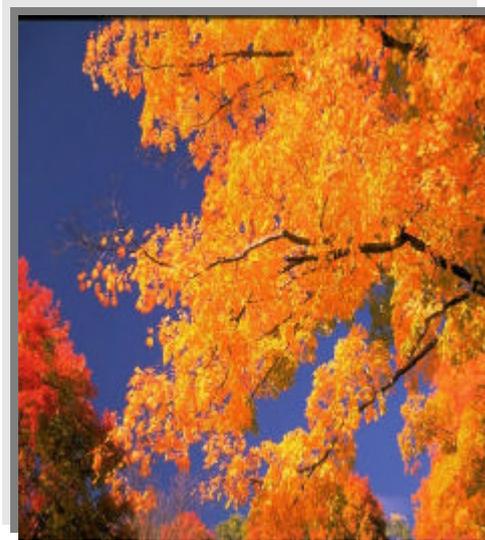


IPIECA Strategic Issues Assessment Forum

Stakeholder Dialogue

FINAL REPORT



27-29 November, 2001
IUCN Headquarters - Gland, Switzerland



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TABLE OF CONTENTS

1	Introduction and Dialogue Objectives	3
2	Summary of findings	3
	- Industry impact	
	- Governance	
	- Sensitive areas	
3	Report on dialogue session	4
	3.1 Plenary discussion: vision exercise	4
	- The changing industry	
	- Partnerships	
	- Geopolitics and globalisation	
	- Environmental issues	
	3.2 Breakout sessions	5
	- New and advanced technology	
	- Delivering energy	
	- Operating globally	
	- Social impacts	
	- Industry perceptions	
	- Biodiversity conservation	
4	Plenary: reflections on process	9
5	Next steps	10
Annexes		
	A - Final Agenda	11
	B - List of attendees	14
	C – Synopsis of participant organizations	15
	D – Background, ground rules and summary of preparatory discussion	21

1 - INTRODUCTION AND DIALOGUE OBJECTIVES

IPIECA, as the International Petroleum Industry Environmental Conservation Association, was established almost three decades years ago to enable joint discussions of global environmental issues. Through its Strategic Issues Assessment Forum it focuses on identifying emerging issues, evaluating potential impact on the industry, developing common understanding and communicating broadly both internally and externally.

The IPIECA Strategic Issues Assessment Forum convened a first IPIECA Stakeholder Dialogue on November 27-29, 2001 at the IUCN Headquarters in Gland, Switzerland. This dialogue was designed to enable an open and informed discussion among IPIECA member companies, intergovernmental organizations, environmental advocacy groups, and financial institutions, on emerging strategic issues. The overall theme for this pilot forum was the '*challenges of providing energy in the 21st century*'.

Specific goals were to:

- ◆ Stimulate information exchange and perspectives on key issues,
- ◆ Provide an opportunity to build relationships among key organizations, and
- ◆ Acquire useful input in shaping a way forward for IPIECA and the participants around the table.

This report highlights the main points discussed at the meeting, and is not necessarily in the chronological order of the discussions held. The report has been reviewed by all stakeholder dialogue participants.

2 - SUMMARY OF FINDINGS

This summary tries to encapsulate the highlights of the two-day discussion and focus on the key themes that emerged.

- ◆ **Industry's Impact** – There seemed to be a dichotomy between the industry view of the positive impacts it brings with project development, by generating revenues and royalties in the developing world, vis-à-vis the perception that oil & gas developments have generally contributed to increased social ills, including: lower standards of living, poor education, and increased corruption. Some resource rich countries have failed to convert their natural capital into sustainable development & social capital. This 'paradox of plenty' is one of the key problems facing developing countries and the industry. Several major studies, including the World Bank and Oxfam papers on extractive industries, were quoted as examples addressing the topic. It was further viewed that the issues raised for the extractive sector are also prevalent downstream in the transport, distribution and marketing of products. To-date there is no data put forward by the industry to either refute or substantiate these findings.
- ◆ **Governance** – The issues that surfaced related both to industry's Health, Safety, and Environment (HSE) governance as well as proper legal systems and property rights in host countries, to allow industry to operate. A major point emphasized was that a collective sectoral approach is more valuable than a few proactive companies adopting internal policies. However, it was also recognised that there was an important place for company leaders, to move the sector in the right direction. It was viewed that the association should be 'a force for good' and use its role as a convener and its ability to influence member companies and regional associations to aspire jointly to improved operating standards globally. In addition, industry was viewed to have a "golden

opportunity" to work with NGOs and advocate to host governments the need for a proper governance framework. There was more agreement than was expected on the need for International and National governance which would create a level playing field for the industry and prevent 'cowboys' from undermining the perception and reputation of responsible companies.

- ♦ **Sensitive Areas** – The issues discussed centered on operating in sensitive and remote areas and the need for biodiversity conservation. It was agreed that it is critical that industry should work with others to conserve biodiversity, promote the sustainability of sensitive eco-systems, and minimize substantially 'operating footprint'. Some of the environmental groups prefer to work with industry and promote "best-practices" and responsible operations while others believe that there ought to be certain areas that are definitely "no go", no matter how valuable the potential resource to be extracted.

3 - FULL STAKEHOLDER DIALOGUE REPORT

3.1 Plenary Discussion: Vision for the Oil & Gas Industry in the 21st Century

To set the context for the ensuing discussion, the forum opened by brainstorming the key trends, challenges, and desired vision for the petroleum industry for the 21st century. The purpose of this discussion was to establish a common understanding among the participants, thereby creating a baseline of issues from which to move forward. Though a number of categories were presented to frame the conversation, such as social and environmental issues, and internal and external trends, other common threads emerged as the discussion progressed. Key points discussed during this process are summarized below.

The Changing Industry

It was acknowledged by many participants that the petroleum industry is changing. As the number of mergers increase, the result is larger entities with relatively fewer people on staff. The employee base is changing as well; their backgrounds are more diverse, and the newer generation of employees have been raised with a different set of values and worldviews. This has contributed to the changing of the corporate culture.

Some suggested that social and environmental issues are moving closer to the forefront, and the concepts of transparency and corporate responsibility are increasingly more important. Others noted the industry is transforming, or should be, from product suppliers to energy service providers. With the industry in this state of flux, and as the issues that need addressing become more and more complex, one participant noted, conflicts are not a rarity, but a common occurrence that must be dealt with. Some participants felt that the rate of change in the industry's ability to properly respond to these challenges was inadequate to address the scale of the problems and meet societal expectations. Some called for a 'quantum leap' in the investment in sustainable energy sources and clean technologies

Partnerships

Forming partnerships and collaborations among interested parties was a common thread in the group's discussion. The increased realization that governments need the private sector to help solve these complex issues is coupled with the need for the industry sector to increase their participation in global policy formulation and implementation. One participant stated that the decline of international aid has resulted in governments relying on the private sector to make investments in the developing countries, and he urged the industry representatives to work with governments to share that responsibility. Another participant noted the diversity and plurality of the NGO community, and that partnerships among the

sectors is a necessity in addressing these issues. A unified, rather than dualistic, approach is a more productive formula to getting concrete solutions, recognized one participant.

Geopolitics and Globalisation

The geopolitics within which the petroleum companies work is unique; other industry sectors do not face the variety and magnitude of such issues, stated a member. One participant noted that as the demand for oil is increasing in developing countries, the issues of equity and accessibility are becoming more apparent. Another one observed that geopolitical issues were overriding sustainable development criteria, a trend that industry can try and reverse by bringing in appropriate technologies and developing local capacity.

Outside expectations are high on how the petroleum companies should handle these issues, including expectations for economic development and poverty alleviation. "Development" based on past values no longer applies to the developing countries today, a contributor stated. The trend towards globalisation is one aspect of the geopolitics that the petroleum industry, and the world, face. As such, many areas where the companies operate are regionally inter-linked and governed in a decentralized fashion at the same time. Working within both of these "worlds" is difficult, but necessary, another participant acknowledged, if petroleum industries want to address the issues effectively.

Environmental Issues

Though no novel environmental issues were raised by the group, many participants noted where work continues. One participant acknowledged that the global trend towards urbanization, population growth, and urban air quality issues could be viewed as an opportunity for the industry to have positive impacts. The issues of climate change, biodiversity conservation, and the access and availability of clean water, still need addressing. On climate change issues, some participants felt that action by the industry had so far been inadequate. Others noted that adequate research, improved operation techniques, and distribution of those findings are not prevalent. Whether it is greenfield exploration in sensitive environments (e.g. offshore and in tropical rainforests,) or the development and use of environmentally sensitive technology, the need for adequate research and the widespread understanding of those findings is not occurring.

3.2 Break-out Sessions

To examine specific issues more closely, each one in the group participated in six breakout sessions during the course of the two-day meeting. Each participant was assigned to follow a specific sequence to ensure an adequate mix and balance of perspectives in each session, and to allow for the opportunity to interact with all those attending.

The topics selected for the breakout sessions were based on the preparatory interviews (see Annex E) and the Vision discussion. Below is an overview of those discussions.

New and Advanced Technology

The role of present and future technology in the petroleum industry was addressed in this session. The group assessed the varying types of technology, as well as identified the drivers of technology advancement. Another aspect of the discussion reflected on the view of technology as "the solution" to the problems the industry faces. The limitations, as well as the secondary effects, both positive and negative, to advanced technologies were examined. Based on these discussions, the varying sectors' roles and possible partnership opportunities were suggested.

It was necessary for the group to distinguish between the developments in operations technology and product related technology. There is also a difference between existing and “breakthrough” products and infrastructure, many noted. Technology investments differ along these lines as well. Existing and new product investment varies, as does the source of funding for these investments. Technological advancement were discussed to help identify how new technology will be developed. Scientific discovery, and the market were apparent answers. Social pressures, and regulatory demands can push technology further, as well. The debate was raised as to whether societal behavioral changes encourage technology advancements or whether technology advancements can alter the public’s behavior. The group acknowledged that they could exist simultaneously.

The participants examined the reliance of technology as the solution to the issues. Although it can address many of the symptoms, they acknowledged that it was not the cure for the problems facing the industry. Many members suggested that the technology solutions should address the triple bottom line of sustainable development (i.e., it should have economic, environmental, and social benefits.) It was recognized that there are limitations to technology. Some noted that merely applying modern technologies should not be the sole consideration when allowing the industry to work in sensitive areas. The industry’s focus is on the short-term uses of technology; the long-term advances are less of a priority. Also noted was that existing technology is not the cure, but the cause of some current consequences. Other participants indicated that existing technology is not used throughout the industry; whether that is due to penetration, accessibility, availability, or applicability of that technology varies from case to case. Intellectual property rights, as well as limitations to technology transfers and technology sharing, can also hamper the wide use of available technologies.

The purpose of partnership opportunities is to establish a coordinated effort to engineer change, explained one participant. Each actor, whether it is industry, government, academia, NGOs, or consumers, all have a role in the development and use of new and existing technology. Collaborating along those lines can produce effective prospects. Existing partnerships were identified as places where more collaboration can occur. These included joint ventures in technology resource groups, and inter-industry partnerships, such as the Auto-Oil Partnership. Working with governments in research and development investments and innovations, as well as including academia in the circle will increase the limited resources available. It was acknowledged that NGOs could help connect the different sectors, as well as the local communities involved in the operations of the petroleum companies.

Delivering Energy

This session focused on a number of issues surrounding the delivery of energy. Participants discussed the determination of country-appropriate mechanisms, the supply and demand for alternate energy sources, and the roles of individual companies and the industry as a whole.

The group examined the possibility of the industry moving towards becoming energy service providers, rather than petroleum producers, and petroleum products supplier. Some felt that a mixed portfolio approach for delivering energy, incorporating a number of energy and fuel sources, in niche markets, would ensure reliable energy service. Participants also discussed the transitional issues of such a shift, noting that it is a long-term move, over a number of years, with the probability of some stranded assets as the portfolio mixes change. Working with governments on the transition to alternate sources is one area where collaboration is possible.

If the conversion to energy service providers is to be done successfully, it is imperative to understand supply and demand issues regarding this transition. The group acknowledged the need to understand the nexus between supply and demand and ensuring that demand is met in a safe, reliable and cost-effective way. Infrastructure issues are key in this assessment, while recognizing that existing and new infrastructure issues are very different. There are challenges associated with creating new infrastructure that have to be addressed along with the reliability and security of the new energy sources.

Market demand is the key issue driving implementation by the industry. How to effectively measure the demand side is always a challenge, added a participant, especially for new forms of energy where their exact cost is yet unknown. Research is being done in industry that might decrease demand for some products in the long run. As technology develops and products change, demand changes with it. Supply must also be examined when discussing changes in the market. One participant gave an example scenario of the future of supply issues, which suggests that oil production might peak at 2010-2030, and gas production peaks out at 2030-2040. At that point, the use of alternative fuels will increase as consumers will demand other sources of energy, and climate change concerns will be taken more seriously.

The distinction between the transitional roles of individual companies, and the industry as a whole, was brought forth for discussion. If petroleum companies are transitioning towards becoming energy providers, one participant asked, where does the transition end? Should companies move towards providing public transportation as well, he added? Is there a role for industry to support a shift to public transportation? Vehicle manufactures have a role in changing to more efficient vehicles, as do governments in determining subsidies. One member noted that a potential industry role is to ensure that the refueling infrastructure is in place to support natural gas vehicles. There is also a role for associations to provide key messages about the vision for the industry moving forward.

Operating Globally

Due to the multinational nature of many petroleum companies operations, issues of governance often arise. Participants identified issues ranging from governance lacking regulations and structures, government instability, to the differing levels of environmental measures. Other factors include the distribution of local needs, and the communities affected. The equitable distribution of revenues, environmental impacts, and other benefits and impacts are other concerns that were raised.

The group also identified factors that add to these challenges. Regional and geographical differences result in differing operational processes. Operations in an area with an unstable government make it difficult to ensure equitable distribution of revenues or benefits or unrepresentative. Corporate values and rules also differ by region. Not only do standards differ depending on the region, state run petroleum companies can operate on a very different set of standards altogether.

These identified issues led to the question, of whether there can be a set of common rules and whether there can be a set of principles that set a baseline for entry into developing economies. Participants agreed that the implementation, monitoring, and results of this effort would require cooperation among many sectors. It was noted that for such a system to be effective, the 'cowboys' (rogue companies) and outliers would also need to be forced to change their practice or leave the market. It was noted that this formulation of principles should start with manageable action steps, rather than "taking on the worlds problems." Using other industries as models to work from may be a practical way to begin.

Social Impacts

As social impacts become more of a corporate priority, understanding and mitigating negative impacts should be embedded into the company's operations. In essence, the method of deciding where and when exploration occurs should be transparent, and involve stakeholders as early as possible; inclusive communication processes are essential in many aspects of the company's procedures. There are three levels of consideration when determining social impacts; the global level of the corporate policies, the local level of acceptable sustainable operations, and the country/region level of working with the governments to ensure community support.

Understanding the social impacts is an imperative first step in addressing them. Incorporating Social Impact Assessments (SIA) into the Environmental Impact Assessments can be a useful tool in this process. However, countries in which the companies operate do not always require an SIA. One member asked if SIAs are barriers or enablers to the process of mitigating negative social impacts. SIAs are typically done on the corporate level, added another participant, and a local community-oriented version should accompany it. Included in the SIAs should be an exit strategy for when the project ends including what impact that will have on the community.

Challenges for the industry regarding social impacts are recognizing the expectations of how and what companies should undertake when managing social impacts, as well as determining the practicality of those expectations. Each sector has a role when evaluating these concerns; communities should be aware of the role of the company, the impact of the project, and the long-term strategy limitations. Governments' role should include education systems and community involvement.

The group identified possible places for collaboration. Companies need quantifiable data to determine appropriate actions; therefore, case studies on how capacity building can work profitably to create sustainable enterprises might be beneficial. The development of "best practices" guidelines and lessons learned was another suggestion for moving forward.

Industry Perceptions

Throughout the group's discussions, formulating partnerships has been suggested as a way to begin tackling the issues identified, recognizing that this is sometime challenging (it requires partners to have common objectives etc). In order for these partnerships to work effectively, perceptions of the industry need to be addressed. This session determined the need for understanding the perceptions, their origins, and the necessity of building trust.

It was noted that the petroleum companies are perceived as more powerful than many governments, arrogant, top down, non-participative, polluters of air, water and land. They were further viewed to lack transparency and are sometimes supporters of corrupt governments. The idea that the industry was a great contributor to economic development was seriously challenged and reference was made to the World Bank and Oxfam recent paper on extractive industries, which also highlights these concerns.

Another common perception is that a secretive, enclave mentality pervades the industry. Others noted that the companies assume bad perceptions are a given, and that industry's response to criticism is always defensive. Added to this is the perception that on issues such as climate change, the industry is only protecting its own interest.

It was observed that addressing these perceptions requires the building of trust. One member noted that trust is very hard to achieve, very easy to lose, and once lost even harder to gain back. However, clear communication and transparent operations are key building blocks for trust. Sharing ownership and responsibility for the issues identified, as well as establishing clear expectations, will aid in changing the current industry perceptions.

Biodiversity Conservation

Although much work has already been accomplished in the arena of biodiversity conservation, there are still ample opportunities to forge partnerships and collaborate. This session identified the differing levels and types of biodiversity, the areas for possible partnerships, and concrete suggestions for collaboration.

The term biodiversity conservation can be defined in a number of ways, participants stated. The classification of "hot spots" and species preservation is one characterization, as is the conservation of ecological regions. One participant explained that biodiversity could mean having diverse ecosystems, a diversity among species, and diversity within genes of a species. The ecosystem biodiversity relates to terrestrial, as well as fresh and marine water ecosystems.

Placing a quantifiable value on biodiversity conservation is difficult, yet necessary for companies to evaluate their operations. Monetary and social values have to be incorporated when companies are determining the cost of projects. The link between cultural diversity and biodiversity was also examined. Due to the connection of indigenous peoples and highly diverse ecosystems, addressing these issues has become more complex.

Areas of potential partnerships include lessons learned from other industries, government cooperation at the international, regional, and local levels, as well as partnering with NGOs in various ways. Suggested action items ranged from establishing tools for the companies to use, such as management and operations trainings, as well as establishing common principles to base decisions upon. Along this line, the group acknowledged that there are other large industries working on these issues (mining industry for example). Learning from, and working with biotechnology, pharmaceuticals, agriculture, and other sectors will ensure joint responsibility for addressing a global issue. Other work, such as the Energy Biodiversity Initiative, can be enhanced to include others not at the table.

The "hot spot" (i.e. highly sensitive, biologically diverse areas) debate fueled the idea to engage in a dialogue regarding the existence of "no-go" areas for exploration. Serious concerns were expressed by some participants that 18 World Heritage sites and many National Parks were currently threatened by extractive industry operations. The IUCN General Assembly has published guidelines for governments to establish protected areas and recommends that 'mining' (including petroleum operations) be prohibited in the most sensitive categories, which represent about 4% of the earth's terrestrial surface. Others feel that with the correct technology and best practices, exploration can occur in highly sensitive areas. Coming together to try to understand the differing perspectives, and searching for common ground is a potential project to explore.

4 - REFLECTIONS ON THE PROCESS

The Keystone Center staff asked that participants share their impressions of the content and process of the meeting, and suggest next steps for IPIECA. Many participants shared the similar view that the open and frank dialogue was a good start. The emergence of

opportunities to work together was apparent, but that concrete “next steps” and possible solutions still needed to be identified.

Though the group size seemed appropriate, many suggested that representation from Southern NGOs, as well as government and energy ministry representatives should be involved in these conversations. Country representation from China, India, and Russia also need to be drawn in. A more diverse cross section of NGO representatives needs to be added as well. One participant suggested that this group serve as an advisory board for IPIECA, and as specific issues are tackled, other relevant participants can be included in those projects.

One participant described that he saw four key issues emerging from the two-day meeting: a desire to examine the industry perception, the changing of social expectations, the local management problems of both social and environmental concerns, and undecided issues within the industry (e.g. unified thoughts on climate change, and the transformation of the petroleum industry.) The group thought that a next task would be to develop a set of principles for working in developing countries. Another participant suggested that IPIECA should map out what it cannot do, what it might be able to accomplish with more research and a greater understanding, and what they are willing and able to set out to do.

5 - NEXT STEPS

The IPIECA staff will be bringing the results from this meeting to the IPIECA Strategic Issues Assessment Forum meetings, the IPIECA Board and the IPIECA AGM meeting. This will constitute background information for an expanded internal discussion at the IPIECA April 2002 AGM meeting. It is hoped that following this meeting there will be a commitment to move forward on some of the suggestions from this dialogue. SIAF will consider the continuation of the Dialogue, possibly annually, focusing on one or two issues more in depth.

DOCUMENTS REFERRED TO DURING THE DIALOGUE

- *The Extractive Industries Review* (launched by the World Bank Group) – www.eireview.org <<http://www.eireview.org/>>
- The Oxfam Report ‘*Extractive Sectors and the Poor*’ – www.oxfamamerica.org/advocacy/EIReport.pdf
- Transparency International Paper ‘*Curing Corruption in the Oil, Gas and Mining Sector*’
- ‘*to dig or not to dig?*’ criteria for determining the suitability or acceptability of mineral exploration, extraction and transport from ecological and social perspectives - WWF Discussion Paper
- WWF Map showing information on biodiversity (UNEP-WCMC)

Annex A**A Stakeholder Dialogue on
“ Challenges of Providing Energy Globally in the 21st Century”****Final Agenda****Background**

IPIECA, the International Petroleum Industry Environmental Conservation Association, was established in 1974. It is a voluntary non-profit organization whose membership includes both petroleum companies and associations at the national, regional or international levels. The Association's activities provide a constructive industry contribution to environmental debates, and foster dialogue with governments, intergovernmental organizations and environmental groups. It holds formal United Nations status, which allows it access as a Non-Governmental Organization (NGO) to all UN negotiations. The Association represents the views of its members in public fora and provides an interface between the petroleum industry and the United Nations Agencies.

Separate working groups within IPIECA address global environmental issues related to the petroleum industry: oil spill preparedness and response, global climate change, biodiversity, fuel quality and emissions, human health and urban air quality management. IPIECA also helps members identify new global environmental issues and assesses their potential impact on the oil and gas industry through the Strategic Issues Assessment Forum (SIAF).

The main focus of SIAF is to

- Identify new and emerging global environmental issues,
- Assess their potential impacts on the oil and gas industry,
- Develop common understanding and exchange information on strategic issues, and
- Recommend to IPIECA members possible actions on critical issues.

Dialogue Objectives

SIAF is pleased to convene this multi-stakeholders dialogue to enable an open and informed discussion among IPIECA member companies, intergovernmental organizations, environmental advocacy groups, and financial institutions.

The specific goals of this forum are to:

- Stimulate information exchange and perspectives on key issues,
- Provide an opportunity to build relationships among key organizations, and
- Acquire useful input in shaping a way forward.

This two-day forum is envisioned as an informal gathering that will provide ample opportunity for discussion of issues. It is structured in a way that allows optimal participation, including full group discussions, and smaller breakout groups, to encourage more in-depth conversation among participants.

To facilitate open dialogue, the following ground rules are proposed. Participants will have an opportunity to review these and make any additions as appropriate.

- All discussions in plenary and work group sessions are considered off the record and not for attribution (Chatham House Rules).
- Participants represent themselves, and are not to be considered committing their organization, agency, or company to any binding agreement.
- No documents will be released without the consent of the group. A meeting summary that does not attribute comments to individuals will be prepared and distributed to the participants for their use only.

AGENDA

Tuesday 27 November 2001

- 19:15** **Registration and Cocktail Reception**
Hotel Beau-Rivage, Nyon
 Welcome and Introductions
 IPIECA Statement of Purpose

Wednesday 28 November 2001

- 08:30 – 09:00** **Opening Remarks, Agenda Review, and Ground Rules**
 Presented by The Keystone Center Staff

- 09:00 – 09:45** **Participants Introductions and Expectations**
 Full group around the table

- 09:45 – 10:15** **Summary of Findings from Participants Interviews**
 Presented by The Keystone Center Staff

10:15 – 10:30 Refreshments

- 10:30 – 12:30** **Vision for the 21st Century**
- Introduce Vision topics of economy, environment and social welfare
 - Facilitated full group discussion identifying shared values
 - Discuss the role of the Oil and Gas industry identifying common ground and outstanding issues.

12:30 – 13:30 Lunch

- 13:30 – 14:00** **Define Breakout Session Roundtables**
- Subject to refinement based on morning discussion
 - Goal will be to engage participants in a more in-depth discussion of the issues identified
 - The participants will be divided into groups and each roundtable will be devoted to a specific issue, the groups will rotate through issues in sequence
 - Allow one-hour of discussion per issue
 - Each issue will have a lead facilitator, who will be stationary to capture topic
 - Focus on identifying barriers and opportunities

- 14:00 – 17:00** **Breakout Session Roundtables 1**
- *Advanced Fuel and Energy Technology*
 - *Delivering Energy*
 - *Challenges to Operating Globally: multi-country governance issues*

- 17:00 – 17:30 Outcome of Breakouts Session Roundtables**
- Each facilitator will summarize their topic, highlighting key discussion points
 - Allow around 10 minutes per topic

17:30 Adjourn with Group Dinner to follow

20:00 - Dinner – Hostellerie du XVI Siecle, Nyon

Thursday 29 November 2001

08:30 – 09:00 Review Outcome of Day 1 Discussions
Keystone Staff with full group

- 09:00 – 12:00 Breakout Session Roundtables 2**
- *Managing Social Impacts*
 - *Biodiversity Issues*
 - *Liability issues and Communication*

12:00 – 13:00 Lunch

- 13:00 – 14:30 Reports from Breakout Sessions and Discussion**
- Each facilitator will summarize their topic, highlighting key discussion points
 - Allow around 10 minutes per topic
 - Facilitated discussion with goals of prioritizing barriers, assessing partnership opportunities and envisaging ways to move beyond them in the future.

14:30 – 14:45 Refreshments

- 14:45 – 16:00 Personal Reflections and Lessons Learned**
- Facilitated group discussion on the key issues and common themes garnered from the meeting
 - Personal reflections of lessons learned
 - Evaluation of the process—what went well, what didn't?

16:00 – 16:30 Conclusions and Next Steps
IPIECA Closing Statement

Annex B – List of Attendees

LASTNAME	FIRSTNAME	COMPANY	EMAIL
Anderson	Norman	CG/LA Infrastructure / World Environment Center	norman@cg-la.com
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Vorhies	Frank	The World Conservation Union (IUCN)	frank.vorhies@iucn.org
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Wicks	Clive	World Wide Fund for Nature	clive.wicks@virgin.net

Annex C

**SYNOPSIS OF ALL ORGANISATIONS INVOLVED IN
THE IPIECA STAKEHOLDER DIALOGUE**

Information gathered from publicly available sources, such as organisations' websites and company literature.

IPIECA

<http://www.ipleca.org>

IPIECA, founded in 1974, provides the petroleum industry's principal channel of communication with the United Nations and holds formal UN consultative status. In particular, IPIECA has a close association with the United Nations Environment Programme (UNEP).

IPIECA is the single international organisation representing the oil and gas industry on key global environmental issues. Members are drawn from private and state owned companies as well as national, regional and international associations. Our membership covers Africa, Latin America, Asia, Europe, Middle East and North America.

Representatives: **Dr Miriam Lev-On** (BP) Chairman of IPIECA's Strategic Issues Assessment Forum
Mr Chris Morris, General Secretary, IPIECA
Mrs Sophie Depraz, SIAF Project Manager, IPIECA

The Keystone Center

<http://www.keystone.org/>

Founded in 1975, The Keystone Center is a non-profit organization based in Keystone, CO whose mission is to "increase knowledge, inspire solutions." The Center's Science and Public Policy Program provides neutral facilitation and mediation services on a range of policy issues that affect the quality of life. Neutrality is a core element of the Program's work.

Representatives: **Mrs Judy O'Brien**, Director, Keystone Energy Program
Ms Sarah Stokes, Director, Science and Public Policy Program
Ms Rebecca Turner, Associate

NON-INDUSTRY PARTICIPANTS

Centre for Environment Technology and Development

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The Centre for Environment, Technology & Development, Malaysia [CETDEM] is a non-profit Malaysian public interest organisation that was established in April 1985. It has worked on the whole range of sustainable development issues ranging from alternative development models to renewable energy. It has actively promoted organic farming in the country since 1987 and has undertaken studies in areas like environmentally sound technology, environmental audits, renewable energy, and biodiversity policies. It has been active in providing environmental management training. CETDEM has been active in the international arena, working with other NGOs on climate change, biodiversity, sustainable energy, toxic wastes, and organic farming through networks like CAN, SPENA, BAN & IFOAM. It also runs public awareness programmes in the areas of its concern.

CG/LA Infrastructure

www.cg-la.com

Mr. Norman Anderson, President and CEO
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CG/LA Infrastructure is focused on the two fundamental infrastructure sectors of Power and Water/Wastewater. Work focuses on critical market analysis and strategic advice. Initially focused on Latin America, we also provide intelligence on strategic advice on the U.S. market, and on selected markets in Europe and Asia. CG/LA Infrastructure's mission - "Focused Exclusively on Power and Water, to be the Best Provider of Critical Analysis & Strategic Advice on: Industry Structure, Competitive Strategies, Market Data and -- ultimately -- Business Opportunities".

The European Bank for Reconstruction and Development (EBRD)

www.ebrd.com

Ms. Caroline Webb, Senior Environmental Advisor
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The European Bank for Reconstruction and Development (EBRD) was established in 1991. It exists to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiative in the countries of central and eastern Europe and the Commonwealth of Independent States (CIS) committed to and applying the principles of multiparty democracy, pluralism and market economics. In all of its activities, the Bank

promotes environmentally sound and sustainable development.

The International Energy Agency

www.iea.org

Ms. Kristi Varangu, Principal Administrator
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The International Energy Agency is an autonomous body which was established in 1974 within the framework of the Organisation for Economic Co-operation and Development (OECD) to implement an international energy programme. The IEA is the energy forum for 25* Member countries. IEA Member governments are committed to taking joint measures to meet oil supply emergencies. They have also agreed to share energy information, to co-ordinate their energy policies and to co-operate in the development of rational energy programmes. Its objectives are: to maintain and improve systems for coping with oil supply disruptions; to promote rational energy policies in a global context through co-operative relations with non-Member countries, industry and international organisations; to operate a permanent information system on the international oil market; to improve the world's energy supply and demand structure by developing alternative energy sources and increasing the efficiency of energy use; to assist in the integration of environmental and energy policies.

*IEA member countries: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Japan, Korea, Luxembourg, The Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States. The European Commission also participates in the work of the IEA.

The International Institute for Sustainable Development

www.iisd.org

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For development to be sustainable it must integrate environmental stewardship, economic development and the well being of all people—not just for today but for countless generations to come. This is the challenge facing governments, non-governmental organizations, private enterprises, communities and individuals. The International Institute for Sustainable Development meets this challenge by advancing policy recommendations on international trade and investment, energy policy, climate change,

4 March 2002

measurement and indicators, and natural resources management to make development sustainable. IISD mission is to champion innovation, enabling societies to live sustainably. IISD promotes the transition toward a sustainable future.

The Nature Conservancy

www.tnc.org

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Since 1951, The Nature Conservancy has been working with communities, businesses and ordinary people to protect more than 92 million acres around the world. The mission of The Nature Conservancy is to preserve the plants, animals and natural communities that represent the diversity of life on Earth by protecting the lands and the waters they need to survive. Its vision is to conserve portfolios of functional conservation areas within and across ecoregions.

The Royal Institute of International Affairs

www.riia.org

Mr. Malcolm Keay, Deputy Head
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The Royal Institute of International Affairs is an independent research and membership organisation working to promote the understanding of key international issues. The Energy and Environment Programme is the largest and most active of the research programmes at the Royal Institute of International Affairs. It one of the world's leading independent institutes for the analysis of international issues. The programme works with business, government, academic and NGO experts to carry out and publish research on key energy and environmental issues with international implications, particularly those just emerging into the consciousness of policy-makers. The Programme's authoritative research aims to stimulate debate on the political, strategic, and economic aspects of domestic and international energy and environmental policy issues.

SAM Sustainable Asset Management

www.sam-group.com

Mrs. Regula Bosshard, Sustainability Analyst
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SAM Sustainable Asset Management is an independent asset management company headquartered in Zurich, Switzerland. Established in 1995, SAM was among the first asset managers to specialize in the field of sustainability-driven investments. SAM manages institutional and private mandates in line with sustainability criteria. SAM offers sustainability-driven investment

IPIECA SIAF Stakeholder Dialogue Report

vehicles such as the Sustainable Performance Group and various mutual funds. And together with Dow Jones & Company, SAM launched the world's first index to track the performance of sustainability-driven companies worldwide.

Transparency International

www.transparency.org

Mr. Miguel Schloss, Executive Director
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Transparency International is a non-governmental organisation dedicated to increasing government accountability and curbing both international and national corruption. TI's agenda states that combating corruption sustainably is only possible with the involvement of all the stakeholders, which include the state, civil society and the private sector. TI aims to curb corruption by mobilising a global coalition to promote and strengthen international and national Integrity Systems

UNEP Division of Technology, Industry and Economics

www.unep.tie.org

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UNEP DTIE was created in 1998 as part of the re-organization of UNEP. It brought together 4 existing UNEP offices (International Environmental Technology Centre, Industry and Environment Programme Activity Centre, UNEP Chemicals, and Economics, Trade and Environment Unit) in an attempt to provide integrated responses to industrial and urban issues. The mission of UNEP DTIE is to encourage decision makers in government, industry and business to develop and adopt policies, strategies and practices that are cleaner and safer, make efficient use of natural resources that incorporate environmental costs, ensure environmentally sound management of chemicals, reduce pollution and risks for human and beings and the environment, enable implementation of conventions.

US Export-Import Bank

www.exim.gov

Mr. Karl Kendall, DVP- Engineering & Environment
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The Export-Import Bank of the United States (Ex-Im Bank) is an independent U.S. Government agency that helps finance the overseas sales of U.S. goods and services. Ex-Im Bank's mission is to create jobs through exports. The Bank is focusing on critical areas such as emphasizing exports to developing countries, aggressively countering trade subsidies of other governments,

4 March 2002

stimulating small business transactions, promoting the export of environmentally beneficial goods and services, and expanding project finance capabilities. Ex-Im Bank has established an "Environmental Exports Program" which increases the level of support it provides to exporters of environmentally beneficial goods and services, as well as to exporters participating in foreign environmentally beneficial projects.

World Environment Center

www.wec.org

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Founded in 1974 with a grant from the United Nations Environment Programme (UNEP), the World Environment Center is an independent, not-for-profit, non-advocacy organization that advances sustainable development and social responsibility, encourages environmental leadership, and helps improve environmental, health and safety practices worldwide. It accomplishes this by providing: a platform for collaboration, partnership and the exchange of information between industry, government, non-governmental organizations and other sectors; international recognition for outstanding accomplishments through its WEC Gold Medal for International Corporate Environmental Achievement, which was established in 1985; and technical cooperation programs.

INDUSTRY PARTICIPANTS

BP

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BP is the holding company of one of the world's largest petroleum and petrochemicals groups. Its main activities are exploration and production of crude oil and natural gas; refining, marketing, supply and transportation; and manufacturing and marketing of petrochemicals. It has a growing activity in gas and power and in solar power generation. BP has well-established operations in Europe, North and South America, Australia and Africa.

IPIECA SIAF Stakeholder Dialogue Report

World Wide Fund for Nature

www.panda.org

Mr. Clive Wicks

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Mr. Jean-Paul Jeanrenaud

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WWF was founded in 1961, its mission is to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature, by: conserving the world's biological diversity; ensuring that the use of renewable natural resources is sustainable; promoting the reduction of pollution and wasteful consumption. WWF now operates in around 100 countries, supported by nearly five million people worldwide. Today, the organization also tackles the many forms of pollution that are harming the soil, atmosphere, freshwater and oceans, which ultimately sustain life. It also looks for new and sustainable ways of using the planet's natural resources. WWF is taking action to protect the environment for people and for nature.

IUCN – The World Conservation Union

www.iucn.org

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The World Conservation Union was founded in 1948 and brings together 78 states, 112 government agencies, 735 NGOs, 35 affiliates, and some 10,000 scientists and experts from 181 countries in a unique worldwide partnership. Its mission is to influence, encourage and assist societies throughout the world to conserve the integrity and diversity of nature and to ensure that any use of natural resources is equitable and ecologically sustainable.

BG- Group

www.bg-group.com

Ms Margaret Mogford, Head of Environment

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BG Group, *The Integrated Gas Major*, works across the spectrum of the gas chain. Active on four continents in some 20 countries the Group operates five business segments - Exploration & Production, Liquefied Natural Gas, Transmission & Distribution, Power and Gas Storage. Natural gas, the cleanest of the fossil fuels and least harmful to the environment, is increasingly becoming the fuel of choice. BG Group works in co-operation with governments, partners and other stakeholders to build natural gas markets globally.

ChevronTexaco Corporation

www.chevrontexaco.com

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ChevronTexaco Corp. is a global enterprise highly competitive across all energy sectors. The newly formed company brings together a wealth of talents, shared values and a mutual commitment to developing vital energy resources around the globe.

Conoco

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Founded in 1875, Conoco has more than 126 years of experience in the energy industry. A fully integrated energy company, it is involved in every aspect of the oil and natural gas industry, including worldwide exploration, production, transportation, marketing, refining and power. With ventures in more than 40 countries, Conoco has a rich history of proven technological expertise and superior project management, and is recognized worldwide for its innovative approach to deepwater exploration and production challenges and high-grade petroleum coke upgrading technology.

ENI Agip Division

www.eni.it

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An integrated energy company, Eni is active in the petroleum, natural gas and petrochemical industries as well as oilfield services contracting and engineering. Eni conducts its own hydrocarbon exploration and production operations through its Agip Division. [Stoccaggi Gas Italia](#) manages gas storage and modulation activities.

ExxonMobil

www.exxonmobil.com

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Mr Jeff Chapman, Planning Advisor, HSE
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Formed by the combination of two high-caliber organizations, Exxon and Mobil, the company is an industry leader in almost every aspect of the petroleum and petrochemicals business. Even more encouraging is the large array of opportunities for even greater success in the future. In combining these two companies, the

vision was to create a new kind of company able to distinguish itself in terms of its unique abilities and its performance -- one that is different from either of its components and from any other company in the energy industry today. Its organization structure is built on a concept of global businesses and is designed to allow ExxonMobil to compete most effectively in the ever-changing and challenging worldwide energy industry.

International Association of Oil & Gas Producers (OGP)

www.ogp.org.uk

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The OGP is the worldwide association of oil and gas companies involved in exploration and production. Its members include private and state-owned oil and gas companies, national associations and petroleum institutes. OGP represent its members before international regulatory bodies, and have observer status as a non-governmental organisation with global and regional regulatory bodies who have an interest in marine environment protection.

Nexen Inc

www.nexeninc.com

Mr Garry Mann, Managergr, Safety, Emt & Social Responsibility

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Nexen Inc. (formerly Canadian Occidental Petroleum Ltd.) core business activities include exploration, development, production and marketing of crude oil and natural gas, and the manufacturing and marketing of sodium chlorate, chlorine and caustic soda. It operates from a strong base of assets in Yemen, Canada and the Gulf of Mexico. Its core operations also include a 7.23 per cent interest in the Syncrude Joint Venture in Canada. Nexen Inc. aggressively targets exploration activities and operations in the deep waters of the Gulf of Mexico, Yemen, Nigeria, Australia, Indonesia and Colombia. Its chemicals operations are located throughout North America and, most recently, Brazil.

Petronas

www.petronas.com.my

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PETRONAS, short for Petroliaam Nasional Bhd, is Malaysia's national petroleum corporation incorporated on 17 August 1974. Wholly-owned by the Government, the corporation is vested with the entire oil and gas resources in Malaysia

and entrusted with the responsibility of developing and adding value to these resources. PETRONAS has since its inception grown into a fully integrated oil and gas entity engaged in a broad spectrum of petroleum and related value-adding business activities in both the upstream and downstream sectors. Today, with over 100 subsidiaries and associated companies, the PETRONAS Group operates in 25 countries around the world and is ranked among the Fortune Global 500 companies.

Shell International

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Mr Richard Sykes, Group Environmental Advisor

Richard.M.Sykes@SI.shell.com

Energy links together the companies of the Royal Dutch/Shell Group, for they produce, process and deliver it. Operating across the globe, in more than 130 countries and with more than 100,000 staff, Shell companies are guided by values developed over more than a century of successful enterprise. They are committed to contributing to sustainable development and to delivering energy in an ever cleaner and more socially responsible way. Creating wealth and distributing it to shareholders, resource-owning governments, employees and contractors, Shell companies make a significant contribution to economies in all parts of the world.

Statoil

www.statoil.com

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Statoil ASA is one of the world's largest net sellers of crude oil, and a substantial supplier of natural gas to Europe. It is a leading Scandinavian retailer of petrol and other oil products. The group is a leading player on the Norwegian continental shelf, and has gradually expanded its international upstream operations in recent years. Statoil's object is, either by itself or through participation in or together with other companies, to carry out exploration, production, transport, refining and marketing of petroleum and petroleum-derived products, as well as other business. Statoil operates in the following countries: Norway, Sweden, Denmark, Germany, Poland, Estonia, Latvia, Lithuania, the UK, Ireland, Belgium, France, Russia, Singapore, Azerbaijan, Kazakhstan, Angola, Nigeria, the USA, China, Vietnam and Venezuela.

TotalFinaElf

www.totalfinaelf.com

Mr Jean-Paul Boch, Air Quality Advisor

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TotalFinaElf is one of the leading oil companies in the world. With operations in more than 100 countries, the Group's activities span all aspects of the energy industry from Upstream - oil and gas exploration and production - to Downstream - refining and marketing of refined products as well as international trading in both crude and refined products. TotalFinaElf is also a major player in the Chemicals markets, through its branch Atofina. The Group's strategy has been declined in these three sectors.

Annex D

BACKGROUND

IPIECA, the International Petroleum Industry Environmental Conservation Association, is a voluntary non-profit organization whose membership includes both petroleum companies and associations at the national, regional or international levels. Separate working groups within IPIECA address global environmental issues related to the petroleum industry.

Through the Strategic Issues Assessment Forum (SIAF) working group, IPIECA helps members identify new global environmental issues and assesses their potential impact on the oil and gas industry. The main focus of SIAF is to identify new and emerging global environmental issues, assess their potential impacts on the oil and gas industry, develop common understanding and exchange information on strategic issues, and recommend to IPIECA members possible actions on critical issues.

Ground Rules

To facilitate an open dialogue, the following ground rules were agreed:

- (1) All discussions in plenary and work group sessions are considered off the record and not for attribution (Chatham House Rule).
- (2) Participants represent themselves, and are not to be considered committing their organization, agency, or company to any binding agreement; and
- (3) No documents will be released without the consent of the group.

SUMMARY OF PREPARATORY DISCUSSIONS

Prior to the meeting, the facilitation staff of The Keystone Center interviewed most, if not all, of the participants that were to attend the dialogue forum in order to seek input in constructing the final agenda and to identify the key points of interest and concern the participants are bringing to the table.

Despite the diverse background of the participants, there were a number of commonalities throughout. The major areas of concern that emerged from the interviews can be categorized as social impacts, environmental issues, governance and regulatory issues, industry transformation, and the role of new technology. More specifically:

- ◆ Increasing exploration in developing countries raised the concern about the impact on the communities in which industry operates and the importance of local community involvement to ensure a positive outcome. Interviewees also noted that industry could be facing the same concerns impacting community members, namely: access to clean drinking water, safety of workers and the community, and the impact of industry products on human health and the environment.
- ◆ Environmental issues facing the petroleum industry in the near future included biodiversity conservation and the establishment of protected areas, climate change, local environmental impacts and standards, water quality issues, and marine ecosystem conservation. Though climate

change was noted as a major issue facing the industry, IPIECA has a working group focused on this issue and therefore it was not specifically addressed at this meeting.

- ◆ Governance and regulatory issues crossed many of the identified concerns. Industry's role in a global arena, and operating in poor or nonexistent regulatory frameworks were noted as major issues facing the industry. Equitable distribution and transparency of operations were two concepts that permeated the interviews.
- ◆ The notion of the industry transforming itself from oil & gas suppliers to energy service providers was a common consideration. Though it was not widely agreed upon as occurring universally, there was a sense that corporate culture is changing.
- ◆ The role of technology and its advancement was mentioned often. Renewable energy sources environmentally sound technical operation practices, and the continued need for research and development of technology were identified as points of concern.

Participants also expressed their expectations for the meeting. These included a desire for open and frank discussion, finding common ground among the differing sectors, and creating real outcomes to move forward. In addition, opportunities for collaboration and partnerships among represented sectors were suggested as possible solutions.