



Biography:

Jimmy Daboo

Jimmy Daboo is KPMG's Global Head of Audit – Energy & Natural Resources and has over 30 years of experience in audit and in supporting companies through IPOs, mergers and acquisitions and refinancings.

Jimmy has led the audits of large multi-national companies based in the UK and overseas in the Energy & Natural Resources sectors as well as other FTSE-100 companies in hi-tech high-investment industries such as pharmaceuticals and aerospace.

Jimmy has a particular interest in the development of clear, concise and investor-relevant corporate reporting.

Resource Assessment Data, Requirements for Consistency, Reliability, Transparency and Comparability

There are many non-technical users of resource data, each with their own particular needs.

My focus will be on the needs of investors in publicly listed companies.

There are a number of frameworks in use but little consistency. I will pose questions about the utility of the reserves and resources information published by companies today, the investor expectation/comprehension gap, the pay-offs between comparability and company-specific views and impact of reserves and resources data on company valuations.

I will also explore some new areas in which investors are increasingly demanding more transparency – climate change and its impact on individual companies – and the role reserves and resources data can play in meeting this need.

Finally I will pose the question "Do global capital markets need a single globally consistent framework for reserves and resources disclosure by publicly listed companies?".



Requirements for consistency, reliability, transparency and comparability

Jimmy Daboo

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June 2017

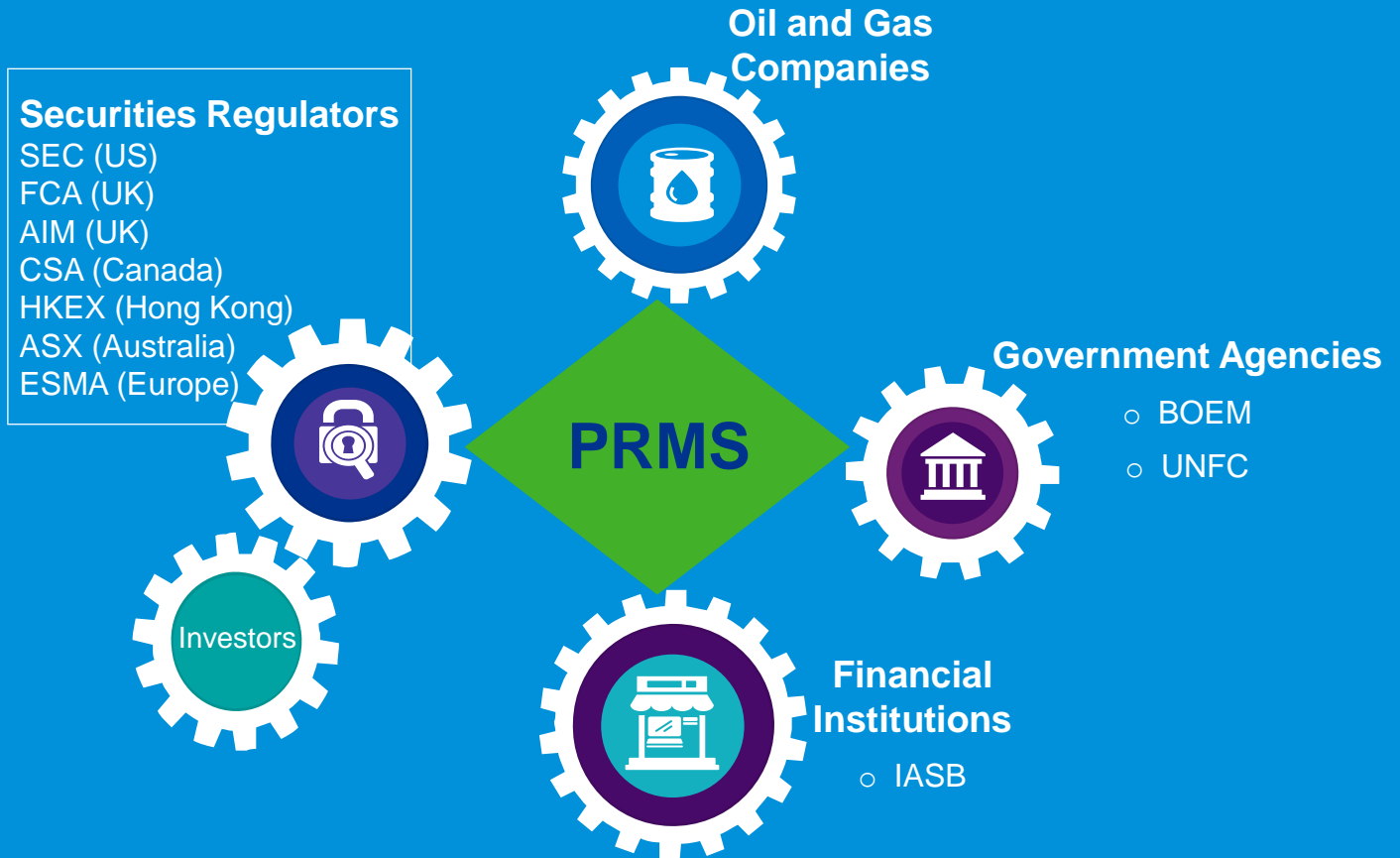


Presentation outline



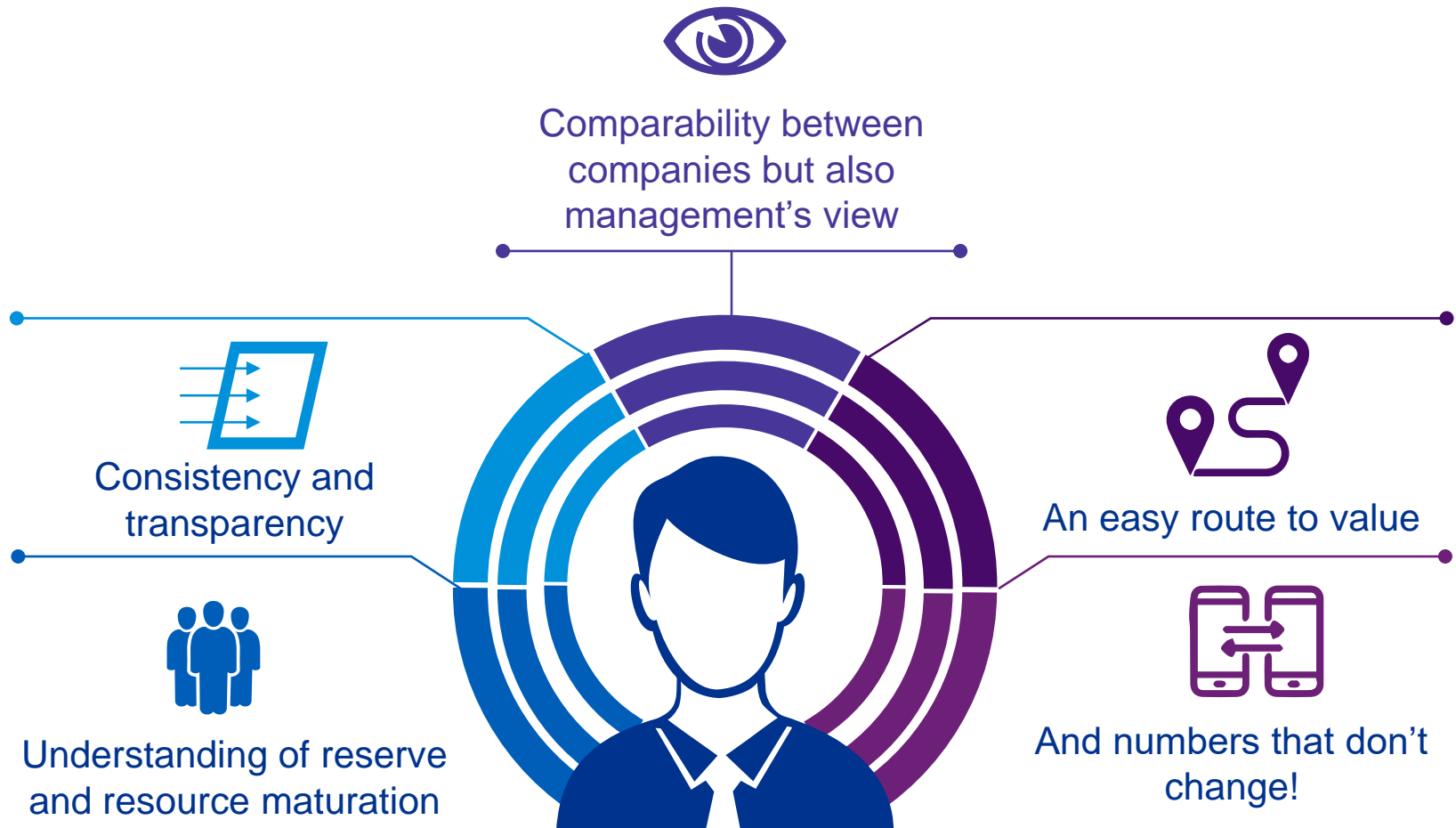
- Users and uses of Reserves and Resources data
- Reserves reporting and variations in Reserves data
- Investor expectations/comprehension gaps
- Reporting and understanding the risks

Who are the stakeholders?



**SPE Oil and Gas Reserves Committee (OGRC)
mandate is to maintain universal standard**

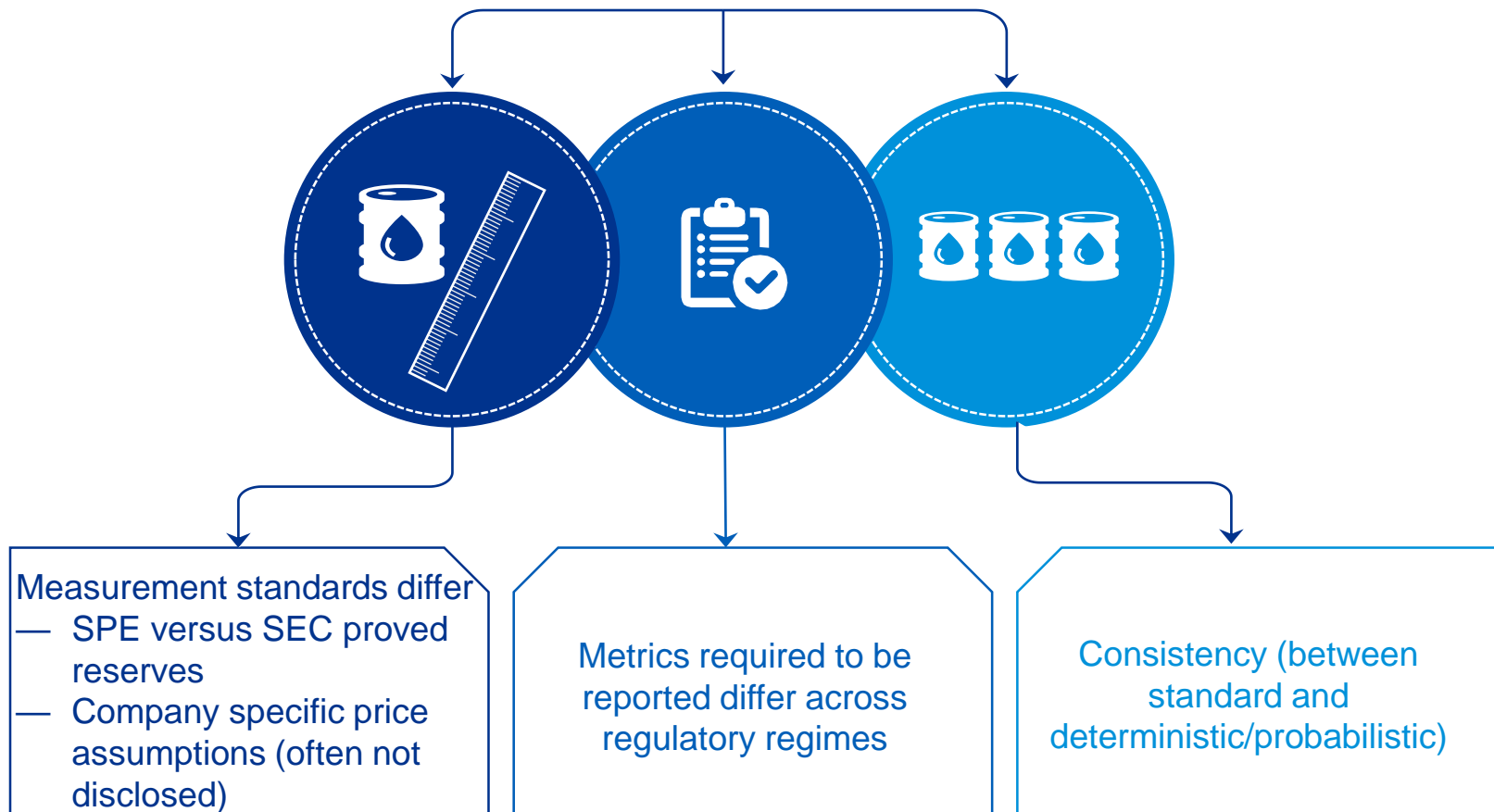
What are investors looking for?



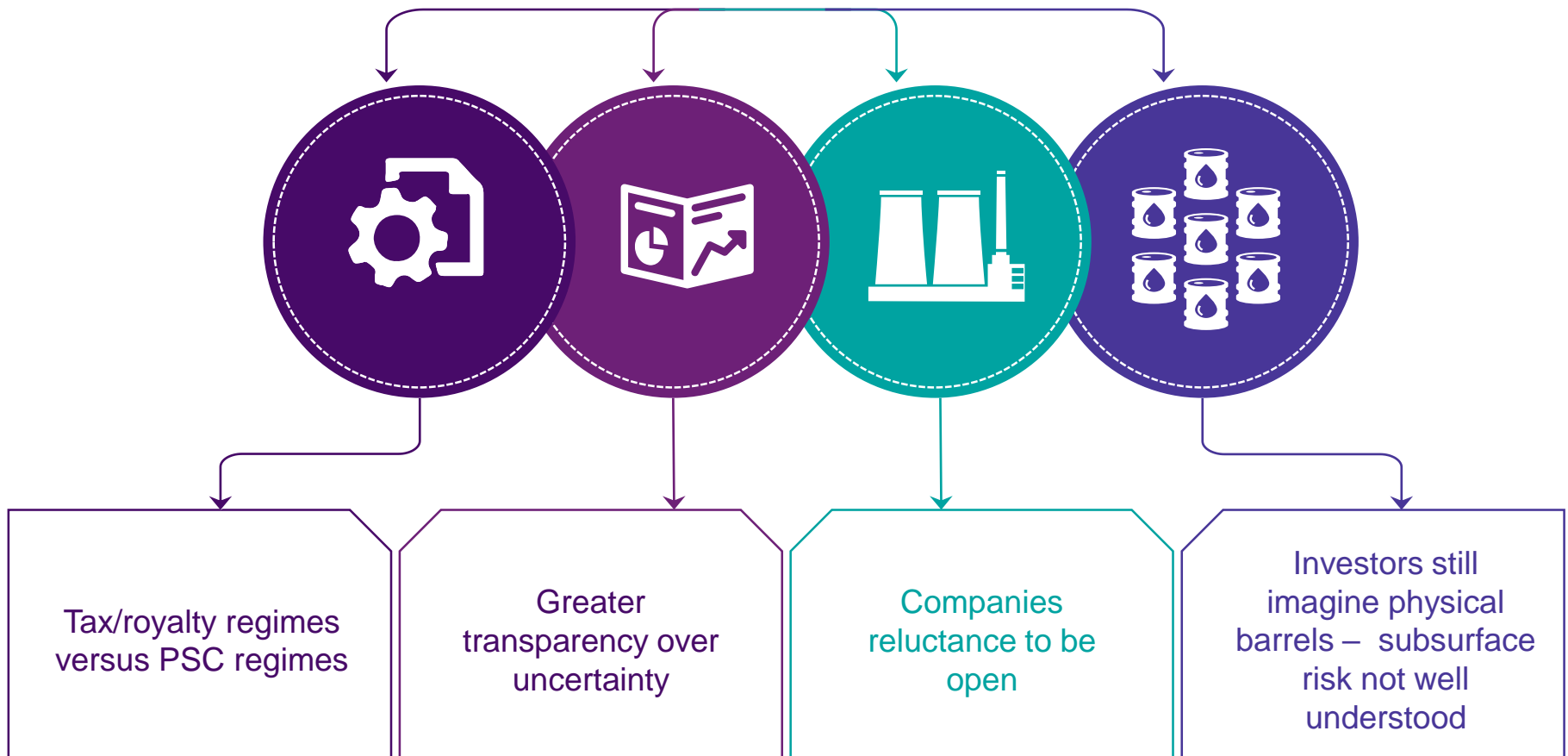
Can this ever be delivered?
Its not just about risk and uncertainty



Can this ever be delivered? Is there a comprehension gap?



Can this ever be delivered? Is there a comprehension gap? (cont.)



Will we always have Paris ...

Agreement negotiated and adopted by consensus at COP21:
12 December 2015

Agreement entered into force:
4 November 2016

Task Force on Climate Related Financial Disclosures (TCFD) issue report for consultation:
14 December 2016

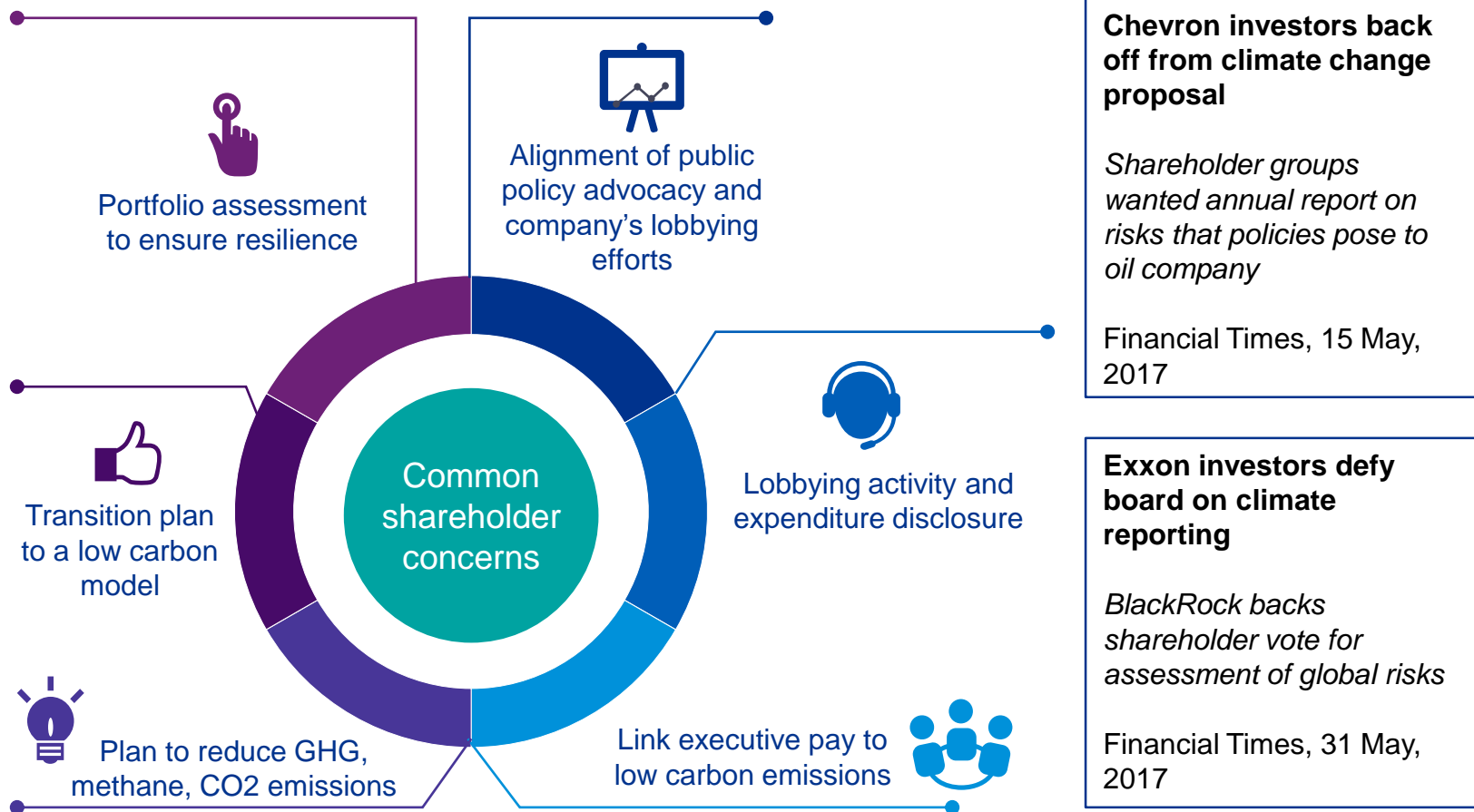
Final TCFD presented at G20 Summit:
6 July 2017

Threshold for entry to agreement reached:
5 October 2016

147 parties have ratified (of 197):
December 2016

Final TCFD report published:
June 2017

Climate related risks are now a high priority for investors



Post COP21 world

**Unburnt
barrels/stranded
assets**



**How should the
burden be
shared?**



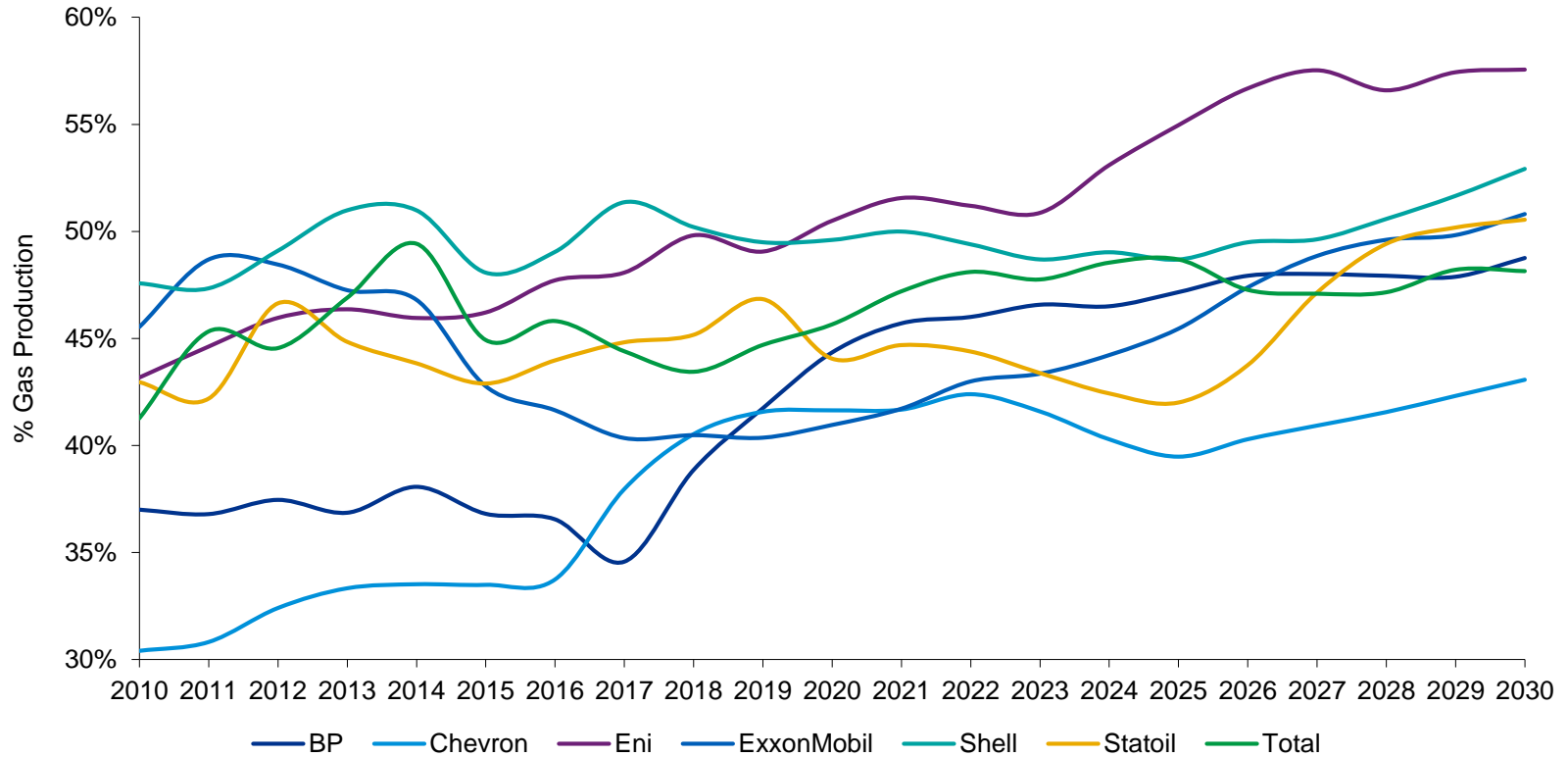
**Impact on value
likely to be less
than impact on
reserves**



**Majors trading at
20-30% discount
to NAV – has this
been factored in?**



The move to gas



Source: Woodmac

Gas increases from 41% to 50% of total production between 2010 and 2030

Task force reporting requirements

Summary of recommended disclosures

 <p>Governance Recommendation: Disclose the organisations governance around climate-related risks and opportunities</p>	 <p>Strategy Recommendation: Disclose the actual and potential impacts of climate-related risks and opportunities on the organisations businesses, strategy, and financial planning</p>	 <p>Risk management Recommendation: Disclose how the organisation identifies, assesses, and manages climate-related financial risks</p>	 <p>Metrics and targets Recommendation: Disclose the metrics and targets used to assess and manage relevant climate-related financial risks and opportunities</p>
<p>Disclosures: Describe the board’s oversight of and management’s role in - assessing and managing, risks and opportunities</p>	<p>Disclosures: Describe the climate-related financial risks and opportunities the organisation has identified and the impact of these risks to business, strategy and financial planning. Also use scenario analysis to describe the impact of different global warming scenarios and the likely associated policy and market responses</p>	<p>Disclosures: Risks and how these processes are integrated into the organisations overall risk management approach</p>	<p>Disclosures: Disclose metrics used to assess climate-related financial risks and opportunities and disclose GHG emissions and the related risks. Describe targets used to manage climate-related risks and opportunities and performance against these targets</p>

Source: TCFD: Task Force on Climate-Related Financial Disclosures

Conclusions

Consistency an unachievable ideal BUT far more could be done

The IASB working with the FASB could be the trigger

“Simple” reserves reporting becoming less and less relevant

More transparency will be needed around company specific assumptions

Do global capital markets need a single globally consistent framework for reserves and resources disclosure by publicly listed companies?

→ Yes and much more besides!!





Thank you



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