PETROBRAS

Rio de Janeiro, June 13, 2022.

CONTRIB 0012/2022

Ms. Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090
USA

Subject: File number S7-10-22 - Comments on proposed rule for The Enhancement and Standardization of Climate-Related Disclosures for Investors

Dear Ms. Countryman,

Petróleo Brasileiro S.A. - Petrobras welcomes the opportunity to comment on the Commission's proposal to require registrants to provide certain climate-related information in their registration statements and annual reports, including certain information about climate-related financial risks and climate-related financial metrics in their financial statements (the "Proposed Rules").

Unless the context otherwise requires, the terms "Petrobras," "we," "us," and "our" refer to Petróleo Brasileiro S.A. – Petrobras.

Regarding climate-related disclosures, we have launched in February 2022 an updated report of our Climate Change Supplement. This report discloses how we incorporate the challenges of climate change into our strategic decisions and processes, and it is structured in direct correlation with the Task Force on Climate Related Financial Disclosures (TCFD).

We fully support efforts to improve climate-related disclosures.

Please see Appendix A for our detailed comments with respect to certain items and questions posed by the Commission in the Proposed Rules.

If you have any questions about the content of this letter, please do not hesitate to contact us at cc-contrib@petrobras.com.br.

Respectfully,

/s/Edmilson Nascimento das Neves
Edmilson Nascimento das Neves
Chief Accountant and Tax Officer

Appendix A – Detailed comments and suggestions

1. Financial Statement Metrics

1.1. Overview

1.1.1. Historical information

Under the Proposed Rules, climate-related financial statement metrics must be provided for the registrant's most recently completed fiscal year, and for the historical fiscal year(s) included in the consolidated financial statements in the filing. This requirement also applies when the Proposed Rules first take effect.

The required historical information will be difficult to obtain for periods prior to the current period when the Proposed Rules first take effect. In our view, there will be a need to develop systems to gather, analyze, classify, and consolidate the information required under the Proposed Rules.

With the aim to reduce compliance burden, we would welcome a provision that permits the presentation of climate-related financial statement metrics only for the most recently completed fiscal year when the Proposed Rules first take effect and for subsequent years. In our view, historical information should not be required for years prior to the year for which the Proposed Rules first take effect.

1.1.2. Reportable segment level (Ref. Request for comment 54)

We believe that the Commission should not require climate-related financial statement metrics to be calculated at a reportable segment level when a registrant has more than one reportable segment. The Commission has not proposed such a requirement, and in our view, the calculation at a reportable segment level has the potential to contribute to disclosure overload. Moreover, it is not clear whether such information would be useful for investors.

1.2. Financial Impact Metrics and Expenditure metrics

1.2.1. Clarification

In our view, the climate-related events that are covered by "severe weather events and other natural conditions" are unclear under the proposals. Accordingly, we believe that the Commission should provide additional guidance or examples about what events would be covered by "severe weather events and other natural conditions". Such guidance may have the potential to increase comparability among registrants.

Merely clarifying that "severe weather in one region may differ from another region" would not be enough to determine the climate-related events that would be covered by "severe weather events and other natural conditions".

Additionally, the Proposed Rules do not specifically address disclosures related to expensed or capitalized costs that may be partially incurred towards the climate-related events and transition activities. We believe that the Commission should prescribe a particular approach to provide disclosure in such situations.

We further note that the proposed examples in the financial impact metrics and expenditure metrics are helpful for understanding the types of disclosure that would be required. In this context, additional examples or guidance would help even further the implementation of the Proposed Rules.

1.2.2. Severe weather events and other natural conditions

In our view, the Commission should limit the disclosures related to severe weather events and other natural conditions to only certain examples of severe weather events and other natural conditions specified by the Commission. We believe that this approach would improve the consistency and comparability of climate-related disclosures, while easing implementation and reducing complexity.

1.2.3. Overlap with the statement of cash flow

It appears that the proposed expenditure disclosure related to the transition activities (the aggregate amount of expenditure expensed, and the aggregate amount of capitalized costs incurred during the fiscal years presented to reduce GHG emissions or otherwise mitigate exposure to transition risks) may overlap with the proposed financial impacts disclosure related to transition activities within the statement of cash flow (impact of any efforts to reduce GHG emissions or otherwise mitigate exposure to transition risks on any relevant line items in the registrant's consolidated financial statements during the fiscal years presented). In this context, the Commission should consider whether such disclosures should be provided pursuant to only one of these types of metrics.

1.2.4. Climate-related opportunities

We support that the registrants should be allowed to make a policy decision to disclose the impact of climate-related opportunities on the proposed financial statement metrics. In this context, we support that such information should not be required.

1.2.5. Disclosure thresholds

Under the Proposed Rules, the disclosure requirements for financial metrics will be subject to a 1% threshold. 1% is a particularly low threshold that may lead to disclosure overload.

1.2.6. Aggregation/Disaggregation (Ref. Request for comment 65, 68, 75 and 77)

We believe that the Commission should not require the following information:

- separate quantitative disclosure of the impact of each climate-related event or transition activity;
- disaggregated disclosure of *any* impact of climate-related risks on a particular line item of the registrant's consolidated financial statements;
- disclosure of the aggregate amounts of expensed and capitalized costs incurred toward *any* climate-related risks; and
- disaggregated disclosure of *any* amount of expense and capitalized costs incurred toward the climate-related events and transition activities.

The Commission has wisely not proposed such a requirement. In our view, the granularity of the information may lead to disclosure overload.

1.2.7. Cost of capital (Ref. Request for comment 69)

We believe that the Commission should not require the disclosure of changes to the cost of capital resulting from the climate-related events. The Commission has not proposed such a requirement, and in our view, the calculation of such changes is subjective and would require the use of assumptions that may be difficult to determine.

1.2.8. Impracticability

Quantifying and providing the proposed financial impact metrics when the impact is the result of a mixture of factors, including events unrelated to climate, may be impractical. In such situations, we believe the Commission should permit a registrant to disclose that it was unable to make the required determination. Moreover, it would be helpful if the Commission could provide examples to illustrate impracticability.

1.3. Financial Estimates and Assumptions

In our view, the Commission should only require disclosure of estimates and assumptions associated with climate-related events and transition activities that materially impacted the financial statements. This approach would provide useful information for investors and have the potential to avoid disclosure overload.

1.4. Inclusion of Climate-Related Metrics in the Financial Statements

1.4.1. Supplemental financial information (Ref. Request for comment 87)

The Proposed Rules would require the financial statement metrics to be disclosed in a note to the registrant's audited financial statements. Such disclosure is not required under the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

For foreign private issuers that file consolidated financial statements under IFRS as issued by the IASB, we believe that the Commission should require the financial statement metrics to be disclosed as supplemental financial information, similar to the disclosure requirements under FASB ASC Topic 932-235-50-2 for registrants that have significant oil and gas producing activities

1.4.2. Financial statements (Ref. Request for comment 88 and 80)

We agree that the Commission should not require the following information:

- a new financial statement for financial statements metrics; and
- the inclusion within the financial statements of the proposed disclosures that would be outside of the financial statements (such as GHG emissions metrics).

2. Disclosure Regarding Climate-Related Impacts on Strategy, Business Model, and Outlook

2.1. Carbon Price - Clarification

The Proposed Rules do not specifically address disclosure related to an internal carbon price that may be particularly used in scenario analysis or in a sensitive analysis of projects under evaluation. We believe that the Commission should specify that a registrant is not required to disclose internal carbon prices in *any* circumstances.

3. GHG Emissions Metrics Disclosure

3.1. GHG Emissions

According to GHG Protocol, two distinct approaches can be used to consolidate GHG emissions: The equity share and the control approaches. We disclose GHG emissions based on the procedures of the GHG Protocol, which uses consistent methodologies to allow meaningful comparisons of emissions over time, generating data that is consistent and reliable.

In our view, the Commission should require alignment with the organization boundaries recommended by the GHG Protocol.

3.2. GHG Intensity

The proposal requires the disclosure of GHG Intensity in terms of metric tons of CO2e per unit of total revenue and per unit of production for the fiscal year, with separated calculations (the sum of scopes 1 and 2 emissions and scope 3 emissions).

In our view, the metric tons of CO2e per unit of total revenue may not facilitate the comparability of disclosure and may not measure properly the performance trajectory of GHG emissions, because this metric may be impacted by external factors such as price volatility.

The Commission should not require either a GHG Intensity in terms of tons of CO2 per unit of total revenue or a GHG Intensity with a disaggregated disclosure of scope 3 emissions.

3.3. Attestation of Scope 1 and Scope 2 Emissions Disclosure

In our view, the proposed transition period of two additional fiscal years to move from limited assurance to reasonable assurance may not be enough to develop processes to support our GHG emissions disclosure requirements, and adjust efforts associated with escalating levels of assurance. In this context, we believe that the Commission should provide a five-year transition period to move from limited to reasonable assurance.

We are a founding member of the Brazilian GHG Protocol Program. Usually, members of such program may provide an attestation report for GHG emissions of a given year by the end of May of the following year.

The attestation report required is complex and time consuming. Therefore, we believe that the deadlines in the Proposed Rules for such report (aligned with 20-F reporting) may not be feasible.

In our view, the Commission should propose an extended period for attestation requirements similar those given by Brazilian GHG Protocol Program.

4. Registrants Subject to the Climate-Related Disclosure Rules and Affected Forms

In our view, the Commission should adopt an alternative reporting provision that would permit a registrant that is a foreign private issuer and subject to the climate-related disclosure requirements of an alternative reporting regime that has been deemed by the Commission to be substantially similar to the requirements of proposed Subpart 1500 of Regulation S-K and Article 14 of Regulation S-X to satisfy its disclosure obligations under those provisions by complying with the reporting requirements of the alternative reporting regime (“alternative reporting provision”).

Moreover, if the Commission adopts an alternative reporting provision, that provision should be structured to encompass reports made pursuant to criteria developed by a global sustainability standards body.

5. Compliance Date

Taking into consideration the complexity of the Proposed Rules and the potential information systems developments necessary to provide the proposed climate-related information, we believe that the Commission should provide a three-year transition period for foreign private issuers. Under such a provision, foreign private issuers would be required to initially comply with the final rules for fiscal years ending no earlier than three years after the effective date of the final rules.

If the Commission adopts an alternative reporting provision, we believe that the Commission should permit a registrant to follow the submission deadline of the approved alternative reporting regime even if that deadline differs from the deadline for reporting under the Commission's rules.

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