



# Stakeholder dialogue report

**IPIECA**  
2012

[www.ipieca.org](http://www.ipieca.org)

7-8 February 2012  
Rome, Italy



Hosted by:



# Table of contents

<b>Executive summary</b>	<b>3</b>
<b>Introduction and methodology</b>	<b>4</b>
<b>Overview of stakeholder perspectives</b>	<b>5</b>
<b>Next steps</b>	<b>8</b>
<b>Appendix 1: List of participants</b>	<b>9</b>
<b>Appendix 2: Stakeholder insight summary</b>	<b>11</b>
<b>Appendix 3: Suggested terms for IPIECA vision statement</b>	<b>18</b>

## Executive summary

During 2012, IPIECA is undertaking a strategy review, intended to:

- identify opportunities and challenges facing the oil and gas sector and its sustainability context;
- uncover the implications for IPIECA's programmes and operations; and
- develop the organization's work plan to meet member and stakeholder expectations.

To inform this process, IPIECA undertook a high-level engagement with a selection of respected and influential stakeholders drawn from an array of international institutions, NGOs and expert bodies. The stakeholders were invited to share their insights to the sustainability challenges, priorities and trends facing IPIECA and the oil and gas industry in the years to come, via an online survey and a face-to-face dialogue in Rome in February 2012. This report summarizes the results of the dialogue. Themes, challenges and opportunities arising from the engagement are summarized below.

### **Ambition and leadership**

- Develop a more aspirational, inspirational and credible vision that shows a clear pathway for where the sector is heading on sustainability issues
- Increase IPIECA's leadership role for the oil and gas industry on environmental and social issues
- Develop and implement a transparent and credible membership development strategy
- Strengthen IPIECA's expectation of its members through increased accountability and membership requirement around improved environmental and social performance

### **Governance and structure**

- Engage with external stakeholders more systematically to help inform IPIECA's strategy both at ExCom and working groups level
- Update the 30-year old charter to ensure it accurately describes IPIECA's role on sustainability
- Clarify the overall structure of IPIECA's work and individual Working Group priorities to address sustainability challenges facing the sector in a more joined up way
- Keep up the good work but ensure the impact and uptake of IPIECA's deliverables among members can be demonstrated

### **Priorities and focus**

- Clarify IPIECA's role and positioning on critical issues (what role for what topic) and select a number of key areas where IPIECA can make a difference
- Provide leadership for the industry for the transition to a lower carbon economy and play a stronger role on climate change
- Move beyond a mindset that seeks to 'minimize harm' regarding sustainability to a more proactive determination to deliver 'net positive impact'
- Look for clearer boundaries on activities and areas that are potentially 'no go' – for reasons of biodiversity value, human rights concerns or unacceptable operational risk.
- Consider committing to one or more external 'standards'

## Introduction and methodology

This dialogue follows a number of stakeholder engagement initiatives undertaken in recent years by IPIECA, including: a dialogue in San Francisco in 2008; an expert stakeholder panel that advised on the development of the second edition of the Sustainability Reporting Guidance 2009-2010; and a variety of outreach initiatives undertaken at Working Group level on an ongoing basis.

To ensure continuity in the dialogue, the 2012 stakeholder engagement involved working closely with the IPIECA Working Groups to identify a combination of stakeholders with whom IPIECA already has a good working relationship, as well as identifying new participants and organizations to contribute additional thinking and points of view.

Identified stakeholders were invited to participate against clear Terms of Reference, which included participation in an online survey and attendance at a two day face-to-face dialogue in Rome, 7-8 February 2012.

IPIECA's objectives for this stakeholder consultation were that participating stakeholders would add value by:

- Contributing their own informed perspectives to IPIECA's strategic planning process and influencing how priority topics are considered;
- Helping to improve the processes for communicating and engaging on priority issues, enhancing the organization's overall quality and credibility;
- Sharing with IPIECA staff and member companies their external perspectives, experience and insight into sustainability issues and challenges;
- Providing input and opinions on the stakeholder engagement process itself.

23 participants engaged in the consultation overall, including representatives from the UN, academic bodies, civil society, government, financial institutions, investors and other key sectors as well 23 industry representatives. (See Appendix 1 for the complete participant list).

The dialogue was facilitated by Judy Kuszewski and Yasmin Crowther.

## Overview of stakeholder perspectives

The IPIECA stakeholder dialogue consisted of two distinct stages: the online survey and preparatory telecoms and, the in-person event in Rome in February 2012. Throughout this preparatory activity and the dialogue event, participants' views were not unanimous; nevertheless, some clear themes emerged around (1) IPIECA's overall ambition and leadership role, (2) its governance and structure, and (3) priorities and focus.

Some of the stakeholders challenged the organization and its members to review its ambition; to more effectively address the sustainability imperatives and transitional challenges facing the industry in the decade ahead. At a time when stakeholders perceive a lack of sectoral leadership on climate change in particular, they encouraged IPIECA to reshape and communicate more ambitiously on this topic.

It was recommended that whatever approach is used, the IPIECA activities need to be clear, action-based deliverables, developed in consultation with stakeholders, with measurable results and uptake.

### 1. IPIECA's ambition and leadership role

#### *Review IPIECA's vision*

Stakeholders encouraged IPIECA to review its vision to better reflect its ambition level and provide stronger strategic direction. It was recommended that IPIECA members assess where they want to be in 20 years and develop a more far-reaching, aspirational vision based on this goal. See Appendix 3 for suggestions of words that could be part of a new vision.

#### *Increase IPIECA's leadership role*

Stakeholders view IPIECA's has THE global association for the oil and gas industry on environmental and social issues, and as such they have an expectation of IPIECA leadership in this area. Stakeholders want to see IPIECA address whether it can provide sector leadership on sustainability issues in its existing form or if its current modus operandi means that it cannot deliver leadership as such, but will continue to provide guidance and share good practice.

#### *Membership strategy*

Stakeholders suggested that IPIECA needs to develop a transparent and credible membership development strategy. Stakeholders are divided on whether IPIECA should aim for broadening its membership to reach out to a majority of oil and gas industry ('big tent') or limiting its membership to a selection of leading companies ('small tent'). In the stakeholders' broad view, resolving this question through a clear membership strategy will enable IPIECA to retain credibility and ability to exercise influence.

#### *Strengthen IPIECA's expectations of its members*

Directly related to the above themes around ambition and leadership, is a stakeholder desire for IPIECA to hold its members accountable for meeting certain expectations or standards of membership. For instance, external stakeholders urged IPIECA to require its members to commit to delivering specifics – such as sustainability reporting or subscribing to universal human rights principles. This is the result of stakeholders' recognition of the value of the tools and good practices IPIECA has developed over the years, but a lack of information on whether IPIECA members use these good practices on the ground.

### 2. Governance and structure

#### *Engage more systematically*

Stakeholders want IPIECA to engage externally in a more systematic way to help inform the ongoing development and delivery of its strategy. There was interest in the value of a more permanent stakeholder advisory group / panel who could challenge and assist the ExCom and Working Groups.

### ***Update the IPIECA Charter***

It was suggested that revising the 30 year old IPIECA charter would be timely and beneficial. There was a sense that IPIECA needs to discuss its decision making process and assess whether to retain its consensus and non-advocacy principles. Stakeholders believe that it compromises opportunities for leadership with a tendency for decisions to default to the lowest common denominator. It was recommended to avoid “locking out” the word “advocacy” as any organization needs some degree of advocacy to have impact and demonstrate their value.

In addition, it was suggested that in view of the scale of the challenges, the size of the secretariat and its associated budget may need to be re-assessed.

### ***Address challenges in a more joined up approach***

Stakeholders understand the array of issues facing the oil and gas industry as posing a profound systemic challenge with significant inter-linkage. Stakeholders would like to see Working Groups display a more collaborative approach, one that follows clearly from a set of high-level strategic commitments – and much less of the issue-by-issue approach.

To address the above, it was suggested to select fewer, more joined-up subject areas such as Clean Energy and Climate Protection; Ecosystems, Biodiversity and Natural Resources; and, Human Well Being – as an alternative three-pillar structure within which all Working Groups and Task Forces would operate.

### ***Keep up the good work and demonstrate impact and uptake***

Overall, there is clear recognition that much of IPIECA’s work on tools, guidance and initiatives is valuable and needs to continue. In the same way that the UN Global Compact requires its members to communicate on progress against its principles, so stakeholders would like to see IPIECA requiring its members to similarly report on their progress and for IPIECA to communicate its overall impact on the sector to society.

## **3. Priorities and focus**

There were suggestions on how IPIECA might most effectively organize and focus its work.

### ***Clarify IPIECA’s role and positioning on critical issues***

IPIECA needs to carefully decide what role it wants to play for what topic (e.g. leadership, convener, good practice development, information sharing etc.) and select areas where it can make a difference. Building strategic partnerships in these specific areas was suggested as one route to develop the leadership role.

### ***Provide leadership for the industry for the transition to a lower carbon economy and play a stronger role on climate change***

There was consensus that the sector is not showing leadership on the challenges of transition to a lower carbon economy. The stakeholders’ message was that climate change is an integrated social, environmental and economic concern that needs to be addressed joined-up way. Stakeholders would like to see IPIECA play a stronger leadership role in this area, potentially with a CEO involvement from member companies to forge consensus and take action.

### ***Deliver net positive impacts***

Stakeholders would like the industry to deliver ‘net positive impact’ with regard to the sector’s contribution to the social, environmental and economic aspects of sustainability.

### ***Clarify ‘no go’ zones***

There is a desire for the sector to provide clarity on ‘no go’ areas where exploration and development would not be pursued – perhaps because there is no viable oil spill response capability or for reasons of biodiversity value, human rights concerns or unacceptable operational risk.

### ***Consider committing to one or more external 'standards'***

Stakeholders encouraged the industry to commit to one or more external standards such, the IFC Performance Standards (agree to apply them in all Joint Ventures) or the UN Guiding Principles and to seek to work towards the standards by sharing and facilitating best practice and then measuring and communicating the results.

### ***Consider other areas of upcoming attention***

During the discussion, a number of additional topics were suggested for attention:-

- Systemic complexities posed by climate change – e.g. for health, water, biodiversity, future mobility, access to energy and human rights, etc.
- IPIECA's contribution (e.g. data/science-based evidence) to COP21 in 2015
- Energy efficiency/fuel efficiency; technology; low carbon economy; access to energy
- Shale gas / fracking
- Revenue transparency, resource / ecosystem stewardship, human rights issues, accountability and responsibility when operating in countries with weak governance.
- Economic responsibility
- Supply chain
- Renewables
- Life cycle analysis
- Transportation
- Oil sands

### ***Survey responses provide further context***

The above overview of the two-day dialogue also reflects many of the themes that emerged from the more detailed and granular one-on-one feedback provided via the stakeholder online survey and webinars, conducted during December 2011-January 2012. 19 of the 23 stakeholders at the Rome dialogue completed the online survey and the summary, including feedback on specific IPIECA Working Groups, is available in the Appendix.

## **Next steps**

Throughout the dialogue, IPIECA participants listened to stakeholder priorities and concerns, and engaged in discussion of the issues. The IPIECA leadership committed to addressing the key themes and messages as part of the strategic review. As IPIECA undertakes this review over the coming months, the organization will provide a summary back to stakeholders about how their opinions have been reflected in the revised strategy.

Stakeholders urged the IPIECA leadership to maintain integrity and be brave throughout the strategic review process.

## Appendix 1: List of participants

\* Individuals whose names are asterisked contributed to the online survey, but were unable to attend the dialogue.

<b>Stakeholders</b>	
Baxter, Graham	IBLF
Behrens, Ron	NHS
Charlebois, Patricia	IMO
de Jong, Rob	UNEP
Delfgaauw, Tom	Independent
Der, Victor	Global Carbon Capture and Storage Institute
Dora, Carlos	World Health Organization (WHO)*
Hammond, Roger	Living Earth
Hawkins, David	NRDC
Howard, Pippa	Fauna & Flora International
Jeter, Jeff	European Bank for Reconstruction and Development (EBRD)*
Jørgensen, Allan	Danish Institute for Human Rights
Kendall, Gary	Cambridge Program for Sustainability Leadership
McGeveran, Elizabeth	F&C asset management
Miller, Patricia	IFC
Morrison, Jason	Alliance for Water Stewardship and Water Mandate
Peace, Janet	Center for Climate and Energy Solutions (C2ES)
Ranganathan, Janet	WRI
Savy, Conrad	Conservation International
Schreiber, Michael	Global Business Coalition (GBC)
Tolley, Melissa	UNEP-WCMC
Voillat, Claude	ICRC
Watson, Sheila	FIA foundation



---

***Industry participants***

Boggemann, Maïke	Shell
Callahan, Georgia	Chevron
Ciardiello, Francesca	eni
Doll, Brian	ExxonMobil
Espinosa, Beatriz	Petrobras
Fusco, Rosanna	eni
Hunter, Dan	ConocoPhillips
Janus, Bertrand	Total
Kowalchuk, Kelly	Nexen
Lempert, Carina	Maersk
Martin, Jaime	Repsol
Mika, Frano	Eni Saipem
Mire, Rick	ExxonMobil
Mohan, Anu	Statoil
Palmisani, Francesca	eni
Pedroni, Paola	eni
Priolo, Alessia	eni
Rogers, Liz	BP
Routisseau, Laurent	Total
Rubio Reinoso, Belen	Repsol
Tibble, Sophie	Statoil
Wild, Elizabeth	BP
Wuestenfeld, Karen	BP

---

***IPIECA secretariat and consultants***

Crowther, Yasmin	Consultant
Depraz, Sophie	IPIECA
Kuszewski, Judy	Consultant
Murphy, Helen	IPIECA
Sullivan, Brian	IPIECA

---

## Appendix 2: Stakeholder insight summary

### Stakeholder survey: Key facts

- Conducted online during December 2011
- 19 out of 23 confirmed participants completed or partially completed the survey
- Themes checked and discussed during two pre-dialogue conference calls in January 2012

### Overarching themes

- **Joined-up issues:** Stakeholder feedback largely joins-up the multi-dimensional aspects of sustainability issues – so, climate change is described as being ‘about far more than emissions’ and is discussed for its inter-related impacts on biodiversity, extreme weather and water (flooding or drought); all of which impact on human rights (access to water and clean energy) and social performance, and pose challenges for product use and moves towards a low carbon transport system / electrification.
- **Landscape / ecosystems thinking:** Stakeholders broadly expect that debate and policy-making will also be increasingly joined-up and consider ‘whole landscapes’ to understand inter-related systems, impacts, trade-offs, conflicts and ‘no go zones’. So it is mooted that biofuels may become untenable for food security reasons. In functioning states, the demand for public access to information on health and environmental impacts – alongside the growth in social media – is expected increasingly to join the dots in the public’s mind between oil and gas operations, impacts, trade-offs, liabilities and alternatives.
- **Strong / weak governance:** Governance – or the lack of it in countries that lack democracy or infrastructure – will be a key challenge; with stakeholders seeing it as increasingly challenging / unacceptable for the oil and gas sector to do business in states with weak governance, especially where gross violation of human rights takes place. Where there is no responsible stewardship of natural capital and biodiversity in weaker states, stakeholders envisage oil and gas companies increasingly needing to take on an accountable, custodial role while also getting involved to support the development of local / national capacity.
- **Supply / value chain:** In this context, the challenge of delivering sustainability through entire supply chains is seen as key – with companies needing to develop frameworks and skills for engaging host country authorities and state-operated oil and gas enterprises, contractors and sub-contractors on critical issues such as human rights and stewardship of ecosystem services. In this context, processes for identifying the critical supply chains are seen as key.
- **Net positive impact / no one worse off / zero emissions:** The concept that the industry should deliver a positive social dividend recurred across many sections, with a clear expectation that the sector should be guided by commitments to net positive impact, particularly regarding biodiversity, and by a commitment to zero emissions by mid-century when it comes to tackling climate change. While there is recognition that zero emissions may be unattainable, there is a sense that this goal is needed to drive clear target setting and continuous improvement. Concomitant is an expectation of more transparency on high-risk operations, potential impacts on high value areas (regarding natural capital), and the identification of no-go zones for development, with a social goal that ultimately no one is worse off as a result of the sector.
- **Low carbon vision, engagement and credibility:** There are views that the industry has failed to articulate and communicate a clear vision and narrative regarding its activities, responsibilities and plans for how the sector will evolve to be relevant and contribute to future low carbon societies. There is general consensus that the sector lacks credibility and that it will need to deliver a step-change in vision and the quality of communication, and that working alongside credible international stakeholders will be essential to help establish broad-based credibility and trust.
- **IPIECA’s role:** IPIECA and its working groups are clearly seen to have an important and influential role when it comes to collaborating across the sector to identify key issues and opportunities, provide some alignment on positions and approaches, articulate current and emerging best practice, provide guidance on processes and tools, and convene stakeholders. A concern seems to revolve around the ways in which IPIECA’s members fall into tranches – e.g. those who report versus those who don’t; state-operated companies versus multinationals; ‘leaders’ and ‘laggards’ – and the implications for how it works and what can effectively be achieved across the board.

Topic	Synopsis
<b>Biodiversity</b>	<ul style="list-style-type: none"> <li>• All see an increasing focus on biodiversity, especially as water scarcity and impacts of climate change bite. There are views that the sector will be increasingly forced into environmentally sensitive areas by geopolitical and geological constraints that also drive up oil price. The consequent impacts on ecosystem services (ES) are expected to begin to determine access to land, finance, license to operate, restrictions and legislation. (Incorporation of ES by IFC into new performance standards will see it become a de facto requirement for investment, especially for Equator signatories.) Within the next few years, the IUCN Taskforce is expected to identify sites of global significance, which will establish a consensus-based standardized set of criteria and data for identifying critical habitats at the national level – complementing the IUCN Red List standard for threatened species. The IUCN work will give IPIECA members more clarity on types of areas that are priorities for full mitigation, philanthropic support and potential offset targets that achieve net positive impacts.</li> <li>• By 2020, the expectation is that ES will be fully integrated into oil and gas management systems, with net positive impact commitments being the norm, clear targets, transparent assessment and reporting of the value of impacts and dependencies on ecosystem services – particularly freshwater resources - and involvement of appropriate stakeholders on decisions and clarity on high-value areas and where the sector will ‘draw the line’.</li> <li>• Restoration of degraded ecosystems will become a priority for some countries; with international agreements on ‘no go’ areas and a growing ‘landscape’ / ‘land use optimization’ approach by regulators and policy-makers seeking to manage trade-offs and conflicts. Where countries lack governance or infrastructure, oil and gas companies will be expected to ensure sustainable custodianship of natural resources.</li> <li>• Offsetting generally seen as not best practice and perceived by some as ‘a strategy of last resort’, but others expect methodologies to strengthen, helping to improve commonality of approach, agreement on standard methods, transparent reporting and benchmarking.</li> <li>• IPIECA priorities: Develop an IPIECA position and pursue eventual member commitment to voluntarily abide by IFC Performance Standards, including a commitment to net positive impacts; focus on assisting companies to conduct ecosystem service assessments; define best practice; collaborate and engage on critical issues and the identification of ‘no go’ zones</li> <li>• Link made by some to fracking and need to assess water impacts in the US</li> <li>• WG objectives: need to include monitoring of policies in countries with significant oil and gas, alongside an assessment of how the sector can contribute to restoration; help companies understand the historical impact of the sector on biodiversity and provide guidance on avoiding operations in areas of high biodiversity value; show companies how to implement best practice as set out in IPIECA’s Reporting Guidance and develop appropriate partnerships; focus on ‘doing more good’ / net positive impact (NPI) rather than ‘doing less harm’, and how to link ecosystem services more explicitly to social performance. Need to also think about sensitive marine environments.</li> </ul>
<b>Climate change</b>	<ul style="list-style-type: none"> <li>• Most see this as a defining issue for the overall credibility of the sector, with a serious need for far more visible / ‘order of magnitude change’ in the sector’s involvement and activity in the debates on product emissions, oil sands and transition to new / sustainable energy options. Many see tar sands as indefensible and likely to become a ‘stranded asset’ / ‘albatross’ for the sector. Several discuss the shift towards electric vehicles and controlling emissions at combustion plants versus tailpipes. There is a view that even if governments are not acting, ‘the world is addressing the issue’ with a growing awareness that effective</li> </ul>

solutions also provide 'game changing business opportunities'.

- 2020 expectation is for the sector to be far more actively involved in partnering to mitigate climate threats; delivering 'a clear and credible vision of how the sector can be a positive driving force on the pathway to a 2C world'; showcasing the use of technological innovations and clean fuels, alongside full and transparent accounting of the implications of all activities (versus 'partial analysis') and CCS either delivering effectively or 'killed off'.
- Targets: general view that these must be specific – some envisage zero carbon emissions by mid-century and oil and gas sector working back from that; some discuss using the 2C climate change threshold and working back from that; others discuss carbon intensity and reference particular types of emissions. There is a view that a net zero emissions target – even if unattainable – will serve to drive continuous improvement.
- Carbon credits largely seen as limited in usefulness, although potentially significant in the longer-term; some see them as helping in getting CCS up to full commercial scale (although there is some skepticism around CCS). There is a view that there are corollary reputational benefits to be had from demonstrating how investment in the carbon market generates jobs and income for local economies and communities.
- IPIECA priorities broadly identified as to: build a compelling vision for how the industry can transform and thrive in a zero emissions economy; set absolute targets; identify strategies, policies and innovative technologies to help drive this transformation; with care given to CC impacts on water, biodiversity and community livelihoods.
- WG Objectives: Need to be more visionary on scaleable sustainable solutions to hydrocarbons; more focus on how to actively engage to accelerate carbon reduction – both primary and end use; recommend specific targets and trajectory that lead to a zero carbon energy system by mid-C; be explicit on oil sands and shale gas GHG impacts; develop policy recommendations on new energy options; explain how sector will assist the world 'if we breach the 2C threshold'; be 'about more than simply emissions' – also consider water, biodiversity, ecosystems and community dimensions. Need to identify areas for member action that significantly support UNFCCC policies and individual regulatory compliance needs.

---

### **Health**

- Health is an issue that is seen to cross-cut many others, with a close link to human rights, social performance, access to water and safeguarding water quality. Specific issues raised include the need to provide access to cleaner fuels for indoor cooking in rural areas of developing countries; issues around mental health for indigenous populations; the need to include neglected tropical diseases (such as dengue and hookworm); and the need to increase responsibility and accountability across the supply chain etc. There is broadly expected to be an increased focus on public access to information on health related issues, such as EIA data, environmental performance data, fracking chemicals etc. More debate is also expected on the connection between trends in development / transport and rising levels of obesity in both developed and emerging markets.
  - 2020 expectations involve the sector providing 'more complex support of patient-oriented and healthcare system issues versus disease-specific interventions'; the development of a clear stance and support for *public access to information* related to potential health hazards; clarity on how the sector addresses water issues in production practices, including full disclosure on inputs to water bodies from fracking process; and a more active stance on *wellness and active living* – from the workforce outwards to communities; with the sector using its infrastructure more fully to assist local communities
  - IPIECA priorities: Contribute to local, national and global health threats
-

and issues through local investments, monitoring disease and changing epidemiology in conjunction with relevant bodies. In particular, work to evolve priorities so that care of employees moves from concern with infectious disease to lifestyle / chronic disease, and care of community moves from disease-specific to patient-oriented. Aim for the industry to be recognized as equally committed to health and safety.

- WG Objectives: Need to incorporate public access to information on health impacts and hazards; more clarity on measures of success; more of a focus on indigenous populations; more consideration to 'wellness and active living' agenda; potential to partner to provide regional and localized approaches in support of identified issues.

---

***Oil spill response***

- Key issues for the sector will be 'the first Arctic spill'; increasingly punitive court actions that impact share price; growing resistance to deep water drilling and demand for more stringent regulations and standards; more focus on spill prevention in difficult areas such as zones of conflict and weak governance, as well as eco-sensitive regions; more focus on links between spills and sabotage / crude oil theft; more focus on understanding the receiving environment and better monitoring, evaluation and control of impacts.
- 2020 expectations are that there will be a moratorium on E&P in areas where there are 'no realistic response measures' and a far greater burden of proof that practices are safe (with plans readily available online for public scrutiny); companies will be required to establish bonds for use in the event of a major spill; there will be more clarity on operational responsibilities and liabilities in the supply chain; greater consideration of impacts on ecosystem services and critical habitats; a stronger focus on safety culture; and an advocacy focus on stronger host country regulation and oversight (versus self-regulation), alongside a responsibility for ensuring adequate national and local capacity for spill response planning and implementation – particularly in low capacity countries and disputed / transboundary marine areas.
- IPIECA priorities: convene stakeholders, promote capacity development and investment of additional resources into response technologies; show leadership in international fora; identify 'no go' zones and key land/seascapes of high priority due to (a) high biological, social or economic value; (ii) sectoral interest; (iii) low institutional capacity; commit to public sharing and consultation on oil spill response plans.
- WG Objectives: Ensure appropriate WG resource (IMO concern); give more focus to high-risk locations and working with host governments to build capacity for regulations, oversight and response; build transparency around where there are no realistic response measures and consider a voluntary code of practice where no E&P is undertaken until the gap is closed to the satisfaction of relevant stakeholders; set up practice drills and assess continuous improvement against clear metrics for damage control and containment; initiate or strengthen regional multi-stakeholder groups in key geographies to develop joint oil spill response plans and capacity.

---

***Operations, fuels and products***

- Electrification seen as a key trend by many ('successful commercialization and growing adoption of vehicles that don't burn hydrocarbons on board'), alongside a growing focus on the product emissions debate, particularly with the massive expected increase in motor vehicles in transitional economies and more debate on EHS impacts, which is expected to lead to more engagement with consumers about limits to consumption and alternatives. More focus on 'fingerprinting' / ethical products as part of this debate.
  - 2020 Expectations: An integrated approach with the sector playing an active role in societies to ensure mitigation of negative impacts of increased vehicle use; more leadership in modifying consumer habits and promoting sustainable consumptions
  - WG Objectives: more focus on electrification and the core issue of petrol
-

products and impacts on societies worldwide. Ensure integration of learning developed in Biodiversity, Water, Oil Spill and Climate Working Groups.

---

**Social  
Responsibility**

- A range of trends and issues were identified to do with: maintaining standards in JV; challenges posed by social media; concerns about the use of private security companies; the need to recognize and give adequate care to vulnerable groups and particular populations (e.g. women and migrant labour); increased demands for transparency around payments to national governments; growing pressure to adopt FPIC when locating new sites; better quality debate on the significance of a global population of 9bn on earth by 2020 and what that means for finite supplies, radical new demand models and the transition to a low carbon economy / 'the sector's relevance in a zero emissions mobility system'.
- Broadly speaking, the sum of these challenges is described as a 'serious public lack of knowledge and confidence in the sector as a force for good', which is seen to pose industry risks in terms of genuine engagement on mitigating risks and innovating solutions, which in turn is seen to pose challenges to the recruitment of new and future talent as young people regard other sectors as more vibrant and future-focused.
- 2020 Expectations: more clarity on the societal dividend from the oil and gas sector; a marked increase in the globalization of sustainability activity – robust understanding of impacts and effective systems in place; adherence to human rights principles along the supply chain and adoption of FPIC; a move away from guidance to industry standards that ensure 'no one is worse off' due to oil and gas projects; clear, hard policies and actions on issues like universal human rights, indigenous people, bribery and corruption, genuine social investment, all endorsed by credible major international stakeholders.
- IPIECA Priorities: shift from social responsibility to social performance; recommend specific policies and actions ('set the bar high'); more focus on FPIC and also on sustainable consumption; understand and resolve the ramifications / limitations imposed by state oil co members potentially hindering clear and progressive work on human rights; develop a filtering mechanism to ensure advocacy groups do not hijack effort to ensure equitable treatment; encourage reporting and sharing of best practice; partner to create multi-stakeholder platforms.
- WG Objectives: Current focus is 'do no harm' – needs to move to 'force for good' and show leadership. Set standards and timelines for members. Consider merging SRWG and HRTF, aligning around human rights as the key directive principle for social responsibility and social performance. Understand cross-cutting issues, like human rights, that need to be mainstreamed into other working groups. More focus also needed on working human rights into agreements with host country authorities, including state owned oil cos.

---

**Human rights**

- Operationalization of Ruggie is seen as the key milestone. A range of issues were also identified regarding host countries and state-owned oil companies' approach to HR and revenue transparency, with a view that host country good governance should become a precondition for development of natural resources. More focus is also expected on public access to information and FPIC from indigenous people whose lands / waters are impacted by the sector, along with more attention to resettlement issues, trafficking and forced labour in the supply chain.
  - 2020 Expectations: Industry is expected to deliver voluntary standards in line with guidelines enforced by IPIECA. Companies will be expected to operate only in areas where host governments have a good track record; and to be proactive within specific markets and supply chains; there will be a working methodology for engaging host countries and state-owned oil companies on HR, and recognition that good governance, revenue transparency and natural resource management are all HR issues where the oil and gas sector has impacts; voluntary commitments around FPIC.
-

- IPIECA Priorities: Constructive contributor to operationalization of Ruggie and disseminator of good practice beyond western companies (define what 'respect' means for the oil and gas sector); establish principles for engagement and a set of standards by which members subscribe to work in certain countries; perform more like ICMM - setting a framework for agreed minimum standards (if needed, with major IOCs differentiating from broader IPIECA membership); develop guidance on operationalizing FPIC; put 'relentless pressure' on companies to accept universal human rights; identification of 'a safe discussion space to engage policy-makers and identify early-stage issues and opportunities'.
- TF Objectives: Need more focus on public access to information; more focus on working with host authorities and state-owned oil companies on HR issues, including revenue transparency and natural resource management; agreement with member companies that respecting universal human rights is a sine-qua-non for any responsible company; identification of best practices and public policy sharing.

---

**Reporting**

- The key identified trend is integrated reporting, potentially mandatory / compulsory, alongside increased expectations of transparency through the supply chain and public access to information / use of social media and credible verification.
- 2020 Expectation: 100% participation of IPIECA members in reporting consistent with IPIECA guidelines; need to accept responsibility for – and report transparently on – full impacts of the value chain
- IPIECA Priorities: Setting targets for numbers of member companies publishing sustainability reports; enabling mature reporters to mentor newcomers; place 'natural capital' at the core of sustainability management to help ensure the full suite of issues are addressed in a systematic rather than linear way
- TF Objectives: substitute the word 'voluntary' with compulsory; report on the full value chain; engage with the UN CEO Water Mandate on development of corporate water disclosure guidelines; make 'natural capital' central; document case-studies of GRI implementation.

---

**Supply chain**

- 2020 Expectations: There is expected to be increased accountability along the supply chain – especially in CSR, health and global warming. More focus is expected on the performance of nationalized oil companies, particularly those in countries with weak governance and without functioning democracies. Industry will be expected to have incorporated supply chain management clearly into their strategies; to be doing more than paying royalties and taxes, with greater focus paid to the development of the local environment, working with contractors and sub-contractors to adopt generally accepted standards and to adopt the lead company's policies on social responsibility and human rights.
- IPIECA priorities: Establish a clear point of view and recommendations on ways in which the supply chain can be co-ordinated and mobilized on areas of social development. Anticipate the need for a tool to identify 'critical' supply chains and guidance on how to deal with issues, in particular HR and large scale capital investments which involve short-term labour influx. There is an opportunity for more systematic local and community content development – specifically at country or project level. IPIECA has a role to play in understanding the different industry views and synthesizing them to explain a united and clear approach and strategy.

---

**Water**

- Water footprinting will become more sophisticated. It is perceived as the next big conflict / critical resource issue, which will be exacerbated by climate change, and which will increasingly focused on human rights dimensions. Key Trends will be more flooding in some places, more drought elsewhere, with particular concerns around pollution, sanitation, the impacts of fracking, and issues around oil spill prevention and containment in deep water drilling. Industry will need to be very proactive to stay ahead of regulations.
-

- 2020 Expectations: Responsible management of the sector's water footprint / zero groundwater usage and net positive contribution to potable water as a result of operations; documented water resource plans that show commitment and impacts for sites, communities and geographic areas; active participation in water stewardship projects; water efficiency improvements in water scarce areas; best practices for water management when it comes to fracking (including full public disclosure of materials used) and new methodologies for reduced water use, reclamation and purification; public reporting of disaggregated water data at a meaningful project level, with differentiation between watersheds and a clear risk appraisal of operational impacts.
- IPIECA Priorities: Elucidate water stewardship for the oil and gas industry – establish goals, best practices and standards, tools and approaches; investigate ways to invest in natural capital to restore water basins; develop case-studies on leadership-practices – including fracking, water climate adaption strategies, assessing and minimizing impacts on freshwater ecosystems and water stewardship; look at fracking's impact on water in the US; learn from / partner with beverage industry
- WG Objectives: Misses good practice guidance around respecting the human right to water and sanitation; needs to pay attention to impacts from fracking for shale gas in the US; improve understanding of how to enhance the condition of water basins rather than minimize harm; engage with the UN CEO Water Mandate on development of corporate water disclosure guidelines; include sanitation issues along with freshwater management; document and share case-studies.

---

**Comments on  
unconventionals /  
shale gas**

- Public right to know about materials used in fracking
  - Need to assess lifecycle GHG impacts of shale gas, including fugitive methane emissions and particularly impacts on freshwater
  - Need to apply precautionary principle to chemicals in the extraction process
  - Information needed on local water impacts (quality and quantity) and long term environmental impacts
  - Lack of independent assessments of long-term costs and benefits
  - More information needed on the impact of shale gas on the broader economy wide energy mix (what it displaces and implications)
  - Unconventionals risk being 'stranded assets': not in stakeholders' interests to have massive sunk investments that will need to be abandoned
  - Unconventional liquids are also seen to be on borrowed time as 'the real issue is tailpipe emissions which can't be tackled by CCS. The logical way to eliminate tailpipe emissions in a zero-carbon energy system is to eliminate tailpipes.'
  - Tar sands are seen to be indefensible unless carbon intensity can be decimated – 'an albatross'
  - Need to appraise risks from accidents – outside the 'business as usual' operating risks
-



### Appendix 3: Themes for IPIECA vision

During a break, participants were all invited to suggest terms for the IPIECA vision statement. Below is a word cloud created on wordle.net showing the outcome of this exercise.





IPIECA is the global oil and gas industry association for environmental and social issues. It develops, shares and promotes good practices and knowledge to help the industry improve its environmental and social performance; and is the industry's principal channel of communication with the United Nations.

Through its member led working groups and executive leadership, IPIECA brings together the collective expertise of oil and gas companies and associations. Its unique position within the industry enables its members to respond effectively to key environmental and social issues.

#### Company members

Addax Petroleum	Occidental
BG Group	OMV
BP	Petrobras
Chevron	Petronas
CNOOC	Petrotrin
ConocoPhillips	PTT EP
eni	Qatargas
ExxonMobil	RasGas
Hess	Repsol
Hunt Oil	Saudi Aramco
Husky Energy	Shell
KPC	SNH
Maersk	Statoil
Marathon	Talisman
Nexen	Total
NOC Libya	Woodside

#### Association members

Australian Institute of Petroleum (AIP)  
American Petroleum Institute (API)  
African Refiners Association (ARA)  
Regional Association of Oil and Gas Companies in Latin America and the Caribbean (ARPEL)  
Canadian Association of Petroleum Producers (CAPP)  
Canadian Petroleum Products Institute (CPPI)  
The Oil Companies' European Association for Environment, Health and Safety in Refining and Distribution (CONCAWE)  
European Petroleum Industry Association (EUROPIA)  
Brazilian Petroleum, Gas and Biofuels Institute (IBP)  
International Association of Oil and Gas Producers (OGP)  
Petroleum Association of Japan (PAJ)  
South African Petroleum Industry Association (SAPIA)  
United Kingdom Petroleum Industry Association (UKPIA)  
World Petroleum Council (WPC)

#### IPIECA

5th Floor, 209–215 Blackfriars Road, London, SE1 8NL, United Kingdom

Telephone: +44 (0)20 7633 2388 Facsimile: +44 (0)20 7633 2389

E-mail: [info@ipieca.org](mailto:info@ipieca.org) Internet: [www.ipieca.org](http://www.ipieca.org)

© IPIECA 2012. All rights reserved.

[www.ipieca.org](http://www.ipieca.org)

Printed on paper that is certified to be from responsible sources by the Forest Stewardship Council.