

Industry action on climate change

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Climate change affects the political and social environment in which the industry operates and presents risks to our markets, infrastructure, and people. Historically, IPIECA has been a catalyst in bringing the industry together to focus on climate change issues to facilitate broader understanding and enable companies to improve. Our vision is for an industry that improves its performance in line with society's expectations. IPIECA established its Climate Change Working Group in 1988 and since then, the group has monitored climate science and policy discussions, engaging with international processes and stakeholders, including leading industry engagement with the United Nations Framework Convention on Climate Change (UNFCCC) as well as the Intergovernmental Panel on Climate Change (IPCC). It particularly focuses on providing best practice guidance on greenhouse gas (GHG) emissions monitoring, reporting and management, covering areas such as energy efficiency, flaring reductions and raising the standards and transparency of reporting. IPIECA also has a track record of convening expert workshops to explore key climate-related issues and inform both the industry and stakeholders.

Most recently, IPIECA's work on climate has included:

Low-emissions pathways

- Our ongoing work following the successful outcome of the Paris Agreement at COP-21 has included a workshop on low-emissions pathways, which focused in detail on the outcomes from Paris, including countries' mitigation pledges, the gap to reaching a well-below-2°C goal, the role of carbon markets, and the UN Sustainable Development Goals. Low-emission pathways and the prospects for various technologies that would be necessary, including renewables, batteries, electric vehicles, nuclear power and carbon capture and storage (CCS) were also explored. Our work will continue over a multiyear work programme.

Reporting

- A pilot climate reporting framework, which provides voluntary guidance for oil and gas companies when developing climate-related corporate sustainability reports. The framework was prepared in support of the IPIECA/API/IIOGP *Oil and gas industry guidance on voluntary sustainability reporting*.

What is 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). IPIECA is the only global association involving both the upstream and downstream oil and gas industry, and is the industry's principal channel of communication with the United Nations. Our membership covers over half of the world's oil production.

IPIECA helps the oil and gas industry improve its environmental and social performance by:

- Developing, sharing and promoting good practices and solutions.
- Enhancing and communicating knowledge and understanding.
- Engaging members and others in the industry.
- Working in partnership with key stakeholders.

Through its member-led working groups, IPIECA brings together the collective knowledge and expertise of oil and gas companies and associations. The working groups draw on the skills and experience of our international membership and operate with support from a secretariat. IPIECA currently has working groups that address the following areas: biodiversity, climate change, fuels and products, health, oil spill preparedness, reporting, social responsibility, and water.

- The IPIECA/API *Estimating petroleum industry value chain greenhouse gas emissions* – an overview of methodologies to inform the industry on value chain GHG emissions estimation and approaches.
- The IPIECA/API guidance document on *Addressing uncertainty in oil and natural gas industry greenhouse gas inventories*. This two-part guide summarises the technical considerations important for understanding and calculating GHG emission inventory uncertainty.

Methane

- IPIECA's factsheet on methane emissions in June 2015, which explores methane emissions and their wider implications, and the associated challenges.



opportunities and continuing efforts within the oil and gas industry to address them.

- An IPIECA/OGCI (Oil and Gas Climate Initiative) workshop looking at methane data and studies from natural gas supply chains in North America and beyond, particularly focusing on the similarities and differences to that region and where hotspots and gaps in knowledge may lie.
- The current development of guidance on definitions, terminology and methane management.

IPIECA welcomes the Paris Agreement

Global leaders reached a historic agreement on the reduction of GHG emissions at the UNFCCC Climate Change Conference (COP-21) in Paris in December of last year. IPIECA welcomed the Paris Agreement, seeing it as a crucial step in global efforts to address climate change. It is the culmination of six years of work by nations to

reach a new agreement, during which efforts deployed by all stakeholders – governments, business and civil society – have intensified and contributed to reaching an ambitious outcome.

IPIECA had called for an effective and clear agreement as part of its Paris Puzzle communication in the run-up to COP-21. The Agreement is an important milestone that will send a strong signal going forward, but more work and action by all stakeholders will be needed going forward.

A pathway to a low-emissions future

We believe it is possible to address climate change risks whilst also meeting growing global energy demand and supporting economic development, and the oil and gas industry must be a key part of the solution.

The IPIECA Paris Puzzle: The pathway to a low-emissions future – developed six months ahead of COP-21's crucial agreement – represents our global membership view

IPIECA supports the Paris climate agreement as an important milestone in tackling climate change





The IPIECA Paris Puzzle: The pathway to a low-emissions future

- IPIECA recognises that addressing the risks of climate change is a challenge for our generation and will be for those to come. Meeting the challenge will require actions from all parts of society. Significant policy action, technology development and business response will be needed over many decades. The oil and gas industry can play a key role in helping society to meet the challenge.
- IPIECA supports and encourages governments in their efforts to reach an effective and clear international agreement to reduce greenhouse gas emissions and to manage the risks of climate change.
- IPIECA believes it is possible to address climate change risks while also meeting growing global energy demand and supporting economic development. As an industry we are already taking a range of actions across our own operations and products to support these goals.

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.*

on the challenge. 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.

Much more needs to be done to address climate change. 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.

Sharing the oil and gas industry's expertise and vision

The industry's history of innovation, global reach, knowledge and technical expertise positions it to help

develop and provide credible future energy solutions. At IPIECA, we believe that the industry is already playing a part in this transition and will continue to do so, by improving the efficiency of existing technologies and resources, and contributing to the development of new ones.

We see the role of natural gas, government-led market mechanisms, carbon capture and storage, and the use of lower carbon fuels, together with effective policy mechanisms, as the necessary components in any practical response to address GHG emissions, and deliver on the goals set by the Paris Agreement.

Climate change will continue to be a key priority for IPIECA throughout 2016 and beyond. ●

What is the Paris Agreement?

The Agreement reached at COP-21, for the first time committed all countries to undertake action on climate change and report on their progress.

The Agreement:

- "Aims to strengthen the global response to the threat of climate change... by holding the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels";
- aims to peak GHG emissions as soon as possible and reach net-zero in the second half of the century;
- commits all countries to regular reporting, including on mitigation, adaptation and finance;
- agrees five-yearly cycles for increasing national plans and targets starting in 2020, supported by global stock-takes (from 2018) to assess progress;
- makes commitments in climate finance, setting US\$100 billion per annum as the floor for financial transfers from developed to developing countries from 2020; and
- introduces the foundation to support the development of global carbon emissions markets through trading mitigation actions, and incentivises clean development.