



Regional webinars for Latin America: introduction to sustainability reporting

# **Sustainability reporting 101:**

Introduction and essential steps in producing your sustainability report

17 October 2024



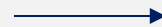
# Regional webinars on sustainability reporting



Latin America webinars  
co-hosted by



ASSOCIATION OF OIL, GAS AND RENEWABLE ENERGY  
COMPANIES OF LATIN AMERICA AND THE CARIBBEAN



## ***"Introduction to sustainability reporting"***

17 October 2024

Speakers:

- Beatrix Wieczorek, Shell Senior Sustainability Reporting Adviser and Ipieca Reporting Working Group Chair
- Claudia Kruger, Petrobras Social Responsibility Planning and Evaluation Manager



## ***"Materiality assessments"***

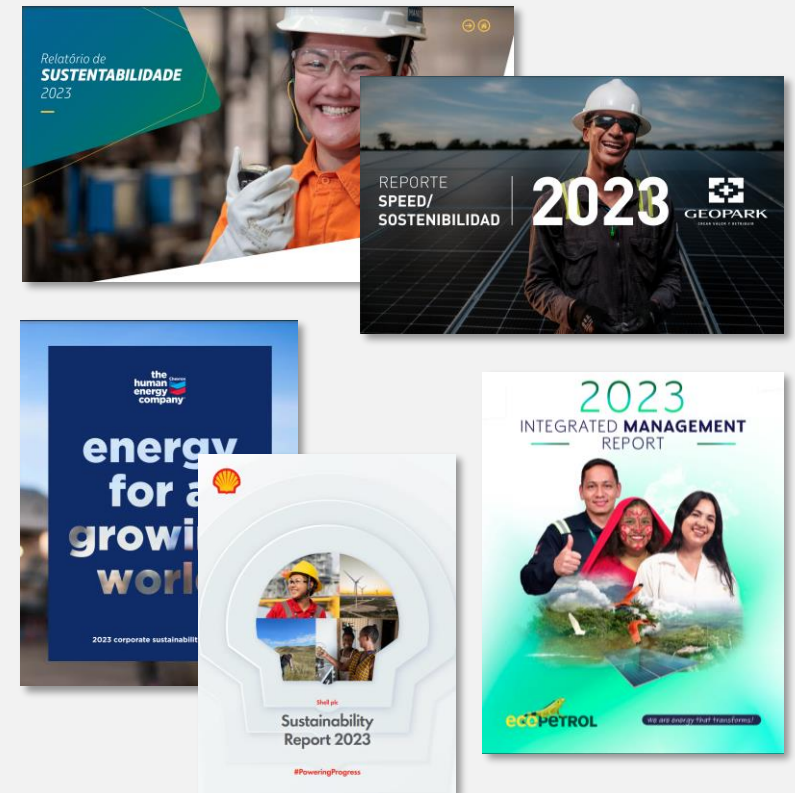
29 October 2024



# What are sustainability reports?

Sustainability reports communicate a company's performance and impacts with regard to sustainability topics, including but not limited to climate, environmental, social and governance issues to a wide range of stakeholders.

- ✓ 96% of the world's top 250 companies report on their sustainability performance.
- ✓ 100% of Ipieca and IOGP Europe member companies produce reports or online content about their sustainability performance.
- ✓ Arpel's efforts focus on supporting and encouraging its members to advance in ESG and sustainability reporting.
- ✓ Ipieca's annual reporting survey amongst member companies shows that participating companies publish sustainability performance information **every year**, and that 68% of them have done so for **10 or more years**.





# Benefits of reporting



## **Improves climate, environmental and social performance**

By measuring its activities and evaluating its progress, a company can identify where it is performing well and where it can improve.



## **Enhances stakeholder engagement based on credible documentation**

Sustainability reports provide a credible way to communicate and engage with customers, suppliers, employees and wider society by providing information on sustainability strategy, priorities and performance.



## **Clarifies purpose**

Reviewing current initiatives and long-term plans helps a company to reflect on how it is addressing strategic issues.



## **Improves financial performance**

Evidence shows that good sustainability performance enhances financial performance, and access to capital.

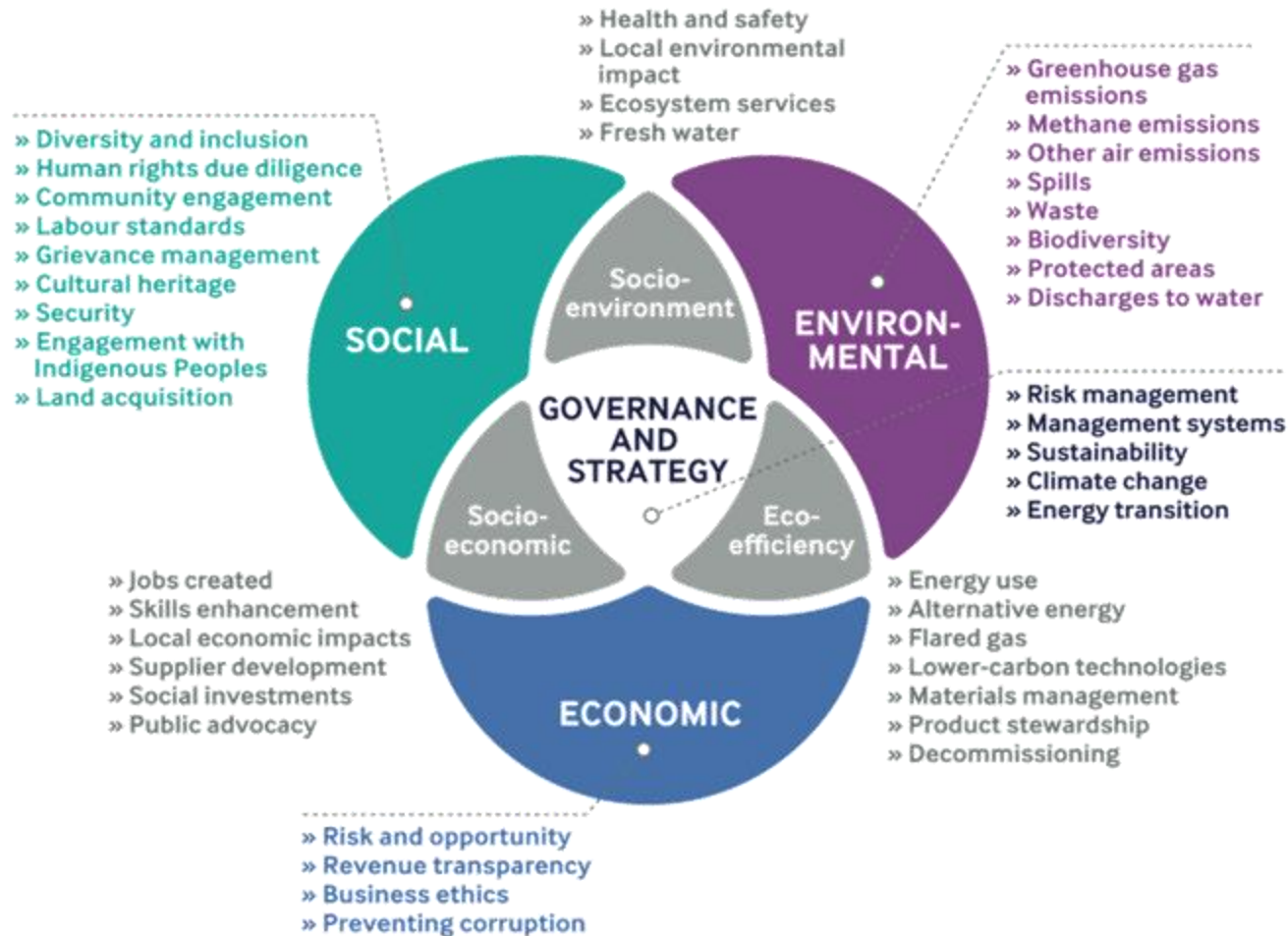
## **Credible resource for core stakeholders:**

- Investors
- NGOs
- Local communities and indigenous peoples
- Employees
- Customers
- Governments & regulators

→ **Increased transparency supports stakeholders' decision-making processes**

# What is included in a sustainability report?

Typical sustainability matters identified in the oil and gas industry



**Qualitative information:** Explanations of company strategy and priorities, narrative stories and case studies, and descriptions of business processes or operations.

**Quantitative metrics:** Key data indicators, including corporate targets and measurements of progress.

# What to report on: focus on material issues

‘Decision-useful information for stakeholders’



‘**Material**’ issues are those issues that have the potential to significantly affect a company’s performance and financial value from the perspective of the company management and external stakeholders.

‘**Double materiality**’\* introduces a new dimension:

It looks at how a company impacts environment and society (*‘impact materiality’*) **and** how sustainability issues influence the company's performance and value.

\*see EU regulation "Corporate Sustainability Reporting Directive"



# How to report?

## Five reporting principles

### Relevance

- Reported information should reflect your company's sustainability issues and meet the needs of your internal and external stakeholders.

### Transparency

- Information should be reported in a clear, timely and balanced way and support independent review. This might include disclosure of any processes, assumptions and limitations affecting report preparation.

### Consistency

- Credibility is enhanced if you adopt a systematic use of processes and definitions. It will also help you conduct a meaningful review of your company's performance over time and compare performance both internally and against the wider industry.

### Completeness

- Choose information that is specific and consistent with the stated purpose, scope and boundaries of your report.

### Accuracy

- Information should be reliable, objective and verifiable. It should also give a realistic picture of the company's position, performance and progress.

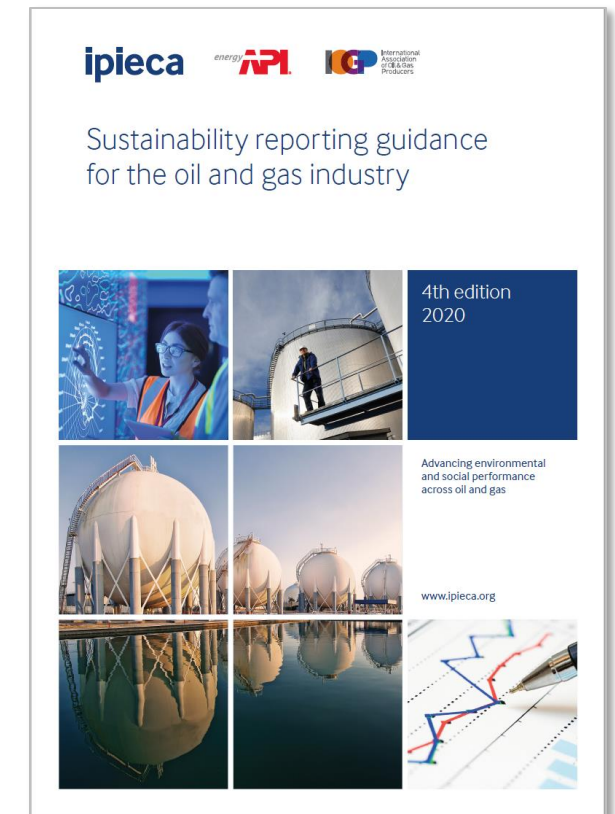


# Ipieca-API-IOGP Sustainability reporting guidance

‘Make the case and start the race’

Ipieca, API and IOGP have been working in partnership on enhancing industry’s sustainability reporting since 2005. The latest edition was launched in 2020 and endorsed by the 4 associations and their members all around the globe.

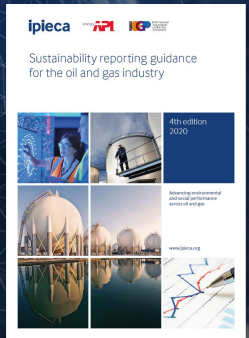
- It provides comprehensive guidance for companies in the oil and gas sector to develop sustainability reports.
- It covers **21 sustainability issues** and **43 indicator categories** – each with two revised tiers of reporting elements, *Core* and *Additional*
- It includes six modules
  - Reporting process
  - Governance and business ethics
  - Climate change and energy
  - Environment
  - Safety, health and security
  - Social





# Ipieca-API-IOGP Sustainability reporting guidance

## Guidance structure



### MODULE 1

#### Reporting process



*Module 1 provides an overview on how to report.*

### MODULE 2

#### Governance and business ethics



### MODULE 5

#### Safety, health and security



### MODULE 3

#### Climate change and energy



### MODULE 6

#### Social



### MODULE 4

#### Environment



#### INTRODUCTION

Brings all issues together within the scope of the module. Provides useful context for all reporters, but especially first-time reporters. Includes useful facts and figures for mature reporters.

#### KEY POINTS TO ADDRESS

Provides recommendations on content you may choose to include in your narrative that conveys your company's values and stance on these issues, and how you address impacts and contribute to sustainability.

#### INDICATORS

Supports your narrative by providing quantitative and qualitative information, including your approach and performance. Sets out why each indicator matters, its scope, and reporting elements – and aims to drive consistent reporting across the industry.

#### REFERENCES AND LINKS

Provides information on useful references and online sources.

## MODULE INTRODUCTION

### YOUR NARRATIVE ON ISSUE A:

SUPPORTED BY:  
INDICATOR A1  
INDICATOR A2

REFERENCES & LINKS

### YOUR NARRATIVE ON ISSUE B:

SUPPORTED BY:  
INDICATOR B1

REFERENCES & LINKS

### YOUR NARRATIVE ON ISSUE C:

SUPPORTED BY:  
INDICATOR C1  
INDICATOR C2  
INDICATOR C3  
INDICATOR C4

REFERENCES & LINKS

# Sustainability reporting is a company-wide effort



## Reporting on sustainability matters

... is not a task to leave with the reporting team!

It is essential that the relevance of sustainable operations is understood across the company, in headquarter offices and on sites so that the reporting team can provide their delivery.

# Petrobras Sustainability Reporting Practice

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Sustainability reporting regional webinar  
Latin America

17<sup>st</sup> October, 2024





# Reporting Guidance

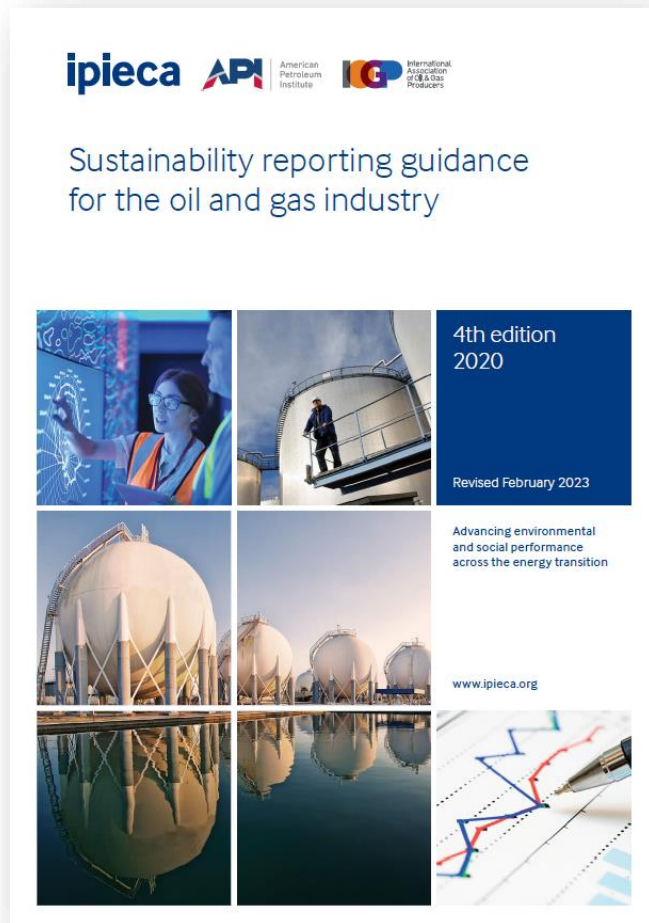
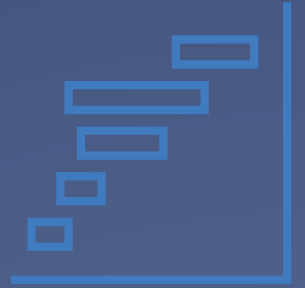


Figure 1.2: The sustainability reporting process

1.  
DEVELOP A  
REPORTING PLAN



- ≈ Define your audience and objectives
- ≈ Choose appropriate reporting frameworks
- ≈ Assign roles and responsibilities
- ≈ Determine report boundaries and scope
- ≈ Plan communication strategies



SUGGESTION

*Treat the report as a step in SUSTAINABILITY AND BUSINESS MANAGEMENT and don't leave assurance for later, think about it from the beginning*

# 1. DEVELOP A REPORTING PLAN

- \_ Begins right after the previous year's report
- \_ GRI is our main standard (audits based on GRI guidelines)
- \_ Include SASB indicators and double materiality (investors)
- \_ HR, Environment, Health, Ombudsman (early involvement and work evaluation)
- \_ Created ESG Datasheet annex with key quantitative data (focus on investors and bots)
- \_ Our report includes subsidiary data (consolidated)

## TIP

*Start small (report one company)*





## 2. ENGAGE STAKEHOLDERS



### STARTING OUT

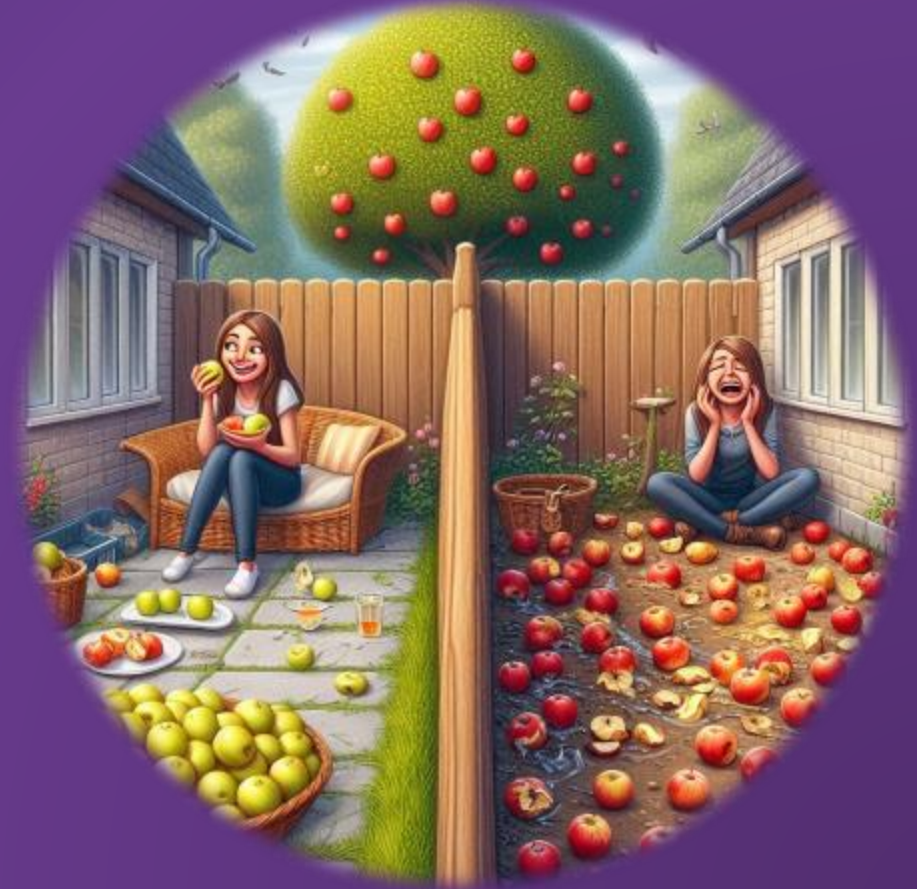
### DURING PRODUCTION

### POST-PUBLICATION

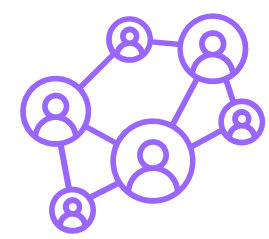
- ≈ Identify and prioritize stakeholder groups
- ≈ Use various engagement channels (e.g., surveys, interviews, panels)
- ≈ Seek stakeholder views on material issues
- ≈ Gather feedback on previous reports
- ≈ Use stakeholder input to improve relevance and credibility

# REMEMBER

*Impacts can manifest in different ways for different audiences!*



## 2. ENGAGE STAKEHOLDERS



- \_ 13 stakeholder groups
- \_ reasons for engagement
- \_ how we engage
- \_ stakeholder concerns and demands



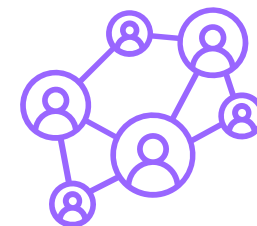
INTRODUCTION | ACTING WITH INTEGRITY | REDUCING THE CARBON FOOTPRINT | PROTECTING THE ENVIRONMENT | CARING FOR PEOPLE

### ENGAGEMENT WITH OUR STAKEHOLDERS

Our approach for engagement with stakeholders is adapted according to the characteristics of each stakeholder, as shown below:

	CUSTOMERS	SCIENTIFIC AND INNOVATION COMMUNITY	COMMUNITIES IN COVERAGE AREA
<b>WHY DO WE ENGAGE?</b>	<ul style="list-style-type: none"> <li>To contribute to strengthening the bond with our customers in the face of the challenges experienced in the oil products market, emphasizing our after-sales differential, in addition to improving interpersonal relationships.</li> </ul>	<ul style="list-style-type: none"> <li>To establish new partnerships, to associate with the best available partners, accelerate technological deliveries and reduce the absorption time of innovations, developed from relationships with partner institutions and universities.</li> <li>To promote positive social and environmental transformations in society.</li> </ul>	<ul style="list-style-type: none"> <li>Community engagement is essential so that we can address and monitor the risks and social impacts arising from the interaction between our business, society, and the environment, allowing the construction of relationships based on continuous and transparent communication.</li> <li>Finally, engagement contributes to the viability of our businesses and local development.</li> </ul>
<b>HOW WE ENGAGE</b>	<ul style="list-style-type: none"> <li>Technical, management and integration events,</li> <li>Visits and meetings</li> <li>Satisfaction surveys</li> <li>Provision of relationship channels (Customer Channel Portal, Customer Service (SAC), and the Petrobras Technical Assistance Program)</li> </ul>	<ul style="list-style-type: none"> <li>Technological partnerships through cooperation terms and other instruments</li> <li>Technical meetings</li> <li>Public calls for the presentation and execution of research projects,</li> <li>Promotion of internal and external workshops</li> <li>Sending communications by e-mail on strategic and interesting topics</li> <li>Voluntary environmental initiatives, through the Petrobras Socioenvironmental Program, carried out by reference institutions, and coordinated by representatives of the scientific and academic community</li> <li>Provision of scholarships and professional development opportunities for students and researchers through the Petrobras Socioenvironmental Program</li> </ul>	<ul style="list-style-type: none"> <li>Periodic carrying out socioeconomic diagnoses in the communities in our coverage area, aiming to deeply understand the local reality</li> <li>Management of social risks throughout the business life cycle</li> <li>Annual Social Responsibility Plans of the Units</li> <li>Promotion of community engagement: customized to local needs, using relationship tools such as community committee meetings, newsletters on our activities in the territory, visits to communities, as well as visits by communities to our facilities, events, training, and drills to act in emergency situations</li> </ul>
<b>MAIN CONCERNS AND DEMANDS OF STAKEHOLDERS</b>	<ul style="list-style-type: none"> <li>Reliability and predictability in product supply</li> <li>Price formation</li> <li>Contract negotiations</li> <li>Measurement issues</li> <li>Customer Channel</li> <li>Regulation Milestone</li> </ul>	<ul style="list-style-type: none"> <li>Management and continuity of projects</li> <li>New cooperation opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Interference with quality of life (odor, noise, smoke, vibration, dust, flare luminosity, among others)</li> <li>Interference with livelihoods (damage to artisanal fishing and/or tourism activities)</li> <li>Interference in local traffic dynamics and/or accidents due to the movement of heavy vehicles</li> <li>Expectation of job creation exceeding demand</li> </ul>

SUSTAINABILITY REPORT 2023





### 3. SELECT YOUR MATERIAL ISSUES FOR REPORTING



- ≈ Identify potential sustainability issues
- ≈ Assess significance to the company and stakeholders
- ≈ Prioritize issues using defined criteria
- ≈ Consider emerging trends and long-term impacts
- ≈ Review and confirm final list of material issues

Impact materiality

Financial materiality



### 3. SELECT YOUR MATERIAL ISSUES FOR REPORTING

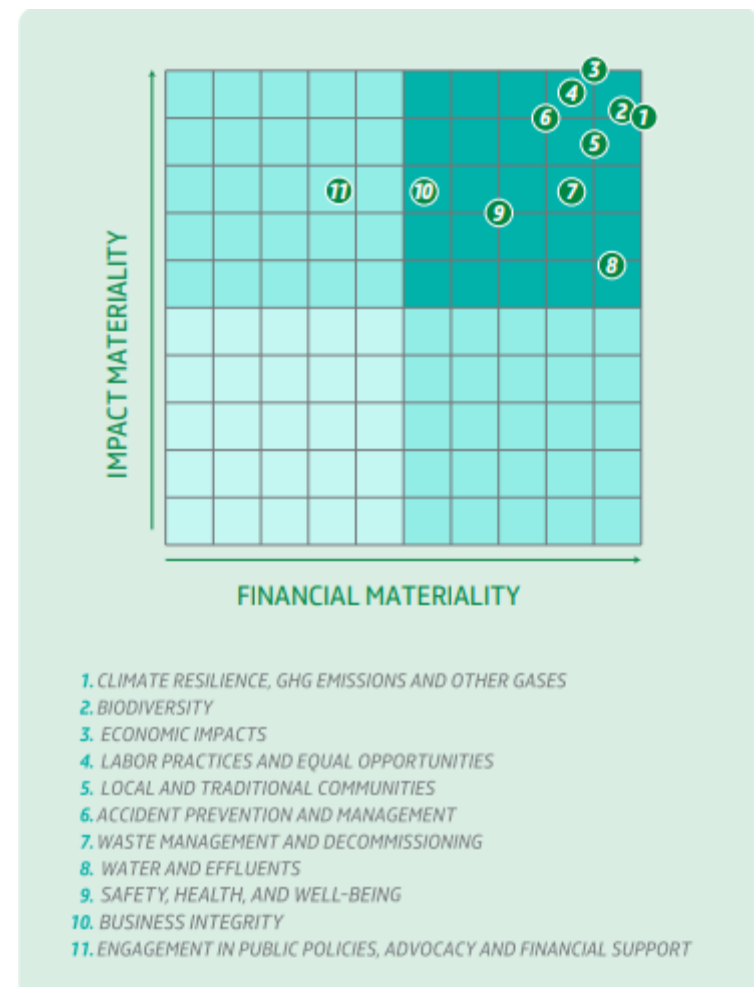
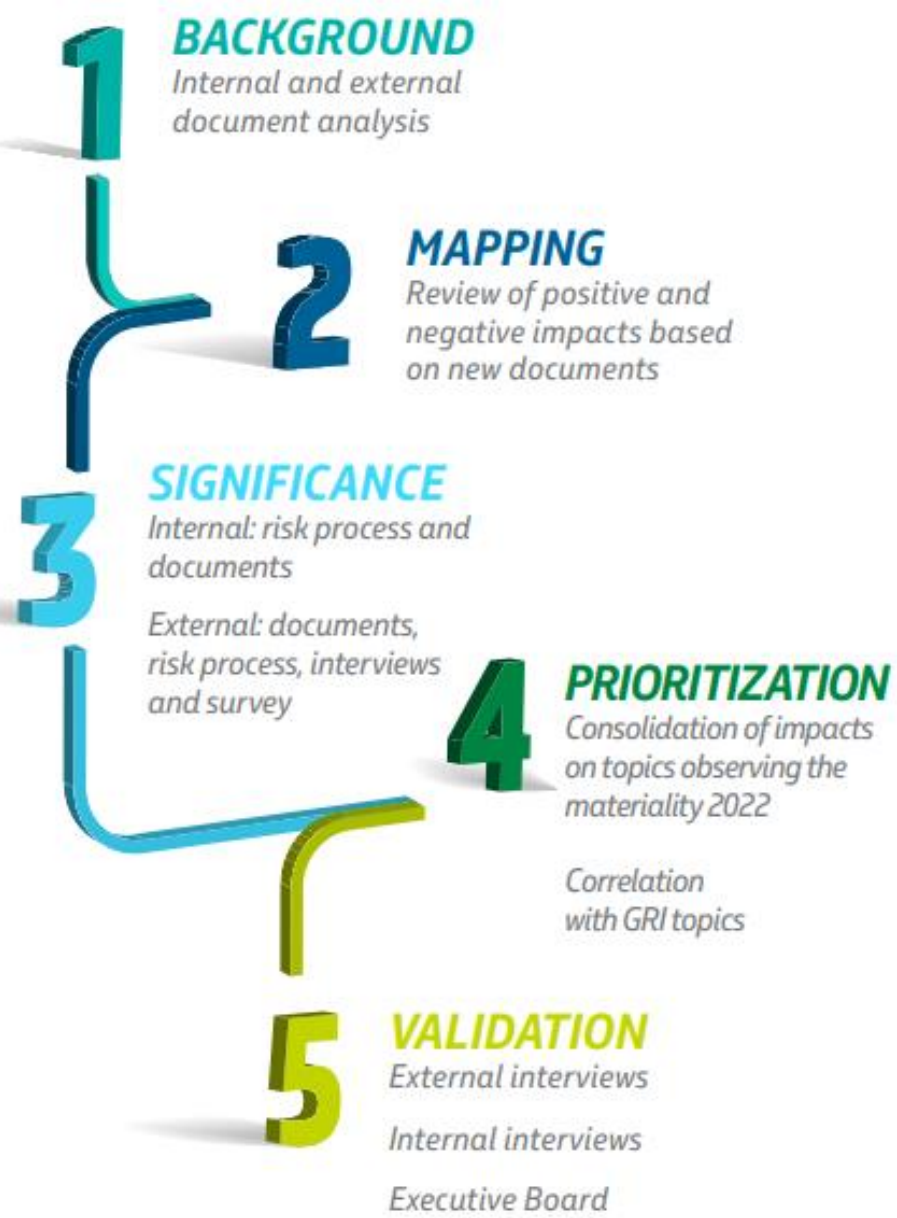
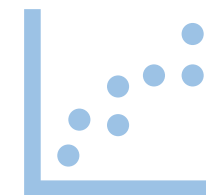


- ≈ Real and potential impacts in society and nature
- ≈ Positive and negative



Double materiality

- ≈ How ESG topics affect the company
- ≈ Risk and opportunities





#### 4. DEVELOP REPORT NARRATIVE



- ≈ Structure your report content
- ≈ Address key components
- ≈ Present material process and material topics, including impacts, risks and opportunities
- ≈ Provide context on governance and management systems
- ≈ Include case studies and examples to illustrate performance



4.  
DEVELOP REPORT  
NARRATIVE





Main sustainability metrics<sup>12</sup> (consolidated)

INDICATOR	2023 ACHIEVEMENT	TARGET OR MAXIMUM ADMISSIBLE LIMIT (LMA) FOR 2023	2023 PERFORMANCE	TARGET OR LMA FOR 2024
Fatalities	2	LMA: Zero	Actual results below zero fatality ambition	Ambition: Zero
TRIR	0.80	LMA <0.7	Achievement 14% higher than the warning limit projected for the year	< 0.7
VAZO <sup>13</sup>	16.9m <sup>3</sup>	Ambition: Zero LMA: 120 m <sup>3</sup>	Actual result was 95% below the volume spilled in 2022 (218.03 m <sup>3</sup> ) and 86% below the warning limit established for 2023.	Ambition: Zero LMA: 120 m <sup>3</sup>
GHG <sup>14</sup> E&P	13.8 kgCO <sub>2</sub> e/boe	15.0 kgCO <sub>2</sub> e/boe	Actual result 8.4% lower than the emission intensity goal established for 2023	Note <sup>15</sup>
GHG <sup>14</sup> Refining	36.8 kgCO <sub>2</sub> e/CWT	37.8 kgCO <sub>2</sub> e/CWT	Actual result 2.6% lower than the emission intensity goal established for 2023	36.9 kgCO <sub>2</sub> e/CWT

<sup>12</sup> Data on fatalities and Total Recordable Injury Rate (TRIR) include the parent company Petrobras, Libra, Petrobras Bolivia S.A. (PEB), Petrobras International Braspetro B.V. - Sucursal Colombia (PIB-COL), Transpetro, Araucária Nitrogenados (ANSA), Petrobras Colombia Combustibles S.A. (PECOCO), TERMOMACAÉ, and TERMOBAHIA. Data on VAZO includes the parent company Petrobras, LIBRA, PEB, PIB-COL, and Transpetro. Emissions data includes all companies in which we have operational control.

<sup>13</sup> Oil and Oil Products Spilled Volume. The volumes of oil and oil products spilled related to our operations (excluding clandestine diversions) are recorded for all incidents with a spilled volume above one barrel (0.159 m<sup>3</sup>) that have affected water bodies or non-impermeable soil.

<sup>14</sup> Greenhouse Gas Emission Intensity.

<sup>15</sup> The top metric for the E&P segment in 2023 was the intensity of greenhouse gas emissions (IGEE) from the already implemented units, meaning those that were already in operation in January 2023, with their commissioning period completed. For the year 2024, the top metric will again be the GHG E&P for the total portfolio, related to our sustainability history and commitment, with a target of 15.5 kgCO<sub>2</sub>e/boe. Monitoring the performance in greenhouse gas emissions solely from new units (GHG E&P New Units) will be maintained to provide transparency on the E&P segment's performance with the monitoring of metrics. In 2023, the GHG E&P for the total portfolio achieved a result of 14.2 kgCO<sub>2</sub>e/boe.



## 5. DEVELOP REPORT DATA



- » Gather quantitative and qualitative data
- » Ensure data quality and consistency
- » Use appropriate reporting elements (core and additional)
- » Present data in a clear and accessible format

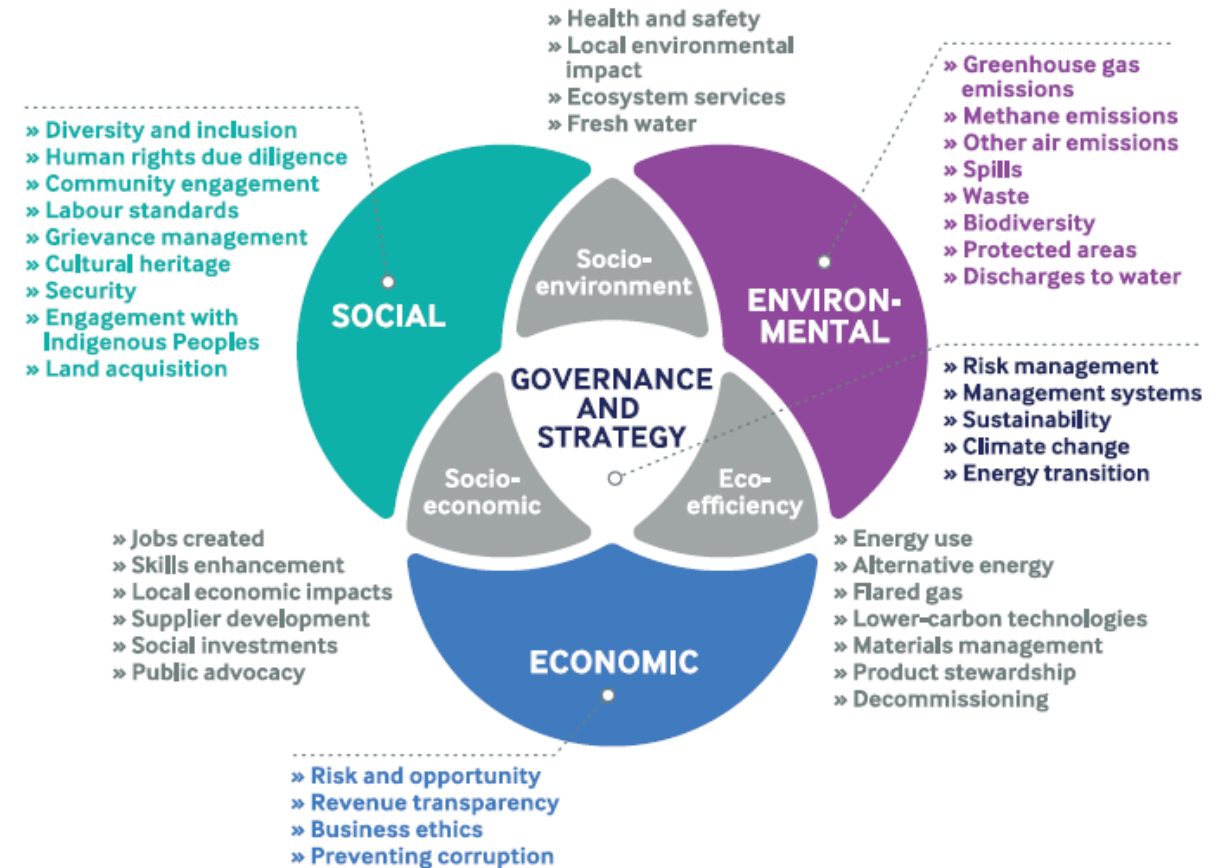
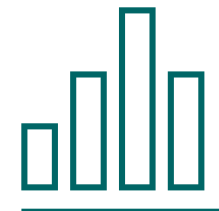


Figure 1.6: Sustainability issues in the oil and gas industry

## 5. DEVELOP REPORT DATA

# ESG Datasheet 2023

Complementary document to the  
2023 Sustainability Report



### Caring for people

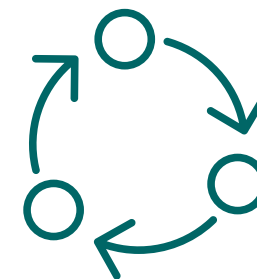
Disclosure	Social metrics	Unit of measure	2019	2020	2021	2022	2023	Target	Target year
GRI 2-7	Number of employees [1]	employees	57,983	49,050	45,532	45,149	46,730		
GRI 2-8	Number of contractors (workers who are not employees)	workers	103,133	92,766	99,126	105,397	107,819		
-	Women in leadership positions [2]	employees	18.4%	19.1%	19.3%	19.4%	22.1%	25%	2030
-	Black people in leadership positions [2] [3]	employees	19.3%	20.0%	21.3%	21.9%	22.2%	25%	2030
-	Number of employees with disabilities [4]	employees	337	278	404	537	793		
GRI 11.9.10 SASB EM-RM-320a.1 EM-EP-320a.1	Fatalities [5]	people	2	0	3	5	2	0	2024
GRI 11.9.10 EM-EP-320a.1 EM-RM-320a.1	Total Recordable Injury Rate (TRIR)	[6]	0.76	0.56	0.54	0.68	0.80	< 0.7	2024
-	Percentage of employees trained in Human Rights [7] [8]	%				8%	97%	100%	2025
-	Investments in cultural projects [9]	million BRL	37	18	37	28	61		
-	Investments in sport projects [9]	million BRL	71	5	1	4	4		
-	Investments in business, science and technology projects [9] [10]	million BRL	13	8	12	17	24		
-	Investments in socio-environmental projects	million BRL	116	89	88	121	159		
-	Social and environmental projects with measurement of social return [7] [11]	%	0.94	5.88	12.75	23.60	34.09		
-	Return on social and environmental benefits for every R\$1.00 invested in socio-environmental projects [7] [12]	BRL	4.55	6.51	5.10	5.29	4.84	> 1.50	2030
-	Donations [13]	million BRL	1	26	101	272	2		
-	Projects to minimize and offset socio-economic impacts [9]	million BRL			108	114	135		

## 6. PROVIDE ASSURANCE

- ≈ Determine the level and scope of assurance needed
- ≈ Engage internal or external assurance providers
- ≈ Conduct assurance process (e.g., data verification, stakeholder interviews)
- ≈ Address any identified gaps or improvements
- ≈ Include assurance statement in the report



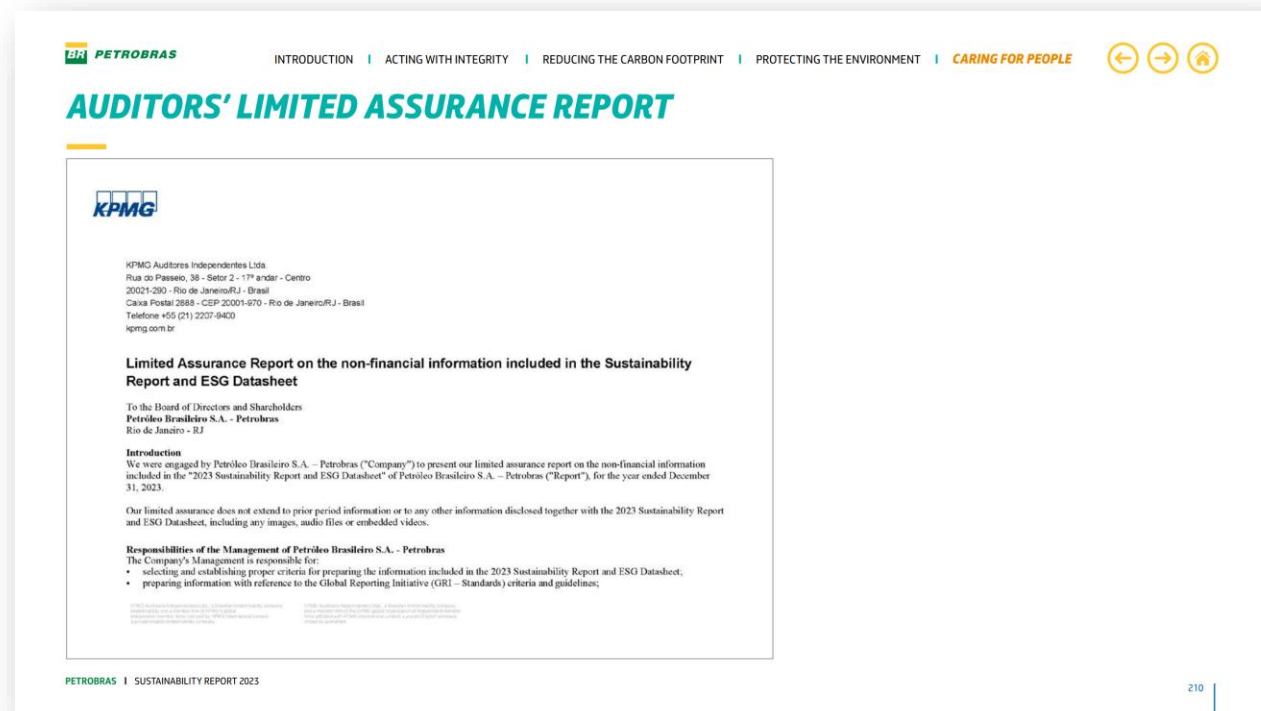




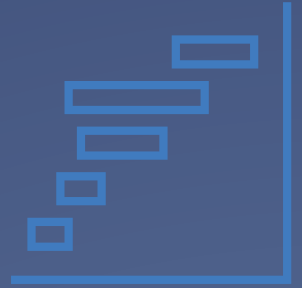
— Limited assurance

— Some indicators have additional specific auditing

— The internal audit team participates in our process with the aim of improving management and contributing to the preliminary verification of some indicators



1.  
DEVELOP A  
REPORTING PLAN



- ≈ Evaluate the process and content for the next cycle
- ≈ Study the competitor e partners
- ≈ Do a gap analysis: know how to differentiate between what is a reporting gap and what is a management gap

Easier to resolve (the company does the process, the data exists, but the reporting wasn't clear)

Reporting gap

Intermediate situation: the company has the management process but lacks mechanisms for gathering reliable data

Management gap

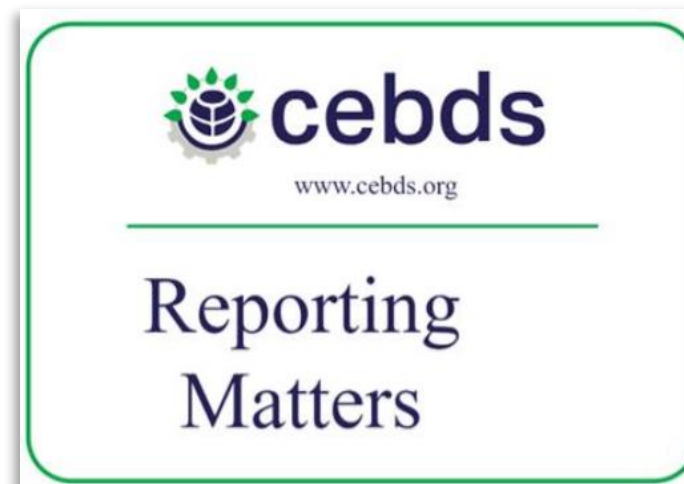
More difficult to resolve because the company doesn't even have a process to address the IRO or the indicator

- ≈ Implement improvement process

# Petrobras Sustainability Reporting Practice



*Petrobras' 2022 Sustainability Report was chosen as one of the 10 best of the year by the CEBDS initiative according to the Reporting Matters methodology. The 2023 cycle has not yet been analyzed.*





# Remember

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- \_ Be clear about the objective when preparing the report
- \_ Include the report in the company's management process
- \_ Bring stakeholders close
- \_ Define the type of materiality you will use and the reporting methodology
- \_ Remember the narrative formula: IROs => governance => strategy => performance
- \_ Use technologies to your advantage
- \_ Keep in mind that auditors are not your enemies
- \_ Know how to differentiate between what is a reporting gap and what is a management gap

***Perfection doesn't exist! Start small and improve each year, after all... no matter what stage you're at: there's always room for improvement!***

# Key take-aways



Sustainability reporting communicates a company's **environmental, social, and governance (ESG) performance** to a **broad range of stakeholders**.



Benefits of reporting include improved **operational efficiency, better stakeholder engagement, and enhanced financial performance**.  
**Increased transparency supports stakeholders' decision-making processes**



Identifying and prioritizing **material issues is crucial** to the success and effectiveness of a sustainability report.



Sustainability reporting is a **company-wide effort** that requires coordination and collaboration.



**Transparency, accuracy and completeness** are essential reporting principles for creating **credible and decision-useful** sustainability reports.



**Start small and improve over time.**



## Regional webinars for Latin America: introduction to sustainability reporting

**Thank you**

Join us for the next webinar on  
**materiality assessments**

29 October, 10:30 UYT

