



WORLD OCEAN COUNCIL

The International Business Alliance for Corporate Ocean Responsibility

Arctic Business Leadership Council Meeting

(Reykjavik, Iceland, 16 September 2012)

REPORT

BACKGROUND

The World Ocean Council (WOC) convened a meeting to discuss the potential to form an Arctic Business Leadership Council, (16 September, Reykjavik, Iceland), which brought together more than 30 representatives from a range of ocean and coastal industries.

Context

The WOC is working with its members and the broader ocean business community to catalyze regional cross-sectoral business collaboration to foster and coordinate industry input to regional policy processes, science efforts, and the development of solutions to cross-cutting operational and technical issues.

In some of these areas, notably the Arctic, there are important government, inter-governmental and NGO efforts underway to address marine and coastal environmental concerns. The relevant industries are not engaged in a systematic, comprehensive, coordinated, cross-sectoral way in many of these processes related to the Arctic. The WOC is working to engage inputs to, and participation in, specific regional processes to ensure balanced sustainable development, as measured by the regional solutions implemented and the inter-industry and/or stakeholder conflicts reduced. To address this need and opportunity, the WOC has initiated an Arctic Working Group from among its members.

The Arctic region is unique with its extreme climate and sensitive ecosystems. At the same time it is rich in natural resources, such as biological resources, energy and mineral deposits. The region is of growing interest for shipping and tourism. The retreat of Arctic ice is providing new opportunities for transport and access to resources. If the Arctic is to be developed in a sustainable manner, responsible companies will play a key role in the economic development of the region and beyond. Sustainable economic growth can stimulate job creation, increase the use of environmentally efficient technologies and provide innovative solutions to development challenges in the region. Cooperation and dialogue among the Arctic states, industry and civil society organizations are critical to this process, which, if done properly, could facilitate and support a unique approach in conducting responsible, sustainable business in the Arctic.

Background to the WOC Arctic Business Leadership Council Meeting

The purpose of this initial meeting was to explore development of an Arctic Business Leadership Council. The meeting was designed to create the possibility for interaction among industry representatives regarding the need, opportunity and value of collaboration and leadership on Arctic issues. The scope of the discussion was primarily sustainability issues within the offshore context, but with consideration of closely related coastal/shoreline issues that have an important influence on the marine areas and issues, notably port development and land based access to the sea.

The approach and setting was a roundtable forum, with company participants providing their perspectives, experience and ideas. There were no formal presentations, except from the WOC to set the stage for the discussion. The focus was on industry representative inputs to allow leadership companies with interests and activities in the Arctic region to shape the structure, process and ongoing work of the newly proposed Arctic Business Leadership Council.

In the preparations for the meetings, several companies identified that the development of an Arctic business leadership group would be valuable because there are many key pan-Arctic and pan-industry issues that could be better addressed through coordinated, collaborative, multi-industry efforts, e.g. Arctic ocean, weather and climate science and observations; transboundary marine ecosystem management and biodiversity conservation; cross-cutting, cumulative impacts (sound, hull fouling/ballast water and invasive species, marine mammal interactions); marine spatial planning and marine protected area development; international waters policy and governance; etc. For many, if not all, of these issues, many companies identified the need and opportunity for standardization of practices and methodologies across the region and the corresponding economies of scale that could be realized through the collaborative research and development of solutions. The potential ongoing work of the Arctic Business Leadership Council could be to engage with the companies that are participating to develop the alignment and agreement on what is being worked on, how the work will proceed, what outputs are most valuable, how results will be communicated, etc.

Background to the Business Dialogue with the Sustainable Development Working Group (SDWG) of the Arctic Council

The ongoing work of the WOC Arctic Business Leadership Council could also establish the means for regular, coordinated interaction of the private sector with the Arctic Council (AC), the main forum for governmental cooperation in the Arctic region. New business opportunities in the region are one of the main drivers of interest in the Arctic. Despite the rapidly growing interest from businesses, there is no common dialogue forum between the business community and the Arctic Council. Four out of the six AC working groups are mandated to deal with climate and environmental challenges. The Sustainable Development Working Group (SDWG) is the only one mandated to deal with the human dimension and commercial activities in the Arctic.

To discuss the potential mechanism for and the input of the Arctic business community to the AC SDWG, the WOC Arctic Business Leadership Council meeting was followed by an inaugural Business Dialogue meeting with the members of the SDWG as a first step to developing a forum for the business community to interact with the SDWG and consider the interaction with other Arctic Council structures and processes as well.

The Business Dialogue was designed to create an opportunity for the private sector to express its views on Arctic issues, collectively as well as on sector and geographically specific issues. The dialogue allowed industry to raise challenges and opportunities of the Arctic in constructive dialogue with the government representatives, develop the value of the interchange and participants and explore the way forward to regular, sustained interaction between the business community and the Arctic Council.

ARCTIC BUSINESS LEADERSHIP COUNCIL MEETING

SUMMARY REPORT

1. Introduction

Paul Holthus, WOC Executive Director, welcomed the participants and reviewed the meeting program (see Appendix 1 for the Meeting Program). The meeting brought together more 30 representatives from

a wide range of ocean industries, each of whom introduced themselves and their interests in Arctic issues (see Appendix 2 for the List of Participants).

2. Setting the stage

The opportunities and challenges of multi-industry leadership and collaboration for the Arctic and the Arctic Business Leadership Council concept.

The objectives of the Arctic Business Leadership Council Meeting were reviewed, which were to:

- Bring together company representatives from the key industries in the Arctic – those currently active as well as those possibly active in the future.
- Identify common areas of challenge and opportunity for industry leadership with respect to sustainable development of the Arctic.
- Explore development of a possible Arctic Business Leadership Council as an instrument to engage the Arctic business community across all sectors.
- Explore ways in which an Arctic Business Leadership Council could foster and facilitate the Arctic business community engaging with other key stakeholders and organizations, especially the Arctic Council and its SDWG.
- Develop Arctic business community input to the SDWG meeting on 17 September 2012.

Paul Holthus presented an overview of the WOC and its work program. He reviewed the growing industrial activities in the ocean and growing number of ocean policy and marine spatial planning developments and the limited voice that the business community has had in these, including in relation to the Arctic. The needs and opportunities for collaboration on cross-cutting operational issues were outlined, e.g. invasive species, marine mammal impacts, sound in the marine environment, all of which are critical issues in the Arctic. The WOC “Smart Oceans / Smart Industries” program was introduced, i.e. creating a global system to catalyze and coordinate the scaling up of ships and platforms of opportunity to collect and share data – a valuable program for areas that are low in data, such as the Arctic.

He also outlined the WOC efforts to develop multi-industry leadership and collaboration at a regional scale. Within this, the Arctic is the highest priority region and the WOC has initiated establishment of an Arctic Working Group. As part of this, a good working relationship has been established with the Arctic Council (AC) and its Sustainable Development Working Group (SDWG) through Sweden, which is the current chair of both the AC and the SDWG.

3. Outlining the sectoral context

Input from participants from each sector on the status, trends, issues, challenges and opportunities for sustainable development in the Arctic, including thoughts on the opportunities for cross-sector leadership and collaboration in Arctic sustainable development.

An initial open forum discussion provided the opportunity for participants from the range of sectors and with diverse experience and interests in the region to provide input on the issues around sustainable development in the Arctic and the potential value of cross-sectoral leadership and collaboration through an Arctic Business Leadership Council (ABLC).

General Considerations Regarding Arctic Business Community Collaboration

Participants brought forward thoughts on the value and process for considering and developing the role for the Arctic business community to work together more collaboratively in the future, including the following points:

- There could be advantages to common, multi-industry understanding and coherence on key issues in the region.
- There is a need to identify common opportunities and common challenges and also an overview of the governance that is already in place in the Arctic in relation to business activities.
- It will be valuable to get dialogue started and get input from the diverse private sector interests and actors in the region, e.g. regarding cross-sectoral, cross-jurisdictional issues.
- It will be critical to frame the situation and opportunity by determining:
 - What are the cross-sectoral issues of common interest for which collaboration creates opportunity and leverage?
 - What are the priorities ranking of these issues?
 - What would an ABLC want to say and to whom?
 - What is the mandate and governance of such an ABLC process?
- In pursuing the above, it will be valuable to have tangible, early “wins” by:
 - Prioritizing key challenges and opportunities that can be quickly addressed, e.g. data collection and sharing by companies.
 - Focusing on specific issues, e.g. sound, marine mammals.
- There is a lot already going on in the region, so it is important to build on experience (e.g. Barents 2020).
- There are many arenas through which businesses can voice their interests and impact the developments in the Arctic, and it is important to take full advantage of existing processes and organizations, such as trade associations, and not duplicate efforts.
- An ABLC could provide a coherency across sectors that the other structures and processes don’t provide, and a key question is whether this coherency creates sufficient need and justification for such an initiative.

The more specific major themes that emerged from the discussion included the following:

Technical and operational standards for Arctic activities

- There is a need for appropriate cross-jurisdictional harmonization of technical standards for operations in the Arctic.
- Such standardization should be, as much as possible, pan-Arctic and cross-sectoral.
- These efforts will require collaboration between businesses and their governing organizations.
- Standardization could facilitate exploration and development of responsible economic activities in the region, resulting in business and local community benefits.

Data Collection and Sharing

- There has been, and continues to be, significant industry investment and activity in the Arctic region that involves research and data gathering; and much of this data could be shared.

- Putting data in the public domain could have benefits to responsible companies.
- No one organization currently pulls together this wealth of data; the WOC and an ABLC could help ensure the delivery of data to the relevant agencies and repositories.
- To move forward, it would be useful to determine what data companies have that could be made publicly available and create a single compendium of data.
- It will be necessary to develop a structure and process that coordinates how to share data and with whom.
- In doing so, it would be important to:
 - Address concerns about what can be shared voluntarily, what is proprietary and how the data can be used.
 - Build on existing data collection and sharing efforts, e.g. Shell, ConocoPhillips, Statoil partnership with NOAA, World Ocean Database of NOAA.
 - Proceed in steps, to avoid being overly ambitious and creating unrealistic expectations.
 - Develop standards on how data is collected and clear descriptions (metadata) on the data.

Challenges and Opportunities of Doing Business in the Arctic

- Companies have a commitment to doing sustainable business in the Arctic.
- Entering into the Arctic is a long-term strategic entry and not an opportunistic choice.
- Mainly large firms are engaged in the Arctic due to the capital and capacity required to even explore undertaking economic activities in the region.
- These large firms care about their impact and their reputation.
- Many companies have invested millions in research and development even before starting operations.
- Potential new business entrants to the Arctic need to understand the costs and challenges of operating in the region.

Public Perception and Communications

- The majority of the public has the misconception that the Arctic is pristine, with no industrial activities currently underway in the region.
- Many of those that are critical of industry activities in the Arctic don't really understand the amount of research done by businesses in the region.
- These misperceptions and lack of information create difficulties in developing and building responsible business operations in the Arctic.
- There is a need to better communicate what is going on, what is possible and how businesses approach their Arctic operations.
- It is important to find the right balance between solving the challenges related to Arctic operations, including oil spill preparedness and emergency response, and communicating about the "vulnerable Arctic."
- The WOC and an ABLC could bridge this gap in public perception by "myth-busting" the misperceptions and communicating about the reasonable and responsible use of the Arctic.
- This includes reaching out to other parts of the world beyond the Arctic nations.

Relations with Indigenous Communities

- Several participants shared experience about how their businesses conduct their operations in the Arctic.
- Many companies have extensive interaction with indigenous peoples and ensure their activities are accompanied by efforts to support local communities.
- In many parts of the Arctic certain economic activities cannot take place without the participation, if not approval, of indigenous people in the area, e.g. in parts of Canada.
- Agreements with indigenous communities are required by law under land claim agreements.
- There is a great opportunity to better communicate the positive experience and relations of many companies with indigenous communities.

Scope of an Arctic Business Leadership Council and Relationship with the Arctic Council

- There is a need and opportunity to create a voice for Arctic business community and to inform and engage regional and international organizations, including, but not limited to, the AC.
- The “business dialogue” to take place with the AC SDWG is the initial engaging of the business community with an AC working group and it is not clear how this process will evolve.
- In the near term, given the Swedish chairmanship of the AC and its desire to engage with the business community, the focus should be on how the Arctic business community should interact with the AC.
- Overall, it will be important for an ABLC to be “recognized” by the AC.
- In moving forward, it will be important to clarify the relationship between the WOC development of a members’ Arctic Working Group and a broader ABLC.

4. Developing business leadership and collaboration in Arctic sustainable development

Focus on Arctic-wide, cross-sector issues and a roadmap for moving forward.

Each breakout group was asked to discuss:

- *What would be the role of an ABLC?*
- *What are the main areas that would benefit from a formal dialogue with the Arctic Council?*
- *What are the “quick wins” that could be initiated in the short-term by the WOC/ABLC?*
- *What are the key messages to the AC SDWG Business Dialogue?*

The meeting divided into four breakout groups. Each group considered the four bullet points above and reported back to the plenary meeting on the development of business leadership and collaboration in Arctic sustainable development. Most participants felt the first question had been well covered in the previous discussion.

The main areas that would benefit from dialogue with the Arctic Council

- General considerations
 - There are many areas of mutual advantage for interaction between ABLC and AC.
 - The ABLC would have a lot to offer from the long experience in the region.
 - There are many areas and processes where the Arctic business community could and should be involved.
 - This business community believes that this is starting to happen, thanks the AC for their interest in this, and wants to work with AC to explore how to continue and expand this trend.

- Regulatory situation
 - There are many different regulations regarding shipping that require global harmonization, e.g. ships travelling in the Arctic are subject to different regimes, such as icebreaker requirements and fees.
 - There is a need for a wise regulatory framework for the Arctic, which will take time to evolve, and would benefit from business community input.
 - The business community wants to work with governments to encourage accessibility and clarity of regulations and ensure there aren't unintended consequences from the government role in business development in Arctic.
 - Industry wants to promote best practices across sectors and across jurisdictions, which can lead to more consistency of good practices and harmonization of regulations.
 - The development of the IMO Polar Code Regulations has been a lengthy and detailed process and there needs to be a new impetus injected to bring that development to a conclusion.

- Cumulative impacts
 - There is a need for a business voice in considerations of cumulative impacts of economic activities in the Arctic and development of a long term vision for the region.

- Emergency response
 - Business needs to work with government to mutually understand the needs for preparedness and response over the long term.

- Knowledge sharing and communications
 - There is a need and opportunity for the AC and the business community to bring forward a joint view of the responsible business community in Arctic.
 - This could provide a fact based understanding of the Arctic, the commercial activities already going on and what could be coming.
 - It is also be important to communicate that developing Arctic business in a responsible manner takes account of people and nature in the region and brings value by creating growth, jobs and economic development opportunities.

- Impacts of climate change on the Arctic
 - There is a need to better understand, define data gaps and make data available cross-sectorally to help address these gaps (including benthos, inventory arctic corals, etc.).
 - The AC should respond quickly to the implications of environmental changes and promote adaptive management.

The “quick wins” that could be initiated in the short-term by the WOC/ABLC

- Data collection and sharing
 - Build on the WOC Smart Ocean / Smart Industries program and accelerate its development in the Arctic.
 - Develop an external science panel to advise on data collection priorities, preferred sensors, etc.
 - Where appropriate, begin sharing benthos data between the fisheries and oil/gas industries.

- Where appropriate, start making industry commissioned science studies publicly available.
- Begin by making studies available in smaller areas (e.g. in Alaska) and share the best practices on the process to build on in other regions.
- Stakeholder engagement
 - Share best practices on stakeholder engagement processes among sectors.
- Communicating “good news” stories about industry in the Arctic
 - Facilitate the efforts of third parties to gather and communicate objective, fact-based, balanced “good news” stories about industry performance in the region and benefits for stakeholders.
 - Determine and distil the critical success factors for further dissemination among industry.

Key messages to the AC SDWG Business Dialogue

- The meeting felt it was a bit too early for the Arctic business community to talk in detail about cooperation with the AC before defining common interests and having an agreed list of common cross-cutting issues.
- However, the Business Dialogue provided an opportunity for the Arctic business community to have a voice and provide input.
- The following key messages were developed for the WOC to convey to the SDWG at the start of the Business Dialogue on 17 September 2012:
 - Industry has been active in the Arctic for many decades.
 - Industry has a lot of information available, a lot to offer and is committed to responsible operations and sustainable development in the region.
 - Due to climate change new opportunities for industry are emerging and the business community recognizes that there is huge potential to work with the AC and its working groups on relevant issues.
 - This could include sharing best practices and information on the benefits of development and related social and environmental issues.
 - All entities should also be cognizant of risks and be prepared to manage them.
 - Industry takes a risk management approach and would like to share best practices with others.
 - The industry representatives thank Swedish leadership and the SDWG for initiating the Business Dialogue.
 - The Arctic business community would like to hear from the AC and SDWG on what issues are most important to them and how industry can best engage with them.

5. Developing the summary and conclusions

- It was agreed that there is merit in cross-sector cooperation in support of determination of cumulative impacts, business scenarios and best practice sharing on cross-cutting themes including adaptive management in response to climate change, but it is important that there is no duplication of effort with single-sector industry bodies.
- It was felt that it is too early to discuss the organizational structure of an ABLC in any detail.

- It is more important to explore a workable set of prioritized issues and activities and determine if there is the interest and energy among a critical mass of companies to work on these.
- The prioritization should focus on “quick wins” and the role of the WOC and company sweat equity to make these happen.
- It would be useful to have a meeting in about 6 months to continue the process that has started and gauge the level of interest.
- It would be most efficient to set up the meeting back to back with another event of mutual interest (e.g. WOC Sustainable Ocean Summit, April 2013 in Washington DC).
- Prior to the meeting it will be important for the WOC to engage interested companies in developing these priorities.
- This can provide the basis for formulating longer term success factors of ABLC and the associated organizational and governance models needed.
- Attendance at further meetings and involvement in the work streams does not need a formal organization at this stage.
- Although many sectors and geographic areas were represented in the Reykjavik meeting, it will be important to ensure broader participation of key Arctic sectors (e.g. tourism) and countries (e.g. Russia)
- Following these initial efforts, it would then be useful to discuss modalities of a longer term ABLC structure and process.

Appendix 1: Program

Arctic Business Leadership Council meeting
Reykjavik, Iceland, 16 September 2012
Reykjavik Maritime Museum

16 September ***Arctic Business Leadership Council meeting***

Registration (0830-0900)

Morning Session (0900-1200)

1. Welcome and introductions

- Paul Holthus, WOC

2. Setting the stage

- The opportunities and challenges of multi-industry leadership and collaboration for the Arctic and the Arctic Business Leadership Council concept
- Paul Holthus, WOC

- **Break** - (1015-1030)

3. Outlining the sectoral context

- Input from participants from each sector on the status, trends, issues, challenges and opportunities for sustainable development in the Arctic, including thoughts on the opportunities for cross-sector leadership and collaboration in Arctic sustainable development.
- Input of companies from: oil and gas, shipping, fisheries, aquaculture, tourism, mining, etc.

- **Lunch** - (1200-1330)

Reykjavik Maritime Museum, Bryggjan Café

Afternoon Session (1330-1700)

4. Developing business leadership and collaboration in Arctic sustainable development

- Breakout group discussions to focus on Arctic-wide, cross-sector issues and a roadmap for moving forward
- The groups will consider and report to plenary on:
 - Identify the issues
 - Prioritize challenges and opportunities
 - Determine approaches
 - Determine ongoing interaction among Arctic Business Council companies/sectors
 - Determine ongoing Arctic Business Council interaction with the Arctic Council-SDWG

- **Break** - (1515-1530)

5. Developing the summary and conclusions

- Identifying the key issues, priorities and approaches for moving forward
- Outlining the Arctic Business Leadership Council roadmap
- Engaging the AC-SDWG and developing the AC Business Dialogue process

Evening reception (1800-2100) *Reykjavik Maritime Museum*

SPONSORED BY DET NORSKE VERITAS (DNV)

*For Arctic Business Leadership Council meeting participants and
Arctic Council Sustainable Development Working Group representatives*

**Business Dialogue with the Sustainable Development Working Group
(SDWG) of the Arctic Council**

Reykjavik, Iceland, 17 September 2012
Reykjavik Maritime Museum

Objective

Address challenges and opportunities for sustainable business in the Arctic.

Format

WOC and sectorial input followed by a dialogue with SDWG representatives.

Agenda

1. Introduction by SDWG Chair, Mikael Anzén.
2. Introductory remarks by Paul Holthus, World Ocean Council on results of the Arctic Business Community meeting on 16 September.
3. Open discussions with SDWG Heads of Delegation and business representatives, including Input from different sectors to address status, trends, issues, challenges and opportunities with a focus on cross-sectorial leadership and collaboration.
4. Conclusions and discussion on a way forward.

Questions to be considered during the sectorial presentations and open discussion:

- What are the main challenges of doing business in the Arctic?
- How could business and the Arctic Council cooperate in setting a sustainable development agenda for the Arctic?
- How can business operators contribute in collecting scientific data in the Arctic?
- Is the Arctic business community interested in a common Arctic Research program to develop synergies and economies of scale in improving the understanding of Arctic ecosystems, weather and climate?
- Some of the core elements of Sustainable Business are covered in the guidelines for Corporate Social Responsibility (CSR). How do you see business and the SDWG could cooperate on CSR in the Arctic?

- Lunch - (1200-1330)

The Swedish Chairmanship of the Arctic Council invites all participants to lunch
Reykjavik Maritime Museum, Bryggjan Café

Appendix 2: List of Participants (* indicates WOC Members)

Name	Surname	Company/Organization	Title/Position
Jason	Anderson	Alaska Seafood Cooperative	Manager
Piers	Bedford	Jumbo Shipping	Business Development & Projects
Robert	Blaauw	Shell International Exploration and Production B.V.*	Senior Advisor Global Arctic Theme
Bas	Bolman	IMARES Wageningen UR WUR 555508	Program Manager/ Master of Science
Carey	Bonnell	Fisheries and Marine Institute of Memorial University of Newfoundland	Head, School of Fisheries
Tak On	Cheung	Keppel Offshore & Marine USA, Inc.	Vice President
Toby	Croucher	Maersk Oil (AP Moeller Maersk)*	Head of Environment
Baard	Eilertsen	Kongsberg Satellite Services AS	Director, Business Development
Hans-Jørgen	Hansen	MacArtney Underwater Technology Group	Manager – Ocean Science
Bruce	Harland	Crowley Maritime Corporation	Vice President
Paul	Holthus	World Ocean Council	Executive Director
Gary	Isaksen	ExxonMobil*	Global Ocean Science and Policy Manager
Courtney	Jermyn	IHC Merwede	R&D Project Leader
Kalle	Kägi	Marinexplore, Inc.*	Product Manager
Tim	Keane	Fednav Limited	Manager Operations
Hans Christian	Krarup	Golder Associates*	Danish County Director
David	Lewis	EnSCO	Senior Advisor - Safety, Health and Environment
Colin	Manson	Manson Oceanographic Consultancy	Director
Einar	Nielsen	Petroleum Geo-Services	Vice President Projects
Tom	Paddon	Baffinland Mining	President & CEO
Jeanne	Pagnan	Twin Dolphins*	Vice President
Gerd	Poelmann	Meyer Werft GmbH	Head of Sales Group
Lisbeth Due	Schönemann -Paul	Royal Greenland A/S	Corporate Sustainability and Environmental Manager
Joachim	Schwarz	ACCESS Project	WP-Leader
Gerry	Simon	ConocoPhillips Canada	Manager, Regulatory, Environment and Sustainable Development
Ove	Smidt	Alcatel-Lucent Submarine Networks	Senior Manager, Marine Marketing & Sales
Liv Monica	Stubholt	Kværner ASA	Senior Vice President, Strategy & Communication
Mikael	Thinghuus	Royal Greenland A/S	CEO
Jannicke	Witsø	DNV*	External Relations Advisor
Jennifer	Wyatt	Chevron Canada Limited	Senior Arctic Advisor