

40 Bowling Green Lane
London
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14th April 2014

Re: Non-Renewable Resources Sustainability Accounting Standards consultation submission

Dear Andrew,

We are grateful for the opportunity to formally respond to the SASB consultation dealing with Non-Renewable Resources Sustainability Accounting Standards. Our comments follow below.

CDSB's mission is to promote and advance climate change, forest risk commodities and water related (i.e. natural capital) disclosure in mainstream reports through the development of a global framework for corporate reporting on non-financial information. As such, we welcome the publication of draft standards in the Non-Renewable Resources sector. The draft standards and other provisions represent significant progress in establishing the basis for non-financial reporting and are very comprehensive in scope.

As with our previous submissions to the draft standards relating to Financials and Technology & Communications sectors, we would like to highlight the synergy between CDSB and SASB and emphasise the complimentary nature of both our activities, while recognising our differing geographical and sector related focus. We recognise the language, provisions and substance of the draft standards and endeavour to ensure consistency in our updated Framework.

We acknowledge and welcome the various CDSB Framework cross references and suggest they are clarified to refer to the existing version 1.1 of our Framework. We anticipate launching the update to the CDSB Framework in October 2014, which you can note as appropriate and will include water stewardship and forest risk commodity reporting guidance (approximately 79% of natural capital). We also suggest the CDP cross references are prefaced by the year in which they were issued. The CDP information requests continue to evolve annually and question numbering does change slightly. Therefore we invite you to reference the latest version of the CDP climate change questionnaire guidance¹. SASB may also wish to refer to CDP's water program and guidance², for example in the 'Water accounting section' W5, in relation to SASB's accounting metrics on water management (NR0101-06; NR0101-07; NR0103-06).

We note that production and reserves of hydrocarbon types are requested in unites of MBOE by SASB. CDP requests this information in BOE, and the choice has been not to adopt the terminology of MBOE or even MMBOE, as these terminologies are not always used consistently around the globe (MBOE is sometimes used to denote a thousand BOE and sometimes to denote a million BOE; sometimes the latter is written as MMBOE). As with SASB, CDP preferably follows SI units, therefore any reference to MBOE should be interpreted as 10⁶ (M symbolizes the SI prefix 'mega', representing a factor of 1000000) BOE, or a million BOE, as it is indeed by SASB, but we suggest this should be made clearer to avoid confusion.

CDP asks companies to explain which listing requirements or other methodologies they have used to provide reserves data. If they cannot provide data due to legal restrictions on reporting reserves figures in certain countries, they are asked to explain this. SASB may wish to consider asking this information also.

¹ <https://www.cdp.net/Documents/Guidance/2014/Climate-change-reporting-guidance-2014.pdf>

² <https://www.cdp.net/Documents/Guidance/2014/Water-reporting-guidance-2014.pdf>

We suggest SASB to consider asking companies to provide a country level breakdown of reserves, as regulatory limits at national, sub-national and regional levels, together with other demand-risk factors, could lower demand for hydrocarbon products. Investors will want to know companies' regional exposure to such pressures.

We commend SASB for including accounting metrics on 'Reserves Valuation & Capital Expenditure' (NR0101-25;26;37) which are broadly aligned with new questions in CDP's Oil & Gas sector module 2014, on breakeven costs of production, low-carbon scenario analysis, and capital expenditure for continued exploration and development of hydrocarbon reserves; these questions were included to provide investors with information that will enable them to assess the risk facing oil and gas companies stemming from current and future action to limit global temperature increases to two degrees Celsius.

In NR0101-26, NR0201-18, SASB may wish to refer specifically to the Scope 3 category 'Use of sold products', as per the Greenhouse Gas Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Reporting for this and other Scope 3 categories if facilitated in CDP question CC14.1.

In reference to NR0101-27 SASB may wish to refer to CDP question OG1.6 and sub-questions OG1.6a and OG1.6b, on whether oil and gas companies are considering the risk of scenarios where demand and prices are lower than companies currently forecast, due to efforts to mitigate climate change, and the implications for companies' capital expenditure plans.

If we can be of any further assistance, please don't hesitate to get in touch.

Kind regards,



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