

# IPIECA

## Insight report - IPIECA stakeholder dialogue

23 May 2016

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### INTRODUCTION

IPIECA began a process of oil and gas (O&G) industry external stakeholder engagement in early 2016 with a view to informing its forthcoming 4-year strategic plan. Along with an online survey and a set of targeted one-on-one meetings with UN partners, IPIECA also convened a dialogue with external stakeholders from civil society, academia and financial institutions.

Nine external stakeholders, six IPIECA ExCom members and three members of the IPIECA Secretariat met for a roundtable discussion on 23 May 2016<sup>1</sup>.

The purpose of the dialogue was to:

- Understand stakeholders' assessment of emerging issues facing the O&G industry and what the industry could do to address these issues;
- Gain stakeholder perspectives on IPIECA's thematic strategies;
- Maintain relationships with key stakeholders, building on previous stakeholder consultation conducted by IPIECA; and
- Ensure the IPIECA 2017-2020 strategic plan considers input from stakeholders' views.

The discussions were split into three broad areas:

1. Long-term view: strategy and vision
2. Operational view: environmentally and socially responsible operator
3. Implications for IPIECA and the strategic plan

The highlights from the discussions are as follow:

**1. IPIECA has a role to play in supporting an orderly transition of the O&G industry into a low-carbon future. As part of this, it needs to consider whether it represents the O&G industry or the energy industry.**

IPIECA needs to develop a long-term vision on how the industry can exist in a 2 degrees C or below world. It is important to consider what IPIECA can do to bring companies together and drive action to show practical solutions.

An alternative view on the 'transition' could focus on the transition of the hydrocarbon itself, e.g. move from supplying combustion, electricity, transport, through to products that use the

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<sup>1</sup> See Appendix 1 for attendees

raw material. There may be an opportunity for IPIECA to support the technology bridges in this example, and bring the capacity.

The O&G industry also needs to focus on remaining a socially accepted sector. IPIECA may have a role to play in the development of tools for making the business case for the industry.

## **2. Practical near-term solutions to climate change are also needed and links between climate change and environmental and social issues recognised.**

Stakeholders mentioned:

- Resource efficiency.
- Nature-based solutions e.g. REDD+, natural sequestration.
- Adaptation planning.
- Measure, reduce, report methane emissions. Natural gas will not be a value-add if used in the same form as coal in the long term perspective. There was some concern that not enough focus was being put on short-term opportunities like methane.
- Common approach/tools in IPIECA on pricing carbon risk (including a social price on carbon).
- Carbon Capture and Storage.
- COP21 was an inflection point - climate change needs to be integrated into all other topics areas (e.g. BES, social etc.).

## **3. There is an opportunity for IPIECA to operate at national level as well as keeping its global role.**

There was overall support for IPIECA to start disseminating best practice down to national level but with the recognition that IPIECA should also maintain its global reach. There are lots of pre-competitive areas where help is needed at local level, in collaboration with national industry associations.

## **4. The governance of IPIECA needs to evolve and include more expectations of members and a set of guiding principles.**

Stakeholders agreed that the value of IPIECA was in bringing a wider set of companies to the table and this aspect should not be lost. The fact that IPIECA has a wide entry-level policy means that smaller companies and NOCs are able to benefit from guidance, best practice and tools.

Stakeholders did, however, suggest there should be more leadership through minimum membership requirements. They suggested to have a tiered approach to enable a smaller group of companies ready to publicly commit to, and report on, standards.

## **5. The long-term impacts of climate change cover all IPIECA focus areas so its structure and work programme need to reflect this.**

Whilst climate change may need to have its own specific work-stream, it also needs to be integrated into all other topic areas. For example, the nexus between climate change and human rights needs to be taken into account. This needs global engagement and local understanding. It can be hard to connect human rights issues to climate change so, for IPIECA to make statement on recognising climate change as a human rights issue would be helpful.

## **6. IPIECA needs to find a more strategic voice and communicate in a language that is understandable at all levels.**

In order to engage CEOs in its work, IPIECA should translate its technical and scientific language into a more strategic language for CEOs, senior executives, as well as investors. There could even be a suite of documents and strategy briefs aimed at the companies' executives. OGCI has taken on the CEO spokesperson role, and as such, it is important for IPIECA to clarify what role it has, including as it relates to the energy transition issue. IPIECA also needs to be a stronger voice on communicating balanced information to key stakeholders.

## **7. IPIECA has a role to play in internal benchmarking and measurement for continuous performance improvement.**

It is important for companies to see the holistic approach of operational excellence and this is where IPIECA can help. There is a growing trend for financial reporting of environmental and social issues about which there is a need for guidance and common approaches.

IPIECA should look at understanding and collating data (e.g. methane, net positive gains, water consumption of operations, availability of water to supply nearby communities, energy requirement to get product to market, biodiversity and ecosystem services or other aspects of ESIA) and benchmark members internally as a starting point. This would enable members to understand what 'best practice' really is.

## **8. IPIECA needs to embark on robust and frequent stakeholder engagement that demonstrates progress.**

Stakeholders expect IPIECA to engage externally more frequently as a way to get regular input on the changing landscape. The current four-yearly dialogue was deemed too infrequent to get timely feedback on what IPIECA should be focusing on.

Stakeholders also warned that it would be increasingly hard for them to engage with companies and/or associations who do not show enough action or progress on big issues like climate change.

## **9. IPIECA has accumulated a lot of valuable technical knowledge which it could share across other sectors.**

There is an opportunity for IPIECA to transfer knowledge on best practice and guidance to particularly the renewables sector, but also the utilities and coal sectors, as many issues are relevant for them too.

## **10. Stakeholders expect to see better clarity on the impact of the Sustainable Development Goals and outcome of COP21 on IPIECA's ambitions and work programme.**

It is important for IPIECA to acknowledge the signal of commitment from SDGs and COP21. Stakeholders are expecting a response from the industry that is focused on implementation and practical activities.

## APPENDIX 1: ATTENDEES

Organisation (external)	Name
Business for Social Responsibility	Farid Baddache
Center for Climate and Energy Solutions	Janet Peace
Conservation International	Marielle Canter Weikel
Danish Institute for Human Rights	Allan Jorgensen
Environmental Defense Fund	Mark Brownstein
European Bank for Reconstruction and Development	Jeff Jeter
BMO Global Asset Management	Matthias Beer
International Finance Corporation	Rosa Orellana
JP Morgan	Giulia Guidi

IPIECA members	Name
BP	Liz Rogers
Chevron	Julia Martin (Vice Chair)
Exxon Mobil	Rick Mire
IPIECA	Brian Sullivan
IPIECA	Sophie Depraz
IPIECA	Laura McIntyre
Repsol	Jaime Martin (Vice Chair)
Shell	Rupert Thomas (Chair)
Total	Jérôme Schmitt
Saltus Consulting Ltd	Elodie Grant Goodey (facilitator)