developed economics, environmental, and social charters, or other initiatives to which the organization subscribes or endorses. | | | | | | |
| 17. | OR1 7 | List of stakeholder groups engaged by the organizations. | | | | | | |
| 18. | OR1 8 | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. | | | | | | |
| 19. | OR1 9 | Key topics and concerns that have been raised through stakeholder engagement and how the organization has responded to those key topics and concerns, including through its reporting. | | | | | | |

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|---|----------|--|---|---|---|---|---|---|
| 20. | OR2 0 | Basis for identification and selection of stakeholders with whom to engage. | | | | | | |
| <u>Criterion 2: Economic Performance Indicators</u> | | | | | | | | |
| Shareholders | | | A | B | C | D | E | F |
| 21. | EC1 | Dividend paid plus share repurchases (if applicable) | | | | | | |
| Government | | | A | B | C | D | E | F |
| 22. | EC2 | Globally aggregated annual amount of income tax expenses. | | | | | | |
| 23. | EC3 | Polices or advocacy programmes for the promotion of transparency of payments to host governments. | | | | | | |
| Employees | | | A | B | C | D | E | F |
| 24. | EC4 | Total employees payroll and benefits for the current reporting period. | | | | | | |
| 25. | EC 5 | Organization's defined benefit plan obligations for employees procedure for local hiring and proportion of senior management hired from the local community at locations of significant operation. | | | | | | |
| Supplier and Contractors | | | A | B | C | D | E | F |
| 26. | EC 6 | Total capital expenditures. | | | | | | |
| Lenders and Holders of Debt Securities | | | A | B | C | D | E | F |
| 27. | EC7 | Interest paid to lenders and holders of the company's debt securities in the reporting period. | | | | | | |
| <u>Criterion 3: Environmental Performance Indicators</u> | | | | | | | | |
| Spills and Discharges | | | A | B | C | D | E | F |

| | | | | | | | | |
|--------------------------------------|------|--|---|---|---|---|---|---|
| 28. | EN 1 | Number and volume of hydrocarbon liquid spills greater than 1 barrel that reach the environment. | | | | | | |
| 29. | EN 2 | Quantities of hydrocarbons present in controlled or regulated discharges to a water environment (both inland waterways or to the sea). | | | | | | |
| 30. | EN 3 | Quantities of permitted or controlled discharges of chemicals or materials other than hydrocarbons. | | | | | | |
| 31. | EN 4 | Significant non-hydrocarbon spills and accidental releases from operational upsets. | | | | | | |
| Wastes and Residual Materials | | | A | B | C | D | E | F |
| 32. | EN 5 | Quantity of regulated hazardous wastes disposed. | | | | | | |
| 33. | EN 6 | Quantity of non-hazardous waste disposed. | | | | | | |
| 34. | EN 7 | Total quantity of materials recycled, reused or reclaimed that would otherwise have been considered hazardous or non-hazardous wastes. | | | | | | |
| 35. | EN 8 | Toxic Releases | | | | | | |
| Emissions | | | A | B | C | D | E | F |
| 36. | EN 8 | Annual emissions of greenhouse gases reported as total CO ₂ equivalent and as individual species, from facilities managed and /or owned by the company. | | | | | | |
| 37. | EN 9 | Total mass or volume of hydrocarbon gas both vented and flared to the atmosphere from operations and reported separately. | | | | | | |
| 38. | EN10 | Individual quantities of omissions by type released to the atmosphere from oil and natural gas operations during routine and non-routine processing. | | | | | | |

| Resource Use | | | A | B | C | D | E | F |
|---|----------|---|---|---|---|---|---|---|
| 39. | EN1 1 | Quantity of primary energy consumed in oil and natural gas operations including the primary energy that is generated on site or imported. | | | | | | |
| 40. | EN1 2 | Fresh water consumed in oil and gas operations where availability is a significant issue. | | | | | | |
| 41. | EN1 3 | Initiatives to develop produce or use alternative or renewable energy sources. | | | | | | |
| 42. | EN1 4 | Implementation and coverage of an Environmental management system. | | | | | | |
| Biodiversity | | | A | B | C | D | E | F |
| 43. | EN1 5 | Location and size of land owned, leased, managed in or adjacent to, protected areas and areas of high biodiversity value outside protected areas. | | | | | | |
| 44. | EN1 6 | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. | | | | | | |
| 45. | EN1 7 | Habitats protected or restored. | | | | | | |
| 46. | EN1 8 | Strategies, current actions, and future plans for managing impacts on biodiversity associated with activities in terrestrial, fresh water and marine environments. | | | | | | |
| 47. | EN1 9 | National conservation list species with habitats in areas affected by operations by level of extinction risk. | | | | | | |
| <u>Criterion 4: Health and Safety Performance Indicators</u> | | | | | | | | |
| 48. | HE 1 | Implementation and coverage of an occupational health and safety management system. | | | | | | |

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|--|------|---|---|---|---|---|---|---|
| 49. | HE 2 | Participation of employees in safety and health dialogues. | | | | | | |
| 50. | HE 3 | Existence of programmes and practices to understand the general health risks and experiences affecting the local workforce. | | | | | | |
| 51. | HE 4 | Description of a system for recording occupational injuries and illness and reporting them as total injury rate, total illness rates, lost time injury rate and fatality rates. | | | | | | |
| Criterion 5: Social Responsibility Performance Indicators | | | | | | | | |
| Human Rights | | | A | B | C | D | E | F |
| 52. | SR 1 | Policies/Procedures to address human rights broadly, as relevant to operations including implementation progress. | | | | | | |
| 53. | SR 2 | Total hours of employees training on issues of human rights relevant to operations. | | | | | | |
| 54. | SR 3 | Total number of incidents of discrimination and actions taken. | | | | | | |
| 55. | SR 4 | Total number of incidents of violations involving rights of indigenous people and actions taken. | | | | | | |
| Business Ethics | | | A | B | C | D | E | F |
| 56. | SR 5 | Policies and/or procedures for addressing bribery and corruption. | | | | | | |
| 57. | SR 6 | Policies and/or procedures for managing political contributions, political lobbying and advocacy. | | | | | | |
| Employment Practice | | | A | B | C | D | E | F |

| | | | | | | | | |
|------------------------------|-------|--|---|---|---|---|---|---|
| 58. | SR 7 | Policy and/or procedure preventing discrimination among employees in operations, including a description of equal opportunity practices. | | | | | | |
| 59. | SR 8. | Description of programmes to gauge employee satisfaction. | | | | | | |
| 60. | SR 9. | Total workforce by employment type, contract and region. | | | | | | |
| 61. | SR 10 | Average hours of training per year per employee category. | | | | | | |
| 62. | SR 11 | Policies and/or procedures for hiring and training local employees within a country/region, including at senior levels. | | | | | | |
| Community and Society | | | A | B | C | D | E | F |
| 63. | SR 12 | Processes for assessing and managing positive and negative impacts on communities in areas affected by core business activities. | | | | | | |
| 64. | SR 13 | Amount of social investment including policies and procedures for making the social investment. | | | | | | |
| 65. | SR 14 | Description of processes to engage with and address the needs of indigenous communities. | | | | | | |
| 66. | SR 15 | Policies and/or procedures to address resettlement and land rights of impacted communities. | | | | | | |
| 67. | SR 16 | Percentage and total number of business units analysed for risks related to corruption. | | | | | | |
| 68. | SR 17 | Action taken in response to incidents of corruption. | | | | | | |
| 69. | SR 18 | Public policy positions and participation in public policy development and lobbying. | | | | | | |

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|-----|----------|--|--|--|--|--|--|--|
| 70. | SR 19 | Total value of financial and in-kind contributions to political parties, politicians and related institutions. | | | | | | |
| 71. | SR 20 | Total number of legal actions for anti-competitive behavior, antitrust and monopoly practices and their outcomes. | | | | | | |
| 72. | SR 21 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. | | | | | | |

Source: GRI, 2006; API/IPIECA, 2005

The following scaling ratings were applied in assessing the degree of reporting in the sample companies.

| | Rating/Score |
|--|--------------|
| ✓ Issue not reported at all | 0 |
| ✓ Issue reported locally but in general terms | 1 |
| ✓ Issue reported locally and in specific terms | 2 |
| ✓ Issue reported globally with no specific mention of Nigeria | 3 |
| ✓ Issue reported globally and with specific mention of Nigeria | 4 |
| ✓ Issue reported in both global and local reports | 5 |

Table 2: Results of Assessment/Ratings of the six multinationals operating in the Sector

| S/No | Code | Indicators | Multinational Oil/Gas Companies Assessment/Ratings | | | | | |
|--|------|--|--|---|---|---|---|---|
| | | | A | B | C | D | E | F |
| Criterion 1: Organizational Profile, Strategy, & Governance | | | | | | | | |
| Organizational Profile | | | A | B | C | D | E | F |
| 1. | OR1 | Name of organization, primary brand, product and /or service | 5 | 5 | 5 | 5 | 5 | 5 |
| 2. | OR2 | Countries in which the organization's operations are located and its headquarters | 5 | 5 | 5 | 5 | 5 | 5 |
| 3. | OR3 | Market served (including geographic breakdown, sector served and types of customers). | 5 | 5 | 5 | 5 | 5 | 5 |
| 4. | OR4 | Significant changes during the reporting period regarding size, structure and ownership. | 5 | 5 | 5 | 5 | 5 | 5 |

| Organizational Strategy | | | | | | | | |
|--------------------------------|------|--|---|---|---|---|---|---|
| 5. | OR5 | Statement from CEO about relevance of sustainability to organization and its strategy. | 3 | 3 | 3 | 3 | 3 | 3 |
| 6. | OR6 | Description of key impacts, risks and opportunities. | 3 | 5 | 3 | 5 | 3 | 5 |
| Report Parameters | | | | | | | | |
| 7. | OR7 | Reporting period (e.g. calendar year) and cycle. | 5 | 5 | 5 | 5 | 5 | 5 |
| 8. | OR8 | Contact person(s) for the report including e-mail and web addresses. | 3 | 3 | 3 | 3 | 3 | 3 |
| 9. | OR9 | Boundaries of the report (countries/divisions/ leased facilities /joint venture) and specific limitation on boundary of reports | 3 | 5 | 5 | 5 | 3 | 3 |
| 10. | OR10 | Policy and current practices with regard to seeking external assurance for the report. | 3 | 3 | 3 | 3 | 3 | 3 |
| Governance | | | | | | | | |
| 11. | OR11 | Governance structure of the organization, including major committees under the board of directors that are responsible for setting strategy or organizational oversight. | 5 | 5 | 5 | 5 | 5 | 5 |
| 12. | OR12 | Mechanism for shareholders and employees to provide recommendations or direction to the highest governance body. | 5 | 5 | 5 | 5 | 5 | 5 |
| 13. | OR13 | Internally developed statements of mission or value, code of conducts and principles relevant to economic, environmental, and social performance and the status of their implementation. | 5 | 5 | 5 | 5 | 5 | 5 |

| | | | | | | | | |
|--|----------|--|---|---|---|---|---|---|
| 14. | OR1 4 | Procedure of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles. | 3 | 3 | 3 | 3 | 3 | 3 |
| 15. | OR1 5 | Process for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance. | 3 | 3 | 3 | 3 | 3 | 3 |
| 16. | OR1 6 | Externally developed economics, environmental, and social charters, or other initiatives to which the organization subscribes or endorses. | 3 | 3 | 3 | 3 | 3 | 3 |
| 17. | OR1 7 | List of stakeholder groups engaged by the organizations. | 3 | 0 | 3 | 3 | 0 | 3 |
| 18. | OR1 8 | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. | 3 | 3 | 0 | 0 | 3 | 3 |
| 19. | OR1 9 | Key topics and concerns that have been raised through stakeholder engagement and how the organization has responded to those key topics and concerns, including through its reporting. | 0 | 0 | 3 | 3 | 0 | 3 |
| 20. | OR2 0 | Basis for identification and selection of stakeholders with whom to engage. | 0 | 0 | 0 | 3 | 0 | 0 |
| <u>Criterion 2: Economic Performance Indicators</u> | | | | | | | | |
| Shareholders | | | A | B | C | D | E | F |
| 21. | EC1 | Dividend paid plus share repurchases (if applicable) | 5 | 5 | 5 | 5 | 5 | 5 |
| Government | | | | | | | | |
| 22. | EC2 | Globally aggregated annual amount of income tax expenses. | 5 | 5 | 5 | 5 | 5 | 5 |

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|---|------|--|---|---|---|---|---|---|
| 23. | EC3 | Polices or advocacy programmes for the promotion of transparency of payments to host governments. | 3 | 3 | 3 | 3 | 3 | 3 |
| Employees | | | | | | | | |
| 24. | EC4 | Total employees payroll and benefits for the current reporting period. | 5 | 5 | 5 | 5 | 5 | 5 |
| 25. | EC 5 | Organization's defined benefit plan obligations for employees procedure for local hiring and proportion of senior management hired from the local community at locations of significant operation. | 5 | 5 | 5 | 5 | 5 | 5 |
| Supplier and Contractors | | | | | | | | |
| 26. | EC 6 | Total capital expenditures. | 5 | 5 | 5 | 5 | 5 | 5 |
| Lenders and Holders of Debt Securities | | | | | | | | |
| 27. | EC7 | Interest paid to lenders and holders of the company's debt securities in the reporting period. | 5 | 5 | 5 | 5 | 5 | 5 |
| <u>Criterion 3: Environmental Performance Indicators</u> | | | | | | | | |
| Spills and Discharges | | | A | B | C | D | E | F |
| 28. | EN 1 | Number and volume of hydrocarbon liquid spills greater than 1 barrel that reach the environment. | 3 | 3 | 3 | 3 | 3 | 3 |
| 29. | EN 2 | Quantities of hydrocarbons present in controlled or regulated discharges to a water environment (both inland waterways or to the sea). | 3 | 3 | 3 | 3 | 3 | 3 |
| 30. | EN 3 | Quantities of permitted or controlled discharges of chemicals or materials other than hydrocarbons. | 3 | 3 | 3 | 3 | 3 | 3 |

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|--------------------------------------|------|--|---|---|---|---|---|---|
| 31. | EN 4 | Significant non-hydrocarbon spills and accidental releases from operational upsets. | 3 | 3 | 3 | 3 | 3 | 3 |
| Wastes and Residual Materials | | | | | | | | |
| 32. | EN 5 | Quantity of regulated hazardous wastes disposed. | 3 | 3 | 3 | 3 | 3 | 3 |
| 33. | EN 6 | Quantity of non-hazardous waste disposed. | 3 | 3 | 3 | 3 | 3 | 3 |
| 34. | EN 7 | Total quantity of materials recycled, reused or reclaimed that would otherwise have been considered hazardous or non-hazardous wastes. | 3 | 3 | 3 | 3 | 3 | 3 |
| 35. | EN 8 | Toxic Releases | 0 | 0 | 0 | 0 | 0 | 3 |
| Emissions | | | | | | | | |
| 36. | EN 8 | Annual emissions of greenhouse gases reported as total CO ₂ equivalent and as individual species, from facilities managed and /or owned by the company. | 3 | 3 | 3 | 3 | 3 | 3 |
| 37. | EN 9 | Total mass or volume of hydrocarbon gas both vented and flared to the atmosphere from operations and reported separately. | 3 | 3 | 3 | 3 | 3 | 3 |
| 38. | EN10 | Individual quantities of emissions by type released to the atmosphere from oil and natural gas operations during routine and non-routine processing. | 3 | 3 | 3 | 3 | 3 | 3 |
| Resource Use | | | A | B | C | D | E | F |
| 39. | EN11 | Quantity of primary energy consumed in oil and natural gas operations including the primary energy that is generated on site or imported. | 3 | 3 | 3 | 3 | 3 | 3 |
| 40. | EN12 | Fresh water consumed in oil and gas operations where availability is a significant issue. | 3 | 3 | 3 | 3 | 3 | 3 |

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| 41. | EN1 3 | Initiatives to develop produce or use alternative or renewable energy sources. | 5 | 5 | 5 | 5 | 5 | 5 |
| 42. | EN1 4 | Implementation and coverage of an Environmental management system. | 5 | 5 | 5 | 5 | 5 | 5 |
| Biodiversity | | | A | B | C | D | E | F |
| 43. | EN1 5 | Location and size of land owned, leased, managed in or adjacent to, protected areas and areas of high biodiversity value outside protected areas. | 3 | 3 | 3 | 3 | 3 | 3 |
| 44. | EN1 6 | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. | 3 | 3 | 3 | 3 | 3 | 0 |
| 45. | EN1 7 | Habitats protected or restored. | 3 | 3 | 3 | 3 | 3 | 3 |
| 46. | EN1 8 | Strategies, current actions, and future plans for managing impacts on biodiversity associated with activities in terrestrial, fresh water and marine environments. | 3 | 0 | 0 | 3 | 3 | 0 |
| 47. | EN1 9 | National conservation list species with habitats in areas affected by operations by level of extinction risk. | 3 | 3 | 0 | 3 | 3 | 0 |
| <u>Criterion 4: Health and Safety Performance Indicators</u> | | | | | | | | |
| 48. | HE 1 | Implementation and coverage of an occupational health and safety management system. | 5 | 5 | 5 | 5 | 5 | 5 |
| 49. | HE 2 | Participation of employees in safety and health dialogues. | 3 | 3 | 3 | 3 | 3 | 3 |
| 50. | HE 3 | Existence of programmes and practices to understand the general health risks and experiences affecting the local workforce. | 0 | 0 | 0 | 0 | 0 | 0 |

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| 51. | HE 4 | Description of a system for recording occupational injuries and illness and reporting them as total injury rate, total illness rates, lost time injury rate and fatality rates. | 3 | 3 | 3 | 3 | 3 | 3 |
| Criterion 5: Social Responsibility Performance Indicators | | | | | | | | |
| Human Rights | | | A | B | C | D | E | F |
| 52. | SR 1 | Policies/Procedures to address human rights broadly, as relevant to operations including implementation progress. | 0 | 0 | 0 | 0 | 0 | 0 |
| 53. | SR 2 | Total hours of employees training on issues of human rights relevant to operations. | 0 | 0 | 0 | 0 | 0 | 0 |
| 54. | SR 3 | Total number of incidents of discrimination and actions taken. | 0 | 0 | 0 | 0 | 0 | 0 |
| 55. | SR 4 | Total number of incidents of violations involving rights of indigenous people and actions taken. | 0 | 0 | 0 | 0 | 0 | 0 |
| Business Ethics | | | A | B | C | D | E | F |
| 56. | SR 5 | Policies and/or procedures for addressing bribery and corruption. | 0 | 0 | 0 | 0 | 0 | 0 |
| 57. | SR 6 | Policies and/or procedures for managing political contributions, political lobbying and advocacy. | 3 | 3 | 3 | 3 | 3 | 3 |
| Employment Practice | | | | | | | | |
| 58. | SR 7 | Policy and/or procedure preventing discrimination among employees in operations, including a description of equal opportunity practices. | 5 | 5 | 5 | 5 | 5 | 5 |
| 59. | SR 8. | Description of programmes to gauge employee satisfaction. | 0 | 0 | 0 | 0 | 0 | 0 |

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| 60. | SR 9. | Total workforce by employment type, contract and region. | 5 | 5 | 5 | 5 | 5 | 5 |
| 61. | SR 10 | Average hours of training per year per employee category. | 5 | 5 | 3 | 3 | 5 | 5 |
| 62. | SR 11 | Policies and/or procedures for hiring and training local employees within a country/region, including at senior levels. | 5 | 5 | 5 | 5 | 5 | 5 |
| Community and Society | | | | | | | | |
| 63. | SR 12 | Processes for assessing and managing positive and negative impacts on communities in areas affected by core business activities. | 3 | 3 | 3 | 3 | 3 | 3 |
| 64. | SR 13 | Amount of social investment including policies and procedures for making the social investment. | 5 | 5 | 5 | 5 | 5 | 5 |
| 65. | SR 14 | Description of processes to engage with and address the needs of indigenous communities. | 0 | 0 | 0 | 0 | 0 | 0 |
| 66. | SR 15 | Policies and/or procedures to address resettlement and land rights of impacted communities. | 0 | 0 | 0 | 0 | 0 | 0 |
| 67. | SR 16 | Percentage and total number of business units analysed for risks related to corruption. | 3 | 0 | 0 | 3 | 3 | 0 |
| 68. | SR 17 | Action taken in response to incidents of corruption. | 0 | 0 | 0 | 3 | 0 | 3 |
| 69. | SR 18 | Public policy positions and participation in public policy development and lobbying. | 3 | 3 | 3 | 3 | 3 | 3 |
| 70. | SR 19 | Total value of financial and in-kind contributions to political parties, politicians and related institutions. | 5 | 5 | 5 | 5 | 5 | 5 |
| 71. | SR 20 | Total number of legal actions for anti-competitive behavior, antitrust and monopoly practices and their outcomes. | 3 | 3 | 3 | 3 | 3 | 3 |

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| 72. | SR 21 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. | 5 | 5 | 5 | 5 | 5 | 5 |
|-----|----------|--|---|---|---|---|---|---|

Source: GRI, 2006; API/PIECA, 2005