

Podcast - interview (GRI)

February 28, 2024,

UM

Una Meriläinen 0:07

Yes, hello everyone.

Today's topic is about the intersection between environmental responsibility and corporate accountability.

Without deep into the pressing issue in the sustainable organising field, what is the role of standards in the field of oil and gas?

I'm your host, Una Meriläinen and Marika Lassfolk is here to support me.

Before you introducing you to our expert sector standard for oil and gas from the Global reports initiative Lol (GRI), let's take a quick look at the discussions surrounding oil and gas.

The fossil fuel industry, the fossil fuel industry, has long been the cornerstone of the global economy.

But it comes at a significant environmental cost, climate change, environmental degradation and social impacts are pressing concerns that demand our attention as the global community grabels with the urgent need for sustainable practices and the imperative to transition away from fossil fuels.

Organizations like the GRI could play a pivotal role in setting the standards that guide industries towards a more sustainable future.

Today we'll be discussing how the GRI standards are shaping the conversation around these issues and influencing the path forward.

We'll be unpacking the ways in which GRI standards, inquiries, transparency, accountability and the crucial shift towards renewable electric energy.

We are delighted to welcome Nora Purok, senior manager at GRI, to the studio.

Nora, let the standard sector standards project for oil and gas before diving into the oil and gas field.

Could you briefly tell us a bit about yourself and how you ended up at (GRI)?

UM

Lassfolk Marika 2:05

We are delighted to welcome Nora Purab, senior manager at (GRI), to the studio.

Nora, let the sector standards project for oil and gas before we dive into the topic of

today.

Uh, could you briefly tell us a bit about yourself and how you ended up at (GRI)?

NP Noora Puro 9:31

Thanks, Una and very delighted to be here today with you to talk a little bit about our sector standards and and and reporting and how, how it can drive our sustainability goals.

And so as you mentioned, I'm senior manager at GRI, I've been with GRI now for seven years.

So about as long as I have lived in the Netherlands, my background is in communications.

Actually I studied English in the University of Helsinki and upon graduation ended up working in a communications agency and in the corporate communications side especially and one very critical part.

And growing part at that point of corporate communications was a sustainability reporting and sustainability communications and that was that was a kind of a rabbit hole that sucked me in and I knew that I wanted to do more of that.

And upon moving to the Netherlands, I knew that GRI was based in Amsterdam and wanted to see what it would be like to work for that organization that I had so intensively been using in the reporting processes, developing sustainability reports for companies.

So that's how I ended up working where I am now and the past five years.

Indeed, I've been waiting sector standards projects at GRI.

So we started a separate program to develop sector standards in 2018 and our first project was the oil and gas sector standard that kicked off in 2019 and since then I have let the work on the coal sector standards GRI 12 and Mining Secretary Standard that was launched actually just a few weeks ago.

So we have now the suite of extracted standards are also available for anyone to download.

UM Una Meriläinen 11:31

That's really interesting and I think it's also interesting how you're kind of communications background also kind of relates to the (GRI) in a way that (GRI) actually helps companies to communicate their progress.

And their kind of way of overwriting.

That's really interesting, but I I I think there might be some people listening to this that actually don't know what (GRI) is.

So could you briefly describe what is actually (GRI) and and what do you do at (GRI) to kind of lay person that doesn't actually know GRI?

NP **Noora Puro** 12:05

I will give my best shot.

It's a it's a difficult thing to do in a nutshell, but I think most people who are familiar with sustainability, they would be the familiar with transparency and sustainability reporting.

So GRI is one of the first organizations that started developing frameworks, developing some norms and guidelines around what needs to be transparently disclosed by companies and other organizations.

But to showcase their contributions to sustainable development and how they adhere to the responsible business practices, so GRI is an international and independent standard setter.

So we don't have affiliations to to corporate interests.

We've been around for over 1/4 of a century and we've been developing indeed reporting or transparency standards help all kinds of organizations to communicate their impacts.

As mentioned, as you mentioned on sustainable development, how they manage them importantly and the purpose of these standards is to enable.

Umm.

Organizations to discuss their most significant impacts on the economy, on the environment and people, including their human rights, in a consistent way that is also credible.

In this way, the standard developer creates a common language for organizations and their stakeholders to both assess like key impacts and engage on these key impacts.

So providing this kind of also sort of a forum for and the baseline for what is expected of organizations when it comes to transparency.

A.

We're fully based on the multi stakeholder governance and our standard setting process always requires representation from our key constituencies, which are business organizations, civil society, labor, then these kinds of mediating institutions.

So these can be academia or other standard ceteras or intergovernmental institutions, and the final one is investors.

So all of these five stakeholder groups are always need to be represented in our standards development process and in the development process.

We aim to seek consensus on the information needs, what needs to be published in the public domain on responsible business practice, contribution to sustainable development on a given topic or by a given sector.

But that's in a nutshell what we do and and how we do it.

UM **Una Meriläinen** 14:51

Right.

Thanks.

So you did a video already mentioned about the the kind of impacts that that companies have on on human rights or or other issues and also other stakeholders.

But what would you see as the kind of benefits of this transparency standards?

And how about the disadvantages of the standards?

NP **Noora Puro** 15:14

So first of all, of course they are quite useful tool for companies themselves to assess whether they conform with the expectations and norms for responsible business conduct as set out by select authoritative instruments such as the United Nations guiding Principles for Business and Human Rights.

Always CD guidelines.

Any ILO fundamental rights, all of which form the foundation of the GRI standards, that so these are all incorporated into the expectations for reporting for companies.

The reporting process can also be very useful in identifying risks in the business operations, for example by guiding companies to conduct due diligence on their supply chains.

So looking past their own operations, guiding to look at specific topics for specific sector where they where they're doing well, where they could, where things could still be improved.

And of course, with the reporting, companies can signal by bracing and ambitious standard like the (GRI).

Their leadership in transparent and sustainable practices.

And then from an information user perspective, the standards are incredibly useful to

engage companies and sustainability impacts.

So one example from a fairly recent interaction I had with an investor, a representative, and they are doing work on biodiversity and mining in Indonesia, and they were looking for for transparency standard uh that they can use to engage with companies, mining companies in Indonesia to provide them with baseline that you know this is what we were looking at when we're assessing your performance and that can of course then trigger and drive better practices and and and improve performance.

In terms of the downsides, I would say green washing is probably the main one. The main criticism that that is associated with with sustainability reporting, so if Don disingenuously a voluntary framework like Geri, can be used for purposes that that do not serve the public interest but is used as marketing techniques and that's why it's so important to call for third party assurance of of data of sustainability reports which will for example will be introduced by the European Sustainability reporting standards.

So that will be one of the first very major legislative efforts to to mandate the verification of the data that's being reported.

UM Una Meriläinen 18:10

Great.

I'll get to hear both sides of sides of the coin.

So to speak, you mentioned about kind of working together with with a lot of different stakeholders umm, in, in kind of the process of creating this standards.

So how do you actually see that collaboration?

Is it always like fluent and and do all of the stakeholders get to kind of say their their say on the standards?

Or how do you see the process?

NP Noora Puro 18:40

It's it's one of the key challenges in, in our work, but also the one that is probably the most rewarding aspect of the work.

So if we look at, if we look at the core working group with whom we developed these standards, so the (GRI) secretariat, we we take responsibility for the, for the project management, for providing the framing and providing the platform for these experts to engage.

But then the subject, the topic expertise comes from external stakeholders and in each working group we always have to have these five constituency groups represented and for oil and gas and for the mining sector standard, we had close to 20 stakeholders in the working group, all of which by the way are working free of charge.

So donating their time to contribute to this work and it is not just one or two views that are opposing each other, it's sometimes three or four or five, and you can reliably say that businesses and civil society are usually on the opposite ends of the spectrum.

I mean, there's always very progressive business stakeholders.

Umm, who?

Who are in favor of more transparency and in favor of more disclosure.

But many times you can say that those are the two often most extreme ends of the spectrum.

But then there are the other stakeholders in between who might have a very specific interest and a very specific agenda that they're driving in my being.

It might be interesting biodiversity, it might be worker topics.

If you think about, for example, labor unions, worker rights would be very strong on the agenda, but climate change?

Not necessarily, especially if a country's workforce is strongly rooted in fossil fuel sector and fossil fuel.

Umm.

Got companies are providing a lot of employment, so there are sometimes these surprising, surprising distinctions.

What we find extremely important in the work that we do is to bring everyone around the same table.

So nothing, nothing takes place in a vacuum.

Everything is out in the open and people get to hear from each other, hear from their experiences.

Civil societies can hear about the challenges that companies face when collecting the data or publishing the data.

And at the same time, companies get to hear about the real life challenges that, for example, local communities are facing when AJ sent to operations such as oil and gas or mining.

So it is it is.

It's definitely challenge, but but stakeholders seem to be very appreciate live of of the opportunity and of the experience of of airing everything out and getting to the point where we can put everything between 2 covers and say that this is, this represents the consensus of a group that has such divergent views.

It might.

It might mean that everyone's a little bit unhappy, but that means that we've succeeded in the job that we did, because if one stakeholder group is very, very happy, that means that some other stakeholder group group might be very unhappy. So we try to find the find the golden mean there.

UM Una Meriläinen 22:39

Right.

Sounds really interesting, and I think especially with with the oil and gas, probably because it's a really like sensitive topic to to some, it might be hard to kind of find the common ground between different actors.

But how do you actually like?

What are the forms of of participation that you use to kind of make sure that everyone gets their voice heard and kind of also leaves the room?

Kind of happy, or at least somewhat happy with the result.

NP Noora Puro 23:08

With the working group Working group itself, so we engage a quite intensively with them about two years of, and usually a standards project takes about two years to finish and we have we have many ways of engaging with them.

I'm usually because we also ensure global representation in the working groups.

We most often organize virtual meetings.

Uh, but try to have at least one, sometimes two in person meetings where we sit together for two days intensively, discussing discussing topics and reporting.

Umm, so so that is the main way of interacting and engaging with the working group, but at the same time we produce a lot of draft, a lot of background documents that we share with the group and in a in an online platform we give the opportunity for people to comment on them and for other people to see those comments and respond to them.

So we keep that openness and transparency throughout throughout the process.

In addition, we also have these external peer review groups, so these are all these

often form are formed from topic or sector experts that may have a very niche expertise.

So some might be only dealing with issues related to indigenous peoples, so we keep them close by to to the project.

So wherever we need more engagement, more information, more views on a specific topic, we can pull these experts into the process and usually at least once every project we present the whole standard and the the topics included in the standard for input and for feedback from the peer review.

And then one very important and phase in each standard standards project is the public comment phase.

So every single standard goes through a public commenting period, which is a minimum, usually a minimum of 60 days up to 90 days.

And in this period, umm, we usually do some work in advance to identify whether they're stakeholder groups whose voices are less represented by this stage of the project, we might build the public comment strategy around, OK, we need more civil society voices.

We need more voices from Latin America and then we put efforts into being there or arranging workshops.

Umm.

Having special communications campaigns, promotional campaigns directed at at these stakeholder groups that are less represented and and then yeah, that is a that is a means for us to kind of amplify the exposure that that the contents have or get by different stakeholders and different regions.

UM **Una Meriläinen** 26:30

That sounds really great and it it kind of sounds like you are trying your best to make sure that everyone actually gets to say what they have to say on the standard before it gets to the kind of final phases of publication.

NP **Noora Puro** 26:43

Absolutely.

UM **Una Meriläinen** 26:46

Umm.

So if you think about now the oil and gas standard that you have been creating, can

you like reflect a bit on you were talking about kind of how how do we actually engage all of the participants so or stakeholders.

So how did you see the progress?

Kind of come into being in terms of the oil and gas standard.

NP

Noora Puro 27:09

It was tricky project in the sense that it was the pilot first pilot project, so we did not actually have a full picture of what a sector standard would be would look like.

Once it's out there, so the working group that we formed around the oil and gas sector standard, they kind of had two jobs, both providing the expertise, the the sector expertise for the content, but also to help us conceptualize what a sector standard should be doing.

So that was one key challenge that we faced, but at the same time, it think it helped push the the ambition level of what we originally wanted to do with this sector standards to high level because we had a very ambitious working group and and that helped then form the kind of the, the blueprint and the baseline for for future sector standards.

Uh, in terms of the process, I would say what I would do differently is we started with the with the vision to create a standard for oil, gas and coal.

So it was supposed to be kind of a fossil fuel.

Umm.

Focus standard whereas we run into some political issues in the middle of the project and had to then separate call and oil and gas to their own separate standards.

So what we also realized quite quickly was that there's not a whole lot of ambition to create reporting standards for coal, because many people have kind of given up on calls saying that that will be the first one to be phased out.

And in in in the Paris Agreement to achieve the Paris Agreement goals.

But oil and gas is still is still very influential.

It has different transition pathways, so there is more interest in pushing the bar of transparency for that sector, but that that is something that I would probably do differently.

And I know this.

UM

Una Meriläinen 29:39

Yeah, that's good reflection.

And I think what would also be interesting to hear is that if you think about the oil and gas standard that you then decided to separate from the from the on call standard, do you still see something there that you actually would have wished that came into being in the oil and gas standard and something was leaked out and and you would have actually wanted to see it in the standard?

NP **Noora Puro** 30:07

I'm not sure if there's much that.

That I feel strongly about.

And so climate change was, of course, the number one issue that probably took about 60% of the time of discussions within the working group.

So just coming to terms with the fact that in order to be sustainable, an oil and gas company would ultimately need to go out of business, right?

So what are you going to do to explore new business models to move away from fossil fuels?

Were you channeling your investments?

Is it congruent with your claims about focusing on green green energy technologies?

What is your lobbying expenditure?

What are you lobbying on for against climate?

Just legislation or regulation, so this this topic was the center of our discussions and and most of these issues made it to the standard, which I was very happy to see, especially because the topic standard on climate change is only now being revised.

So there's a massive expansion of what what we had previously covered and related to climate change in the GRI standards.

So we had to develop quite a lot of additional like sector specific reporting for the oil and gas standard.

What I what I would have liked to see is a very tiny detail in the reporting on an oil and gas company strategy.

Uh to be resilient or to show how they are, how they are aiming for the the Paris Agreement goals we use the we used the figure less than two degrees, while at that point already there was a new IPCC report calling for 1.5 degrees.

How important it is to keep to that limit and and how catastrophic it will be to go to two degrees, but this will this will luckily be I'm assuming we'll be corrected in the revised climate standards which will be released by the end of this year.

UM Una Meriläinen 32:38

Yeah, that's that's great to hear.

I think if I would have had to choose something myself, I would have probably said the same thing because I can see that all the time companies are being pushed towards a bit like more closer to the 1.5 degrees instead of well below 2 degrees.

NP Noora Puro 32:56

Exactly.

UM Una Meriläinen 32:56

So so it's it's a really important topic, I believe and maybe it kind of on a tangent on that.

I think that the oil and gas kind of industry is getting a lot of critique for it's even. It's like being so it's it's kind of thought that it should actually be phased out really quickly, but obviously we know that that might not be the the kind of realistic scenario that we could do actually.

So do you think that the GRI is kind of helping the oil and gas industry to move towards a more sustainable kind of future or how do you see this critique?

NP Noora Puro 33:35

I think it's definitely a critique that I've heard before and one that I have debated myself.

Think we heard that critique?

Maybe a bit more with the call standard, because of course oil and gas is still still has relevance in in other umm in other spheres like Petro chemicals.

Uh, it's it's not just for for burning, for combustion.

It is used for other purposes as well, that being said.

90% or something is of our CO2 emissions.

Carbon emissions are can be and Beatrice back too.

Fossil fuel combustion.

So yes, very legitimate concerns.

However, (GRI) reporting has never been, and still isn't a stamp of approval or license to operate for a company.

It aims to provide transparency over the potential and actual impacts that are

happening and provide more information that can be used by stakeholders to demand better practices.

And while oil and gas are still extracting these commodities, it's better to know. How they're impacting the local communities, how they're impacting ecosystems while doing it, but at the same time understanding how they're preparing and training their workers, for example, for phasing out or divesting their operations, whether the profits from these operations flow to the people, communities, countries where they belong to.

So there's there's a whole whole range of data that we need to be able to assess where we are in the transition.

Uh, what actions need to be taken by policymakers, by investors and geos and others to drive change where it's most meaningful and and where companies are most lagging?

And as as I mentioned earlier, issues related to like green washing these types of things.

We also tried to tackle those in the reporting section, so if you look at the for transition topic climate transition topic, we have for example, post a question on the capital expenditure that accompany, Umm it's it's it's directing into where the companies directing their capital expenditure and and one of the one of the favorite talking points for some oil on the gas companies is is for example corporate carbon capture and storage.

So asking a question about, well, tell us then how much carbon you have captured using these technologies.

If you're talking about it, let's put a number on that speaking point and actually make an assessment whether it's a legitimate point or not.

So these types of these types of disclosures we can use to also decrease the the possibility for green washing and and be able to Fact Check claims better.



Una Meriläinen 36:57

Yeah.

And I I think definitely having like reporting frameworks that support companies to not greenwash is is super great.

And I think that's what we're also seeing in the EU that we are kind of being pushed more towards having like data behind our claims and actually being able to showcase what we're doing about the claims that we are making.

But in terms of we have the kind of voluntary reporting schemes, but then in terms of kind of our making it mandatory for oil and gas companies to actually report on their sustainability initiatives or impacts or kind of cover their structures, do you think that that would actually be something that we should be looking towards or is it just pure Autopia?

What do you think?

NP **Noora Puro** 37:44

I think it's around the corner.

I think it's happening right now in the EU.

It will.

It will affect 50,000 plus companies, the the mandate to report on their non non financial information.

So it's it's actually a really exciting moment and and a moment that that GRI has been working towards for for the past 26, seven years.

Umm, so the fact that major legislators are bringing sustainability reporting.

On the same footing as financial reporting is a is a major, major uh progress.

Now we just heard that China is also introducing similar, umm similar propositions to adopt double materiality lens to to reporting and making it mandatory which would be an enormous shift.

So it's it's happening really quickly and and I think companies are feeling the pressure as well and the expectations are also increasing.

I mean, it was much easier 10 years ago for companies to kind of cherry pick information, cherry pick topics.

Just only report those disclosure points that made them look good and stay away from the ones that that were less favorable.

But for example, what the Secretary standards do is that they give a very good indication on the topics that are likely to be material for most companies in a sector.

And if a if a topic would not be material for a company that is listed in a sector standard, they will need to explain they will need to give an explanation for why that is so.

That also adds a layer of accountability, and where we talk about these high impact sectors for oil and gas, we list 22 topics for mining, wheel list 25, Agriculture 26, that covers a whole lot of sustainable development issues and and should provide a pretty good good image on where companies are in their journey.

UM Una Meriläinen 40:16

Yeah, Gucci here.

Umm, so you mentioned this this kind of, UM path.

What?

What we are in in the EU, so just the CSRD is coming and and obviously that's making its own requirements for companies to report on on more data points than they have previously had to report on.

But if we think about the future and maybe more holistic way in terms of reporting, but also like gas companies in general, what do you see are the next steps towards a more sustainable world and why?

NP Noora Puro 40:49

Small question to end with.

UM Una Meriläinen 40:51

Yeah.

NP Noora Puro 40:54

I mean, I think the mandatory Ness of sustainability reporting is is absolutely the way to go look and.

Monitoring it robustness and to bring it to the level of scrutiny as financial information is currently, I think that would be.

It remains to be seen what the consequences are in the CSRD, but I think that would be a major, major step forward.

It's it really brings it from from this mainly voluntary branding.

Exercise to to something that has real life consequences.

Umm that there are consequences for publishing incomplete or inaccurate or misleading information.

It it really brings brings a new perspective to reporting and of course on a on a broader level, this would this will hopefully help to induce a larger shift in our conception and consideration of what a business is supposed to do, what is it, what is its purpose?

It's not solely to create value to its shareholders, but to the society as a whole and and to keep the environment also as a very important stakeholder.

It's not just.

Extraction.

We can't keep externalizing all of our impacts.

It's just not sustainable, but yeah, that's what we hope that's sustainability.

Also, sustainability reporting does that, particularly such that focuses on the outward impact and not the enterprise values such as the ISP and SASB standards.

So they look at sustainability issues mostly from the perspective of what presents a risk to the enterprise value of a company of this can help give a voice to affected groups and pushing companies to do less harm and do more good and and really earn their place in the world in this way.

UM **Una Meriläinen** 43:16

That's really a great way to to end this discussion and I think it's been really insightful and it's been really fun to also learn about the, the standards and and I think what can be to some maybe a bit like a boring topic, the standards like reporting, I think we have managed to make it quite interesting actually.

And and talking about the topics that really make make a difference in terms of the world and also the people, people that are affected by these companies.

I really want to thank you on that really insightful discussion and yes, thank you.

NP **Noora Puro** 43:51

Thanks for the opportunity.

It was a it was really nice talking to you.

And yeah, if you need anymore information, just feel free to always get in touch.

UM **Una Meriläinen** 44:02

Thank you.

NP **Lassfolk Marika** 44:05

Thank you.

It's really interesting to listen.

Listen to you, Nora and Una did a good job and great questions and great answers.