Annual Review 2015

Engaging as part of the solution
Engaging as part of the solution

ABOUT IPIECA

IPIECA is the global oil and gas industry association for environmental and social issues. IPIECA was formed in 1974 following the launch of the United Nations Environment Programme (UNEP). We are the only global association involving both the upstream and downstream oil and gas industry on climate and energy, environment and social issues. Our membership covers over half of the world’s oil and gas production. IPIECA is the industry’s principal channel of communication with the United Nations.

ABOUT THIS REVIEW

The theme of this year’s review, ‘Engaging as part of the solution’, reflects IPIECA’s emphasis in 2015 on engaging our members and stakeholders on climate and energy, environment and social issues to enable delivery of the IPIECA vision.

The three pillars of IPIECA’s strategy—to anticipate, inform and enable—are described on pages 4 to 5. Examples of how we have worked to achieve this ambition in 2015 are provided on pages 8 to 17. Information on IPIECA’s governance structure, officers and secretariat staff can be found at the back of the review.

For a more regular update on IPIECA’s work, please register for email alerts at bit.ly/IPIECAnews or visit our website at www.ipieca.org.
## Contents

Chair’s statement ............................................................................................................................... 2
Executive Director’s foreword ................................................................................................................ 3
IPIECA’s strategy ................................................................................................................................ 4
IPIECA membership ............................................................................................................................... 6
COP21 and IPIECA’s Paris Puzzle ......................................................................................................... 8
Programme overview .......................................................................................................................... 10
  Biodiversity and ecosystem services .............................................................................................. 10
  Climate change .............................................................................................................................. 11
  Fuels and products ........................................................................................................................... 12
  Health ............................................................................................................................................. 13
  Oil spill response ............................................................................................................................ 14
  Reporting ......................................................................................................................................... 15
  Supply chain ................................................................................................................................... 15
  Social responsibility ....................................................................................................................... 16
  Water ................................................................................................................................................ 17
2015 events and publications .............................................................................................................. 18
Governance ......................................................................................................................................... 20
I will be stepping down as Chair of IPIECA in March 2016 after four years in the role. It has been a privilege to chair the organization through what has been both a challenging and rewarding period. Our 40th anniversary celebrations in 2014 were a particular highlight for me, but most importantly, IPIECA and its members have continued to make progress in addressing the environmental and social issues of strategic importance to the industry.

Looking back at 2015, IPIECA welcomes global efforts to address climate change progressed at COP21 in Paris. Our organization called for an effective and clear agreement as part of its Paris Puzzle communication in the months leading up to the conference (see pages 8–9 for more detail). We received positive response to our engagement and contribution to the debate in Paris. IPIECA will continue to provide guidance and expertise through our dedicated work programme on climate change.

Another milestone this year was the release of an updated version of IPIECA’s flagship Oil and gas industry guidance on voluntary sustainability reporting. This document remains a leading sector-specific framework for sustainability reporting, looking at environmental, health and safety, and social and economic performance. It is one of our most highly-valued member resources and is consistently praised for its simplicity, consistency and usability. By having a specialized framework that is consistently applied across industry, the quality of reported information is of greater use to companies, investors and stakeholders. The guidance is particularly useful for newer reporters looking to build on existing knowledge and learn from our broad network of experts.

IPIECA’s work addressing human rights challenges continues to progress through the development of industry good practice. In 2015, we published a new step-by-step guide on community grievance mechanisms in the oil and gas industry building on the experiences of seven pilot projects pioneered by member companies. As part of our objective to promote dialogue and collaboration, IPIECA held a session on the human rights impacts of private sector projects in partnership with other organizations at the UN Forum for Business and Human Rights.

Water management was another central focus, with IPIECA playing an active role at World Water Week in Stockholm. We received encouraging feedback for our work to understand water-related risks and opportunities in the oil and gas industry. A session organized by IPIECA identified the need for more data and collaboration, and highlighted the importance of technology.

Moving into 2016, IPIECA will continue to provide leadership on environmental and social issues by anticipating areas of importance, building understanding for members, the industry and stakeholders, and enabling improved industry performance through the development of good practice for the sector.

Finally, I would like to thank the Secretariat and all of our members for their hard work in 2015. It has been a privilege to work alongside my fellow members of the IPIECA Executive Committee, and I would especially like to thank my vice chairs—Rosanna Fusco, Liz Rogers and Rupert Thomas—who have been a tremendous support over the past three years. Both Rosanna and Liz are also stepping down from their roles, and we look forward to supporting the new officers of the Executive Committee who will be appointed in March 2016.

Rick Mire
IPIECA Chair
2015 was an exciting and challenging year for IPIECA. The economic climate continues to push the oil and gas industry to improve its sustainability performance against a backdrop of uncertainty in the oil market. This has served as a catalyst for increased collaboration and has spurred IPIECA to develop creative ways to engage with its membership and remain focused on the delivery of its strategy.

Executive Director’s foreword

Last year was the penultimate year of our 2013–2016 strategic plan, and we continued to make excellent progress in meeting our ambition of stronger leadership on environmental and social issues for the oil and gas industry. This was achieved by anticipating emerging trends for our members and the broader oil and gas industry, informing global policy and external stakeholders proactively and credibly, and enabling the industry to improve performance. We published 25 reports, tools and good practice guides on a broad range of topics and convened or participated in more than 70 events.

Sustainability was placed at the forefront of the global agenda this year with the adoption of the Sustainable Development Goals (SDGs) and the signing of the Paris climate change agreement.

Looking towards 2016, IPIECA will assess the implications of these two landmark agreements for our industry and will work with members to demonstrate our ambition to advance the sustainable development and climate change agendas.

We are delighted to welcome two new members, namely BHP Billiton and Pemex. This further demonstrates the organization’s growing strength and influence across the oil and gas industry.

The financial position of the association was maintained despite the significant financial impact of relocation resulting from the end of the office lease. With one-off costs of £140,000 leading to an operating cash outflow of £77,000, the association’s net reserves decreased slightly to £993,000.

Removing the one-off costs, the underlying expenditure was within budget when taking into account cost recoveries shown in other income.

None of our achievements in 2015 would have been possible without the dedication and commitment of the Secretariat and members who serve on our working groups and task forces.

I also want to take this opportunity to thank the outgoing officers of the IPIECA Executive Committee—Chair Rick Mire (Exxon Mobil) and Vice Chairs Liz Rogers (BP) and Rosanna Fusco (Eni)—who end their terms this year. Their leadership, engagement and oversight over the past years has built a stronger and more efficient organization. I look forward to working with the new leadership team who will be appointed in March 2016 to take IPIECA forward into our 2017–2020 strategy cycle.

Brian Sullivan
IPIECA Executive Director

<table>
<thead>
<tr>
<th>FINANCIAL SUMMARY, 2015</th>
<th>BUDGET (£K)</th>
<th>ACTUAL (£K)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees</td>
<td>2170</td>
<td>2042</td>
</tr>
<tr>
<td>Other</td>
<td>183</td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td>2170</td>
<td>2225</td>
</tr>
<tr>
<td>Staff costs</td>
<td>910</td>
<td>871</td>
</tr>
<tr>
<td>Rent and services</td>
<td>213</td>
<td>406</td>
</tr>
<tr>
<td>Travel</td>
<td>224</td>
<td>179</td>
</tr>
<tr>
<td>Working groups</td>
<td>786</td>
<td>696</td>
</tr>
<tr>
<td>Expenditure</td>
<td>2133</td>
<td>2302</td>
</tr>
<tr>
<td>Operating cash</td>
<td>37</td>
<td>(77)</td>
</tr>
<tr>
<td>Reserves</td>
<td>1110</td>
<td>993</td>
</tr>
</tbody>
</table>

IPIECA Annual Review 2015
IPIECA’s strategy

VISION
IPIECA’s vision is an oil and gas industry that successfully improves its operations and products to meet society’s expectations for environmental and social performance.

MISSION
IPIECA operates globally and seeks to achieve its vision by:

- developing, sharing and promoting good practices and solutions;
- enhancing and communicating knowledge and understanding;
- engaging members and others in the industry; and
- working in partnership with key stakeholders.

IPIECA STRATEGIC PLAN
IPIECA is about to complete its 2013–2016 Strategic Plan. This current cycle has seen the organization take on a greater leadership role and roll out new approaches for improving uptake of good practices, such as using webinars, peer-to-peer training and e-learning tools.

Over the years, IPIECA has strived to respond more proactively to emerging issues in order to contribute to improving environmental and social performance in the oil and gas industry. The new strategic plan will continue to build on IPIECA’s core goals. Our current vision, mission and strategic intent has provided a strong framework for delivering on our mandate to improve environmental and social performance across three strategic themes—climate and energy, social and environment—and this will therefore be used to inform the next strategic cycle for 2017–2020.

Moving forward, the organization will focus on ensuring its activities remain relevant and will continue to meet the needs of its members, allowing IPIECA to leverage its capabilities and work with others for the best possible outcomes. Part of the strategic review process in 2016 will include a comprehensive member survey covering all aspects of our existing work programme, governance structure and emerging issues. In support of the member survey, we will engage key external stakeholders on sustainability issues, risks and opportunities for the industry. The purpose of the engagement will be to understand stakeholders’ assessment of emerging issues and what the industry could do to address them.

The strategic review will be developed against a backdrop of difficult market conditions: we will assess the challenges as well as the opportunities presented by the external environment and will develop creative ways to engage our members and key stakeholders.

CLIMATE AND ENERGY
The oil and gas industry is working hard to meet energy demand while managing its environmental and social impacts and addressing the climate risks.

For 26 years, IPIECA has been addressing climate change challenges, acting as a catalyst to bring experts together to work on issues such as greenhouse gas emissions, energy efficiency and reducing the impact of fuel emissions.

Our ambition:

- Pro-actively establish IPIECA as an authoritative forum on emerging policy and technical climate change issues.
- Develop a long term (2030) vision and implementation pathway for IPIECA on climate change.
- Develop and promote use of sustainable management practices around flaring, GHG emissions and energy efficiency.
- Communicate the role of oil and gas in meeting the world’s growing energy needs.
SOCIAL
Oil and gas companies face a broad range of social challenges and opportunities across their operations.

Since 2002, IPIECA has provided the only forum for oil and gas companies to address social issues including social development, human rights and Indigenous Peoples issues. We work on the principle that managing local impacts and maximizing the social and economic benefits are essential for success.

Our ambition:
- Sustain IPIECA as the primary forum for leading social performance in the oil and gas industry.
- Represent the industry in outlining the application of strong human rights principles.
- Communicate the economic and social benefits of the oil and gas industry to society.

ENVIRONMENT
The oil and gas industry created IPIECA more than 40 years ago to support companies in minimizing and managing their impact on the environment.

Since 1974, IPIECA has brought the industry and stakeholders together to work on issues across the environmental spectrum, including oil spill preparedness and response, management of biodiversity and ecosystem services and water.

Our ambition:
- Enable companies to improve their performance and reduce their footprint by providing sound analysis, assessment tools, good practices, credible data sources and appropriate indicators.
- Inform internal and external stakeholders on oil and gas industry views and performance.
- Evaluate the application of net benefit in the oil and gas industry for improving environmental performance.

OUR STRATEGY IN PRACTICE

ANTICIPATING
Engaging the industry and other experts—through issue-focused meetings, where members share knowledge, experience, strategies and approaches related to key environmental and social issues, bringing together experts from within and beyond the industry to seek responses to global environmental and social challenges.

INFORMING
Communicating industry actions—as a leading and authoritative voice with established links with intergovernmental organizations and other institutions, IPIECA ensures that the activities of the industry are presented effectively to key stakeholders.

Providing United Nations liaison—IPIECA holds UN consultative status, which allows participation in key UN processes such as the Convention on Biological Diversity (CBD), the International Maritime Organization (IMO), the United Nations Environment Programme (UNEP) and the United Nations Framework Convention on Climate Change (UNFCCC).

ENABLING
Developing, sharing and promoting good practice—IPIECA guides and reports are widely used as reference manuals and constitute a key resource on industry thinking and key trends. All publications can be downloaded from our website at www.ipieca.org.

Networking and partnerships—joint action between oil and gas companies and other stakeholders can bring together complementary skills and create platforms for innovation and creativity. IPIECA fosters and facilitates networking and partnerships between the industry, non-governmental organizations, policy and scientific experts and the UN.
MEMBERSHIP COMMITMENT

On joining IPIECA, organizations become part of a respected industry group with shared values and a commitment to:

- contribute to sustainable development by providing safe and reliable energy in an environmentally and socially responsible manner;
- conduct operations and activities in accordance with applicable law related to environmental and social issues and ethical business practices;
- improve performance in addressing environmental and social issues; and
- develop, share and promote implementation of sound practices and solutions with others in the industry, engage with stakeholders in order to take into account their expectations, concerns, ideas and views, and work with government and non-government organizations.
Global leaders reached a historic agreement on the reduction of greenhouse gas (GHG) emissions at this year’s UNFCCC Climate Change Conference (COP21) in Paris, France. The Paris Agreement, to be implemented in 2020, includes a commitment by all countries to undertake action on climate change and report on their progress for the first time. IPIECA welcomes these commitments in the global efforts to address climate change. In particular, for IPIECA and its members, there is a focus on addressing climate change risks while also meeting global energy demand and supporting economic development.

In anticipation of COP21, IPIECA developed the Paris Puzzle—a set of communications representing our global membership consensus on the challenges. Published in June, the series of six papers address what we see as key components of efforts to address climate change, and demonstrate the industry’s commitment to meeting the challenge. With the right policy frameworks and enablers to encourage investment in transforming technology, the public and private sectors and civil society can cooperate to achieve effective solutions (see box below).

The oil and gas industry must play a pivotal role in being part of the climate change solution. Its history of innovation, knowledge and technical expertise uniquely positions it to help advance credible future energy solutions.

“The Paris Puzzle with the IPIECA member representatives forming the COP21 Task Force has been a very open, interactive and useful process. In-depth, clear, and sometimes passionate discussions took place during the various conference calls and face-to-face meetings. The spirit has always been extremely constructive. In addition to producing the Paris Puzzle document, those exchanges will contribute to a better shared understanding of the role that oil and gas can, and will, play in the energy transition.”

Gérard Moutet, Total, IPIECA COP21 Task Force Chair

---

IPIECA has published fact sheets on a range of emissions-related topics, including:

- Meeting energy needs: The unique role of oil and gas;
- Effective policy: The driver of results;
- Managing our emissions: Energy conservation and beyond;
- Natural gas: Into the future; and
- Carbon capture and storage: A key technology for delivering a low-emissions world.
The event, introduced by Brian Sullivan (IPIECA Executive Director) opened with Liz Rogers (IPIECA Vice Chair, BP) presenting on the Paris Puzzle to a room full of delegates and media, as well as an online community viewing the event through a webcast. David Hone (Shell) moderated comments from panelists, and discussion took place on pathways to a low-emissions future, the importance of industry collaboration and innovation, and the wider role for oil and gas.

IPIECA COP21 SIDE EVENT, 4 DECEMBER 2015

The event, introduced by Brian Sullivan (IPIECA Executive Director) opened with Liz Rogers (IPIECA Vice Chair, BP) presenting on the Paris Puzzle to a room full of delegates and media, as well as an online community viewing the event through a webcast. David Hone (Shell) moderated comments from panelists, and discussion took place on pathways to a low-emissions future, the importance of industry collaboration and innovation, and the wider role for oil and gas.

The industry has already been addressing many pieces of the puzzle and will continue to do so, by improving the efficiency of existing technologies and resources, and contributing to the development of new ones.

For more than 20 years, IPIECA has contributed to the various UN fora on climate change and has actively participated in the UNFCCC meetings from Rio through to Paris. In the lead up to COP21, IPIECA participated at external events and organized a series of webinars with members and stakeholders to disseminate information and gather feedback on the Paris Puzzle. At COP21 itself, IPIECA’s principal event took place on 4 December, with a presentation on the key pieces of the Paris Puzzle followed by an open and insightful discussion about a low-emissions future and the role of oil and gas (see box on right). Another side event, together with the Global Fuel Economy Initiative (GFEI), took place on 5 December, where IPIECA gave a presentation on managing emissions in the context of pathways to sustainable mobility.

The Paris Agreement is an important milestone that will send a strong signal, but much more work and action by all stakeholders will be needed. IPIECA will continue to play its role. In 2016 and beyond, IPIECA is committed to engage with its members and stakeholders to develop new and effective solutions to climate change. We will be undertaking work on topics such as carbon capture and storage, carbon pricing, good practice on methane emissions management, climate reporting and transparency. In the first half of 2016, we will assess the outcome and implications of the Paris Agreement to help our industry develop a vision for low-emissions pathways and to drive meaningful change.

“IPIECA work in 2015 highlighted the positive role the global oil and gas industry has to play in the energy transition and climate challenge. Published in the run up to the COP21 negotiations, the Paris Puzzle described the dilemmas the world faces in a balanced manner, the steps the industry is taking to help address them, and the importance of governments reaching an effective international climate change agreement in Paris.”

Rupert Thomas, Shell, IPIECA Vice Chair

“IPIECA’s work in 2015 highlighted the positive role the global oil and gas industry has to play in the energy transition and climate challenge. Published in the run up to the COP21 negotiations, the Paris Puzzle described the dilemmas the world faces in a balanced manner, the steps the industry is taking to help address them, and the importance of governments reaching an effective international climate change agreement in Paris.”

Liz Rogers, BP and IPIECA Vice Chair

“IPIECA’s Paris Puzzle publication provided a constructive, unified contribution by the global oil and gas industry to the UNFCCC negotiations at COP21 in Paris.”

Rick Mire, ExxonMobil, IPIECA Chair

“IPIECA’s work in 2015 highlighted the positive role the global oil and gas industry has to play in the energy transition and climate challenge. Published in the run up to the COP21 negotiations, the Paris Puzzle described the dilemmas the world faces in a balanced manner, the steps the industry is taking to help address them, and the importance of governments reaching an effective international climate change agreement in Paris.”

Rupert Thomas, Shell, IPIECA Vice Chair

“IPIECA’s Paris Puzzle publication provided a constructive, unified contribution by the global oil and gas industry to the UNFCCC negotiations at COP21 in Paris.”

Rick Mire, ExxonMobil, IPIECA Chair
IPIECA aims to provide leadership and to help drive responsible operations while maintaining the healthy functioning of biodiversity and ecosystem services (BES) by offering practical support, guidance documents and tools. The organization helps its members develop successful strategies to incorporate biodiversity considerations into their business models, and engages with stakeholders on biodiversity conservation issues for the oil and gas industry.

In 2015, the Cross Sector Biodiversity Initiative (CSBI) continued to move from strength to strength. The CSBI is a collaborative partnership between IPIECA, the International Council on Mining and Metals (ICMM) and the Equator Principles Association that focuses on integrating biodiversity conservation mechanisms into the extractive industries. Among accomplishments this year was the publication of *Good Practices for the Collection of Biodiversity Baseline Data* designed to help companies incorporate biodiversity indicators into their environmental and social impact assessments (ESIAs). This was followed by the release of *A cross-sector guide for implementing the Mitigation Hierarchy*, which defines four clear steps to manage biodiversity throughout the life cycle of a project. Moving into 2016, CSBI will focus on spreading awareness and implementation of these guidance documents.

As part of its mandate to promote information sharing and innovation, IPIECA re-launched its Marine Geospatial Bibliography containing more than 10,000 online resources relevant to oil and gas activities in marine environments. The tool was updated in conjunction with Island GIS to improve the user interface and accessibility, extend content and widen the geographic range of resources. This free knowledge-sharing tool was originally launched in 2013, and has been updated to help users find geospatially referenced content with greater ease.

IPIECA continued to help its members improve their performance in biodiversity management in collaboration with key stakeholders. In April, IPIECA held a two-day peer-to-peer training workshop on BES management in the oil and gas industry in Paris for 60 participants from around the world, both from member and non-member organizations. It was led by biodiversity experts from within the oil and gas industry with support provided by the World Conservation Monitoring Centre (WCMC). The event built on the success of training held in Houston, USA in 2014 and will be followed by a third workshop in the Asia-Pacific region.

The concept of natural capital, which is an emerging approach to assessing the monetary value of natural wealth and its ecosystems, will be monitored in 2016. This topic received significant interest from the private sector at the Rio+20 World Summit on Sustainable Development in June 2012. Given IPIECA’s role as a thought leader and authoritative industry resource, the organization will continue to monitor and explore emerging BES concepts in 2016 such as net positive impact, landscape scale planning and natural capital.
Climate change

IPIECA has led action on climate change in the oil and gas industry since 1988. Oil and gas are central pillars of the global energy system and main drivers of economic development. But while enabling industrialization and development, the use of oil and gas have contributed substantially to the rise in atmospheric carbon dioxide (CO₂), in turn contributing to a warming of the climate system. To stabilize atmospheric greenhouse gas (GHG) concentrations and global temperature, the world will need to transition to a low-carbon energy system. The industry made substantial progress in addressing these challenges in 2015 and played an active role at the COP21 in Paris. In preparation for this historic event, IPIECA published the Paris Puzzle in June—a set of communications on the challenges of climate change and responses needed from wider society and the oil and gas industry (see pages 8–9 of this review for details).

IPIECA continued to monitor science and policy discussions throughout the year, engaging with international governmental bodies and other stakeholders. The management of methane emissions is an important part of this dialogue. To this end, IPIECA held a workshop in Paris in October, bringing together oil and gas industry representatives and expert speakers to review methane data, management methods and technology from natural gas supply chains in North America and beyond. The workshop followed the release of a new fact sheet entitled Exploring methane emissions, which explores the associated challenges of methane emissions, as well as opportunities and continuing efforts within the oil and gas sector to address them.

IPIECA is focused on providing good practice guidance on GHG emissions monitoring, reporting and management. In February, IPIECA and the American Petroleum Institute (API) jointly published a new guidance document on Addressing uncertainty in oil and natural gas industry greenhouse gas inventories. This two-part guide summarizes the technical considerations important for understanding and calculating GHG emission inventory uncertainty. It aims to assist companies in navigating the uncertainties surrounding GHG inventories, such as establishing a corporate carbon footprint, publicly reporting on emissions and assessing life cycle emissions.

A significant step towards more consistent reporting was taken this year when IPIECA released a pilot Climate Change Reporting Framework, providing voluntary guidance for oil and gas companies developing climate-related sustainability reports. In recent years, the oil and gas industry has increasingly come under pressure to address climate change-related issues in a transparent and accountable manner. Companies already disclose such information in a variety of ways, including voluntary communications and annual and sustainability reports. In addition, companies report information to other third parties in a number of formats. As part of IPIECA’s mandate to support member performance improvement in reporting, the new framework is intended to help companies disclose relevant data in a simple, straightforward manner using a consistent methodology.

Climate change will continue to be a key priority for the organization in 2016. IPIECA will develop good practice guidance on methane emissions management, building on this year’s workshop. Further work on low-emissions pathways will be carried out to understand the outcomes of COP21, resultant actions that might be taken and how the oil and gas industry might play a role. IPIECA will continue to engage with key stakeholders, including the Intergovernmental Panel on Climate Change (IPCC) and the United Nations Framework Convention on Climate Change (UNFCCC), as well as developing our long-term climate strategies against a range of possible future climate and energy scenarios.
The oil industry is increasingly being challenged to produce and supply cleaner, more efficient hydrocarbon fuels to reduce pollution from transportation around the world. IPIECA is coordinating the oil and gas industry’s response to issues affecting downstream operations on behalf of its members.

In 2015, IPIECA submitted a joint paper on the issue of fuel availability in shipping to the International Marine Organization’s (IMO) Marine Environment Protection Committee (MEPC). The meeting was intended to determine the plan forward for the proposed 0.5% sulphur cap for marine fuels with an implementation date of either 2020 or 2025. Later in the year, IPIECA joined and contributed to the debate at IMO’s Fuel Availability Study Steering Committee Meeting, of which it is a member, to advance dialogue on this issue. IPIECA also took part in the IMO Sub-Committee on Pollution Prevention and Response (PPR) in January 2015, contributing to discussions on a scientific definition for black carbon which was agreed at the meeting.

Under its mandate to forge industry leadership, IPIECA participated in several events and workshops throughout the year. For example, the organization attended the UN-led Sub-Committee of Experts on the Transport of Dangerous Goods, as well as the Sub-Committee of Experts on the Globally Harmonized System of Classification and Labelling of Chemicals, both in Geneva, Switzerland.

IPIECA is playing a key role in the UNEP-led Partnership for Clean Fuels and Vehicles (PCFV), which aims to eliminate lead-based gasoline and reduce the use of sulphur in fuels. In 2015, IPIECA continued to monitor and contribute to the partnership’s sulphur campaign by reviewing a regulatory toolkit that has now been successfully piloted in six East African countries. The toolkit introduces the ‘systems approach’ to fuel and vehicle improvements. It will guide developing and transition countries to reduce vehicular emissions through the adoption of a clear and concise road map towards cleaner fuels and vehicle emission standards.

Sulphur is naturally present in crude oil, and must be removed to create cleaner fuels. The removal processes present large technological and resource challenges, especially for developing countries. In 2015, IPIECA continued its sulphur campaign by reviewing a regulatory toolkit that has now been successfully piloted in six East African countries. The toolkit introduces the ‘systems approach’ to fuel and vehicle improvements. It will guide developing and transition countries to reduce vehicular emissions through the adoption of a clear and concise road map towards cleaner fuels and vehicle emission standards.

In 2016, IPIECA will be updating its guidance document Fuel sulphur: strategies and options for enabling clean fuels and vehicles, originally published in 2006. This report considers the issues linked to the reduction of sulphur levels in transportation fuels and will flesh out appropriate strategies and options to address these issues based on local circumstances.

2016 will also see the launch of a new work stream on the cost of carbon emissions avoided in transportation. The intention is to help enabling decisions on energy strategies based on cost-benefit analysis, life cycle costs and emissions of different technologies.
Health

People in the oil and gas industry often work in extreme climates and difficult environments where the health risks can range from disease to the presence of potentially hazardous chemicals. Companies have a duty to protect their employees from harm and provide effective training on the risks they might face. The oil and gas industry is a major employer and has the opportunity to set health and safety mechanisms in the workplace, as well as to develop better health infrastructure for the community.

Jointly with the International Association of Oil and Gas Producers (IOGP), IPIECA is enabling performance improvement in health management in the oil and gas industry. In 2015, a new tool was published to better integrate health issues into management practices. *Health Management Contract Guidelines for Clients and Contractors* outlines a robust health management checklist to aid employers and contractors fulfill their obligations, and complements an earlier report published in 2010.

Fatigue is a critical threat to workers in the oil and gas industry, making them vulnerable to poor health and accidents. The risk is heightened among workers who are flown in by their employers to work on sites in remote areas, instead of relocating entire families. As a result, workers may be exhausted from extensive travel across multiple time zones. To address these critical concerns, IPIECA launched a new publication *Fatigue in fly-in, fly-out operations* providing practical guidance for companies operating in so-called FIFO (fly-in, fly-out) zones to better understand, recognize and manage fatigue-related issues.

Throughout the year, work continued on health performance. A report on *New Health Leading Performance Indicators* was published to include more recent data, providing a useful gap analysis tool. The report compares the health performance between different parts of a company and between participating companies across various health indicators.

Drug and alcohol consumption can also pose a significant challenge for oil and gas operators. IPIECA presented guidelines on dealing with this issue at the 7th International Forum for Drug and Alcohol Testing Conference in San Diego, USA to a diverse audience including regulators, toxicologists and alcohol and drug testing organizations. This report will be published in early 2016.

Another priority for 2016 will be occupational hygiene issues, such as health hazards, understanding the risks and improving working conditions and practices. An industrial hygiene subcommittee will bring together qualified people with an interest in the use of science and engineering to prevent ill health caused by the working environment. It will focus on identifying and integrating industrial hygiene issues relevant to the industry, as well as to propose information strategies, such as the development of guidance documents.

A number of new topic areas were identified for 2016. These include: adequacy of health and medical facilities at oil and gas operations; reviewing the cultural relevance of the industry’s health policies; the impact of an ageing workforce resulting from global changes in the retirement age; the management of mass casualties from work-related disasters; and telemedicine.
IPIECA has been leading action on oil spill preparedness and response since 1987. Oil spills remain one of the most serious risks for oil companies and the shipping industry with potentially significant impacts on the environment and livelihoods. Although spills have become significantly less frequent than in the past, the risk has not disappeared and therefore it is important that the industry continues to encourage improved preparedness and response.

As part of this effort, IPIECA collaborates with the International Maritime Organization (IMO) through the Global Initiative (GI) which brings together industry and governments to enhance oil spill preparedness and response. There are currently three regions with active programmes, namely the Caspian and Black Sea Region (OSPRI), West and Central Africa (GI WACAF) and Southeast Asia (GI SEA). Highlights of these programmes in 2015 include a transboundary exercise between Cameroon and Nigeria, a national workshop in Cambodia and a subregional workshop on shoreline clean-up and waste management in Gabon. IPIECA also collaborates on capacity building activities in other regions such as China and the Mediterranean on an ad-hoc basis.

The IPIECA-IOGP Oil Spill Response Joint Industry Partnership (OSR-JIP) was set up to implement learning opportunities in respect of oil spill preparedness and response following the April 2010 well control incident in the Gulf of Mexico. As part of this effort, the OSR-JIP has produced more than 20 good practice guides. These guides update and replace the well-established IPIECA Oil Spill Report Series published between 1990 and 2008. It covers topics that are broadly applicable both to exploration and production, as well as to shipping and transportation activities. New resources completed in 2015 include guidance on Tiered preparedness and response, Modelling, prediction and metocean databases and Economic assessment and compensation for marine oil releases, all of which are available online. The OSR-JIP organized two seminars in Houston, USA and London, UK to spread awareness about the project. Another outreach event was held in Thailand in cooperation with the GI for Southeast Asia. IPIECA also provided an update on the OSR-JIP at the Industry Technical Advisory Committee meeting in Brest, France, an annual forum that brings together communities (industry, responders, researchers) connected by oil spill preparedness and response technical issues to share knowledge.

Every three years, IPIECA is involved in the organization of the Interspill conference, which aims to cast a spotlight on the importance of oil spill preparedness and response in the EU region. In 2015, IPIECA Technical Director Rob Cox chaired the conference, and IPIECA ran sessions on both the GI and the OSR-JIP. Another significant triennial event that took place in 2015 was the East Asian Seas Conference held in Da Nang, Vietnam, organized by Partnerships in Environmental Management for the Seas of East Asia (PEMSEA). IPIECA played an active role in the conference, co-chairing a workshop on ‘Maritime Sector Contributions to a Blue Economy for the Seas of East Asia’ and presenting as part of a special seminar on ‘Recent Developments and Trends in Oil Spill Preparedness, Response and Compensation’.

Moving into 2016, the OSR-JIP will publish further good practice guides as well as promote the existing series of resources. As part of this, the guides will be translated into French, Spanish, Portuguese and Russian. 2016 will also see IPIECA take a more active role in capacity building activities in the Mediterranean.
IPIECA has been helping both its members and the wider oil and gas industry to develop and improve sustainability reporting practices since 2002. There is increasing demand for greater transparency and accountability in the industry regarding the social and environmental impacts of activities. In addition to annual and financial reports, sustainability reporting is an important way for companies in the sector to engage with stakeholders and help foster trust and dialogue.

IPIECA, API and IOGP published the third edition of *Oil and gas industry guidance on voluntary sustainability reporting* in September 2015. This edition addresses feedback from subject matter experts, incorporates input from an external stakeholder panel and a public consultation, as well as general improvements in reporting practices since 2010.

The guidance continues to cover a range of sustainability issues relevant to the oil and gas industry, based on industry consensus. It allows companies to select from indicators that offer a choice on the depth and detail to be communicated. By providing flexibility and consistency, the guidance aims to serve both new and experienced reporters while avoiding the pitfalls of formulaic reporting.

Key changes within the 2015 update include:
- New guidance on strategic reporting for the industry’s most common sustainability issues. This is to help companies report information on management approach and strategies—beyond the key performance indicators.
- A new issue area on water, with comprehensive updates to two water indicators.
- A new indicator covering planning and execution of decommissioning activities.
- Alignment of the social and economic issues area with the United Nations Guiding Principles on Business and Human Rights.
- Upgrade of a range of reporting elements (common, supplemental and other) reflecting improved maturity and consistency of reporting by companies.
- Additional or improved reporting elements for nine of the existing indicators.

During 2015, IPIECA held its annual good practices workshop. Topics discussed included how to effectively plan the reporting process, defining and reporting on material issues, and reporting on the critical issue of climate change. Providing the opportunity for peer-to-peer learning through the good practices workshop is a vital part of IPIECA’s role in supporting the improvement of reporting practices.

**Supply chain**

Responsible management of supply chains is critical as contractors and suppliers form a significant part of the business model for oil and gas companies. IPIECA continues to promote the integration of socially and environmentally responsible practices all the way through the supply chain.

In 2015, IPIECA issued a supply chain library of questions and resources, a document intended to help procurement practitioners and others engaged in the supply chain identify and manage human rights and environmental risks in the supply chain. The document, available to IPIECA members, addresses key company concerns about labour standards and the environment. These include issues such as child labour and young workers, forced labour and human trafficking, non-discrimination, freedom of association, working conditions, health and safety, grievance mechanisms and environmental responsibility. The document incorporates useful considerations for consistency with third-party principles related to each of the aforementioned topics.

Over the course of 2016, IPIECA will be reviewing these documents to identify any changes in practices in supply chain management to continue to inform members on these issues.
Social responsibility

Oil and gas companies operate in some of the most difficult and complex places in the world, often doing business in emerging economies with weak infrastructure and governance mechanisms. IPIECA provides members with a unique forum in which to share information and coordinate responses to some of the social responsibility issues and challenges surrounding the oil and gas industry.

An important focus is the development of effective grievance mechanisms for local communities affected by industry activities. In 2015, IPIECA produced a step-by-step manual for Community grievance mechanisms in the oil and gas industry, which explains how to design and manage such processes. It draws on the practical experiences of seven pilot projects conducted by member companies and on the shared learning from other members and stakeholders. The document reflects the industry’s positive response to the UN Guiding Principles on Business and Human Rights and has been translated into Spanish. In October, IPIECA hosted a public webinar on the manual, providing attendees with the opportunity to better understand the key drivers for CGMs and how the manual can be used to assist in implementation and design.

IPIECA has continued to produce a number of resources on the issue of free, prior and informed consent (FPIC). These resources present an analysis of interviews with key stakeholders, the results of a members’ survey, an overview of international instruments on FPIC, a summary of available Indigenous Peoples mapping tools and a presentation on the business case for FPIC. IPIECA continues to closely monitor and inform the industry on developments related to FPIC, including through an ongoing webinar series.

IPIECA participated in several key international fora during the year, including the UN Forum for Business and Human Rights in December in Geneva, Switzerland. IPIECA held a session on challenges and innovative approaches in addressing the human rights impacts of private sector projects, together with the International Council on Mining and Metals (ICMM), the Danish Institute for Business and Human Rights (DIHR), the Columbia Centre on Sustainable Investment (CCSI) and Sciences Po.

Effecting change through dialogue and workshops was also a key activity in 2015. In October, IPIECA organized a regional workshop for both members and non-members on responsible security practices in Kuala Lumpur, Malaysia. The workshop used scenario-based case studies to facilitate interactive learning and exchange among community and security practitioners.

Looking forward to 2016, IPIECA will publish the second edition of its local content guidance. We will also continue scoping work that commenced in 2015 to assess whether the content and themes of the 2008 guidance on Creating Successful, Sustainable Social Investment are still relevant. The assessment will look at emerging concepts and evolving expectations in the field including the UN Sustainable Development Goals, the concept of shared value, a wealth of new external publications and tools in the area and the introduction of regulatory requirements for mandatory social investment in some countries.
Water is essential for human development and environmental conservation, as well as an important resource along the oil and gas supply chain. Population growth and rising energy demands have made concerns about water quality and availability more pronounced in recent years. IPIECA has sought to address some of these challenges by producing guidelines for water management, sharing good practice and promoting consistency in water risk assessment, management and reporting.

In 2015, IPIECA collaborated closely with the World Business Council for Sustainable Development (WBCSD) to develop an updated version of its general Global Water Tool, a free and easy-to-use excel-based resource that provides access to critical data. The tool includes new datasets, such as water stress indicators from the World Resources Institute (WRI), and introduces user-friendly features including improved GIS mapping. It enables users to quickly map water-related risks for their global operations, supply chains and projects, and can be used to improve sustainability reporting. IPIECA subsequently launched an updated Global Water Tool which is tailor-made for oil and gas use. In 2016, the focus will be upon promoting the uptake and implementation of this tool within the industry.

IPIECA attended World Water Week in Stockholm, Sweden in August and organized a conference session for a fourth year running. The 2015 session was titled ‘Oil and Gas Sector Water Management: from now to 2030’, and was focused on the work that IPIECA has been doing on water visioning and the necessary actions to prepare both the industry and IPIECA for future water-related risks and opportunities. It featured speakers from the American Petroleum Institute (API), Conservation International, Shell and WRI, who identified the need for more data, collaboration and resource sharing, and highlighted the importance of technology and the economics of water use during the session.

Shaping a long-term vision for water management forms an integral part of IPIECA’s goals. The organization held two scenario workshops with water practitioners in 2015 using research input from Business for Social Responsibility (BSR). IPIECA will produce a water management roadmap identifying key actions for the organization and its members. This vision will be put to the test in 2016 by opening it up to feedback from external stakeholders at the Society of Petroleum Engineers conference and World Water Week 2016.

New case studies on successful water management by two of IPIECA’s members, BP and Repsol, were added to the website. The first case study focuses on water minimization in refining at BP’s Australian Kwinana Refinery, while the second highlights the use of the Repsol Water Tool to identify and assess water risks to stabilize the company’s performance against the 2013 baseline data. Case studies from other members are also available on the IPIECA website and are a useful way to share good practice techniques and lessons learned.
2015 events and publications

- **External events**
  - PAJ oil spill workshop, Tokyo, Japan
  - IMO Pollution, Prevention and Response Sub-Committee meeting 2, London, UK
  - Health as a business value workshop, London, UK
  - Webinar: Scope 3 GHG emissions
  - Webinar: Reporting on socio-economic impacts

- **Internal events**
  - Workshop on human rights due diligence, Vienna, Austria
  - Webinar: Understanding FPIC in the regulatory context of Alaska

- **Webinars**
  - Webinar: Human rights and the extractive sector—NGO approaches and engagement
  - Webinar: Integrating human rights into ESHAs
  - Webinar: The social licence: how to keep your organization legitimate

- **JANUARY**
  - Webinar: Strategies for managing non-technical risks during challenging times
  - SPE HSSE Conference, Denver, USA

- **FEBRUARY**
  - Interspill Conference, Amsterdam, the Netherlands
  - Annual Plenary meeting on the Voluntary Principles on Security and Human Rights, London, UK

- **MARCH**
  - PAJ oil spill workshop, Tokyo, Japan
  - IMO Pollution, Prevention and Response Sub-Committee meeting 2, London, UK
  - Health as a business value workshop, London, UK
  - Webinar: Scope 3 GHG emissions
  - Webinar: Reporting on socio-economic impacts

- **APRIL**
  - Webinar: Human rights and the extractive sector—NGO approaches and engagement
  - Webinar: Integrating human rights into ESHAs

- **MAY**
  - Workshop on human rights due diligence, Vienna, Austria

- **JUNE**
  - Webinar: Understanding FPIC in the regulatory context of Alaska
  - WPC Leadership Conference, Tromsø, Norway
  - Business and Climate Summit, Paris, France
  - Carbon Expo, Barcelona, Spain
  - IMO Marine Environment Protection Committee meeting, London, UK
  - International Transport Forum (GFEI side event), Leipzig, Germany
  - Water visioning workshop, Houston, USA/London, UK
  - Webinar: Strategies for managing non-technical risks during challenging times
  - SPE HSSE Conference, Denver, USA

- **JULY**
  - Interspill Conference, Amsterdam, the Netherlands
  - Annual Plenary meeting on the Voluntary Principles on Security and Human Rights, London, UK
  - Workshop on human rights due diligence, Vienna, Austria
  - Webinar: Understanding FPIC in the regulatory context of Alaska

- **AUGUST**
  - World Water Forum, Daegu and Gyongbuk, Republic of Korea
  - International Association of Impact Assessment, Florence, Italy
  - IPIECA AGM, The Hague, the Netherlands
  - Biodiversity and ecosystems services peer-to-peer training workshop, Paris, France
  - Webinar: The social licence: how to keep your organization legitimate
- SPE Offshore Europe Conference, Aberdeen, UK
- UN Sustainable Development Summit, New York, USA
- Social responsibility good practices workshop, London, UK
- Webinar: The Paris Puzzle
- Webinar: Delivering financial and business value through corporate responsibility and sustainability
- Webinar: The Corporate Human Rights Benchmark (CHRB) Initiative
- Webinars: Marine Geospatial Bibliography (MGB)

- 42nd session of the IPCC, Dubrovnik, Croatia
- CSBI meeting, Washington, USA
- Paris Puzzle reception, Paris, France
- IPIECA-OGCI methane workshop, Paris, France
- Workshop on responsible security, Kuala Lumpur, Malaysia
- Second workshop on operationalizing the UN Guiding Principles on Business and Human Rights in the oil and gas industry, Perth, Australia
- Workshop on free, prior and informed consent, Perth, Australia
- Workshop on community engagement, Perth, Australia
- 7th International Forum for Drug and Alcohol Testing Conference, San Diego, USA
- Net Positive Approach workshop, Washington, USA
- OSR-JIP seminar, Houston, USA
- Webinar: Community grievance mechanisms (CGMs) in the oil and gas industry
- Webinar: The Paris Puzzle

- World Water Week 2015, Stockholm, Sweden
- Webinar: the Sustainable Development Goals (SDG) Compass

- 9th International Petroleum Technology Conference, Doha, Qatar
- UNFCCC COP21, Paris, France
- East Asian Seas Congress, Da Nang, Vietnam
- World Forum on Natural Capital, Edinburgh, UK
- Water visioning workshop, Madrid, Spain
- IPIECA EGM, Houston, USA
- OSR-JIP seminar, London, UK
- Webinar: The Paris Puzzle
- Webinar: Human rights compliance and reporting
- Webinar: Reporting that matters: trends and best practices in sustainability reporting

- UN Annual Forum on Human Rights, Geneva, Switzerland
- UN GHS Sub-Committee meeting, Geneva, Switzerland
- International Petroleum Technology Conference, Doha, Qatar
- COP21 side event: Low-emissions pathways and the role of oil and gas, Paris, France
- Webinar: Trends and practices on FPIC in the Latin American region

JULY | AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER
IPIECA is governed by a General Committee of senior representatives from all member companies. It meets twice a year at the Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) to set the strategic direction and budget for IPIECA.

The General Committee is supported by an Executive Committee, which meets three times a year. The Executive Committee is composed of 18 members and is responsible for the association’s overall strategy and direction. It provides guidance on policy, work plans and priorities, budget and communications for IPIECA.

Corporate members contribute to the annual budget according to a formula based on the volume of oil and gas produced and petroleum products sold and the number of geographical areas where the company has interests.

IPIECA’s extensive international membership is at the heart of our organization. Through our member-led groups, IPIECA brings together the collective knowledge and expertise of industry experts on environment, social, climate and energy issues.

Our network of working groups and task forces manage the development and dissemination of good practice through publications, workshops and events around the world.

**BENEFITS OF MEMBERSHIP**

IPIECA enables member companies to improve their environmental and social performance, anticipate emerging issues and to enhance the industry’s reputation by informing key international stakeholders of the fact-based industry consensus on key issues.

Companies benefit from membership of IPIECA through:
- access to a diverse and far-reaching network of companies and representatives, reflecting views across different regions, sub-sectors and ownership models;
- representation of company member consensus views at the United Nations and other international and internal fora or events;
- access to peer networks through working groups and events to share knowledge and understanding of existing and emerging issues;
- identifying and sharing issues important to the company, for IPIECA members to consider and work through together;
- early access to good practice guidance to improve performance, as well as experiences with, and learnings from, implementing them;
- contributing to a unified industry voice on key issues;
- taking a collaborative approach to emerging issues; and
- building networks within the industry and with key external stakeholders.

**IPIECA EXECUTIVE COMMITTEE 2015**

- Rick Mire, ExxonMobil (Chair)
- Rosanna Fusco, Eni (Vice Chair)
- Liz Rogers, BP (Vice Chair)
- Rupert Thomas, Shell (Vice Chair)
- Jennifer Barringer, ConocoPhillips
- Alexandre Fachin, Petrobras
- Osama Fageeha, Saudi Aramco
- Michael Grenz, Noble Energy
- Paul Licata, Hunt Oil
- Doug Maddams, Hess
- Francesca Magliulo, Edison Gas
- Julia Martin, Chevron
- Jaime Martin Juez, Repsol
- Morten Mikkelsen, Statoil
- Bea Ponnudurai, Petronas
- Jérôme Schmitt, Total
- Sandy Stash, Tullow Oil
- Brian Sullivan, IPIECA
2015 OFFICERS

**Biodiversity and Ecosystem Services**
Chair: Sarah Connick (Chevron)
Vice Chairs: Steven Dickinson (Total)
Mark Johnston (BP)

**Climate Change**
Chair: Xavier Riera-Palou (Shell)
Vice Chairs: Renato De Filippo (Eni)
Florent Journet-Cuenot (Total)
Arthur Lee (Chevron)

**Communications**
Chair: Susanne Huefner (ExxonMobil)
Vice Chair: Margaret Mistry (Statoil)

**Fuels and Products**
Chair: Elisabeth Vrahopoloulou (ExxonMobil)
Vice Chair: Marilyn Lauria (Shell)

**Health**
Chair: Susanne Schunder-Tatzber (OMV)
Vice Chairs: Paul Hodgins (ConocoPhillips)
Stephen Jones (ExxonMobil)
Devan Kumarasamy (Petronas)
Erasmio Macera (Eni)

**Oil Spill Response**
Chair: Thomas Coolbaugh (ExxonMobil)
Vice Chairs: Marty Cramer (ConocoPhillips)
Laurent Routisseau (Total)

**Reporting**
Chair: Louise Tyson (BP)
Vice Chairs: Mark Granquist (ExxonMobil)
Hilde Reed (Statoil)

**Social Responsibility**
Chair: Gabriella Herzog (Hess)
Vice Chairs: Anupama Mohan (Statoil)
Carolina Ortega Lindsey (Noble Energy)
Julie Vallat (Total)

**Supply Chain**
Chair: Peter Watkinson (Shell)
Vice Chairs: David Allcock (BP)
Alexandra Andrieu-Umiastowski (Total)
Natalie Stirling-Sanders (ExxonMobil)

**Water**
Chair: Alistair Wyness (BP)
Vice Chairs: Patrizia Buttini (Eni)
Dawn Coughlin (Hess)
Jennifer Michael (Chevron)

IPIECA SECRETARIAT

Brian Sullivan
Executive Director

Sophie Depraz
Director, Programme and Communications

Rob Cox
Technical Director and Manager, OSR-JIP

Anna Gray
Coordinator, Biodiversity and Ecosystem Services, Water

Artemis Kostareli
Manager, Fuels and Products, Health and Supply Chain

Laura McIntyre
Manager, Climate and Energy

Helen Murphy
Senior Manager, Social Responsibility and Reporting

Ruth Romer
Senior Manager, Biodiversity and Ecosystem Services, Water

Philip Ruck
Manager, Oil Spill Response, Biodiversity and Ecosystem Services, Water

Rob Siveter
Senior Manager, Climate Change

Anna Taylor
Office Manager

Bart Ziemkiewicz
Website and Communications Officer