

## IUCN Operational Framework for Engagement with the Oil and Gas Sector

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The aim of this paper is to set out how IUCN intends to engage with the Oil and Gas sector in order to give IUCN's constituencies confidence in the intent and nature of these types of engagement and to ensure that they are underpinned with a high level of integrity, scientific rigour and accountability, particularly in terms of transitioning toward net zero and nature positive outcomes.

The Operational Framework for the Engagement with the Oil and Gas Sector provides guidance and clarifies principles under which IUCN Secretariat engages with energy producers and more specifically, oil and gas producers on bilateral collaborations. As policies and practices for the energy transition towards both net zero and nature positive evolve this document will be periodically updated.

### Section 1. Low carbon and nature-positive future

Climate change is one of the world's most challenging and pressing issues to tackle if the world wants to avoid irreversible consequences on humanity during the 21<sup>st</sup> century and beyond. The climate change and the biodiversity crises are fundamentally linked and mutually reinforcing ([IPBES-IPCC, 2021](#)). On the one hand, climate change is a key driver of biodiversity loss. The rapidly worsening impacts of climate change on the natural world are highlighted by the IPBES-IPCC report: '*Adaptive capacity of most ecosystems and social-ecological systems will be exceeded by unabated anthropogenic climate change*' (p.15). In this sense, stabilising climate change is one of the prerequisites for any effective biodiversity and ecosystem conservation and restoration actions. On the other hand, nature is critical in contributing to climate adaptation and mitigation and addressing other societal challenges.

Further, scientists unanimously call for an immediate, urgent and radical shift towards cleaner energy sources if the world is to limit global warming below 1.5°C and secure a liveable future in 2050. The window for collective and coordinated actions to curve greenhouse gas (GHG) emissions is narrowing in a context of an increasing emissions gap worldwide ([UNEP, 2021](#)). Such urgency was recently highlighted in the [2022 IPCC report](#), which considers that limiting warming to around 1.5°C requires global GHG emissions to peak before 2025 and in the [2021 International Energy Agency \(IEA\) Net Zero report](#), which includes rapid emission reduction pathways that require no new oil and gas project, beyond projects already committed as of 2021. The energy sector, defined for the purposes of this guidance note as “producers of oil, gas and renewable energy” is at the centre of both climate and biodiversity challenges. It has a unique and critical role to play in global efforts, within a short timeframe, to move away from fossil fuel dependency to low carbon and nature positive economic models that align with biodiversity and climate goals as defined by those global frameworks that have been agreed multilaterally under the auspices of the UNFCCC and CBD. Indeed, environmental awareness both within and about the sector has never been greater, and opportunities exist to drive carbon net-zero and biodiversity net gain approaches with individual leading companies, as well as the sector more broadly. From a conservation perspective, the direct and indirect impacts are significant; thus, engagement with the oil and gas sector remains a major imperative.

IUCN recognises that there are reputational risks in engaging specifically with industries and companies whose portfolio includes the extraction and production of fossil fuels. However it also recognises that there are considerable opportunities to guide and accelerate change in this sector to achieve a just transition away from fossil fuels and towards a nature positive future.

**Section 2: IUCN Secretariat principles for engaging with the oil and gas sector:**

IUCN frames its approach to working with the Oil and Gas Sector as follows:-

- We reiterate the global consensus that there is an urgent and immediate need for the world to stay within a 1.5°C aligned carbon budget.
- We support a just and rapid transition away from the current fossil fuel-dependent economic model, based on the best available science and in a manner that avoids unintended negative consequences on people and nature.
- We strongly support the global goal to halt and reverse biodiversity loss by 2050.
- We will maintain operational independence from fossil fuel funding. In practice, this means that IUCN will not seek unrestricted funding from oil and gas companies and that resourcing to support bilateral engagements will be limited to those programmatic activities that clearly target their low carbon transition and the minimisation of their negative impacts on biodiversity and nature.
- We will not work with companies that have not made public commitments to the Paris Agreement target and to halting and reversing biodiversity loss

IUCN recognises that a significant number of private and public actors in the oil and gas sector, particularly the fossil fuel industry, are not on track to meet climate and biodiversity global goals. In this regard, IUCN will engage with oil and gas companies on the basis of the following principles:

- We encourage private and public sector actors to set science-based decarbonisation targets which are independently validated, open to public scrutiny and aligned within a 1.5°C trajectory in the short, medium- and long-term;
- We urge private and public actors (including regulators) to implement rapid decarbonisation strategies including to stop permitting, exploring and extracting as yet untapped oil and gas reserves
- We urge the fossil fuel industry to focus on rapid and urgent mitigation actions that result in direct and substantial reductions in Scope 1, 2 and 3 greenhouse gas emissions.
- We encourage companies in the fossil fuel sector to invest in Nature-based Solutions for mitigation as an additional action beyond their value chain and urge them not to use resulting credits for their interim emissions reductions required by their net zero pathway
- We expect all private and public actors in the oil and gas sector (including those transitioning to renewables) to commit to and pursue at least No Net Loss (NNL) and preferably Biodiversity Net Gain (BNG) in all new operations or expansions.
- We expect all private and public actors in the oil and gas sector to contribute to robust nature-positive actions and outcomes within the context of a just energy transition, working to ensure greater access to renewable energy for communities that have little or no access to affordable and reliable energy sources that have been ignored during the fossil fuel era
- We expect corporate support and operational implementation of IFC principles
- We expect corporate partners/collaborators to genuinely support the goals and aims of the Paris Agreement and to not directly or indirectly (via other platforms) seek to undermine the Agreement.

### **Section 3. Objectives of the Operational Framework**

The overarching objectives are inter-related:

1. Drive the sector toward a low carbon and nature positive economic development model aligned with what is needed to keep climate change under 1.5 C, while mitigating the risks of negative consequences on people and nature;
2. Avoid and reduce negative impacts from extractive activities on biodiversity, ecosystem services, and natural resource-dependent livelihoods; and
3. Aim for the highest possible biodiversity net gain related to extractive sector operations, as well as additional conservation benefits derived from improved land and sea management.

### **Section 4. Application of the Operational Framework**

This framework informs the work of the IUCN Secretariat on strategic and technical approaches and projects related to the extractives sector, particularly those focused on the extraction of fossil fuel, mineral, and aggregate resources. It includes bilateral collaborations and specific projects. The engagement with the wider energy sector (e.g., hydropower, solar, nuclear, geothermal, electrical infrastructure, etc.) is not dealt with in this document.

The scope of the application of this framework is global and focuses on policy engagement as well as operational approaches for working at national and site levels. While the current emphasis of direct engagement is on larger corporate operators (as this is where IUCN has leverage and can also mobilise funding), these operational principles and guidance also apply to any future engagement with smaller and medium-sized actors, as well as other important non-state or state stakeholders and actors.

This framework aligns with and is complementary to:

- o IUCN Business Engagement Strategy (2012)
- o IUCN Project Guidelines and Standards (2015)
- o IUCN Environmental and Social Management Framework (2015)
- o IUCN Operational Guidelines for Business Engagement (2016)
- o IUCN Union Nature 2030 Programme
- o IUCN Contract Review Procedures (2018)
- o IUCN Position Paper for UNFCCC COP26 (2021)
- o IUCN Biodiversity Offsets Policy (2016)

### **Section 5. IUCN Secretariat conditions for engagement**

- IUCN will only work with companies who have made a net zero commitment that includes intermediary targets (for example every five years), and sets out concrete ways to reach net zero in line with the Intergovernmental Panel on Climate Change (IPCC) or International Energy Agency (IEA) net zero greenhouse gas (GHG) emissions modelled pathways that limit warming to 1.5°C with no or limited overshoot. The plan must cover the entire value chain of the business, including end-use emissions.
- IUCN expects any prospective partner from within the sector to engage in identifying a mutually-agreed process that will allow both IUCN and the partner to assess the company's performance regarding the engagement principles described in section 2, its trajectory to 1.5°C and its biodiversity policy and commitments thereby enabling

IUCN and the partner to periodically review and adjust the partnership objectives, as appropriate.

- Whilst recognising that even the most ambitious scenarios to reach net zero by 2050 incorporates limited use of oil and gas and not all countries will be able to transition to clean energy at the same pace, IUCN reiterates the need for rapid and robust global decarbonisation to tackle both climate and biodiversity crises and therefore **will not engage with any partner in the provision of advice or technical assistance associated with new oil and gas projects as of 2021**. In addition, IUCN will also not engage in any current or future oil and gas infrastructure developments that could result in the expansion of oil and gas operations by either the company concerned or a third party beyond 2021 operating levels.
- IUCN will currently only work with oil and gas companies on NbS for mitigation if these actions and credits are used beyond the value chain and do not replace or substitute for direct robust action on interim emissions reduction
- IUCN will not support nor engage in any extractives and exploration operations in Category I and II Protected Areas or that risk directly impacting the maintenance of World Heritage sites' Outstanding Universal Value.
- IUCN will only work with companies that have a clearly defined public biodiversity position that incorporates application of the mitigation hierarchy as described in the IUCN Biodiversity Offsets Policy for a minimum target of no net loss of biodiversity.
- IUCN will proactively engage with partner companies around human rights and adherence to global best practices on human rights such as the United Nations Guiding Principles on Business and Human Rights

Divergence from any of the above conditions for engagement may be a trigger point for discontinuance of the engagement

### **How we do it**

All potential engagements with the extractives sector are subject to a thorough assessment following IUCN's Operational Framework for the Oil and Gas Sector as well as a close review of IUCN Resolutions and Recommendations. This assessment may include engagement with governments as well as companies, particularly in the cases of State-owned companies. High risk programmatic areas or collaborations will result in a full due diligence process involving a consultation with Members and Regional Offices and may be elevated for discussion to the Private Sector Task Force, as has been done in the past.

Given the high risks and opportunities involved in engagement with the Oil and Gas Sector any potential collaboration must be developed in close consultation with the Climate Change Team supported by the Enterprise and Investment Team, where IUCN Secretariat has dedicated and experienced capacity on this subject matter. Furthermore, any substantive engagement with the Oil and Gas Sector (whether companies, licencing bodies or regulators) must include an adequately resourced role for the Climate Change Team and Enterprise and Investment Team to guide and maintain quality assurance with respect to the contents of this Operational Framework.

Finally, IUCN will develop a clear pathway and guidance for transformative actions to influence the sector and intervene in the landscape, including access to sectoral bodies such as ICMM, IPIECA, OGCI or IOGP; and/or at the landscape level through involvement with public and private institutions; and with the financial sector to help accelerate and scale up conservation efforts and a just transition from fossil fuels.

This framework is delivered by:

- Undertaking systematic analysis and management of significant risks and opportunities associated with specific engagements, including the commitments and actions of the companies concerned;
- Building a transparent, trusted and honest relationship with collaborating companies and governments through open communication and the provision of information and advice;
- Ensuring direct and sustained consultation with relevant IUCN Members and Regional Offices with respect to specific place-based engagements;
- Promoting science and evidence-based mutual learning;
- Considering wider landscapes and context;
- Enhancing capacity with key stakeholders, principally companies and governments;
- Championing the application of rights-based approaches; and
- Providing input into, and adopting, relevant sustainability standards and certification schemes.

## Annex I. Potential tools and approaches

This framework proposes a number of relevant approaches for engaging the extractives sector, such as:

### Project development, standard and tool application:

- ✓ *Build operational and policy engagements around a **robust application of the mitigation hierarchy**, in particular toward No Net Loss and preferably Biodiversity Net Gain, as described in IUCN's Biodiversity Offset Policy (technical assistance)*
- ✓ *Develop approaches, frameworks and tools to measure biodiversity footprint and monitor progress in impact reduction and positive contributions to nature*
- ✓ *Developing **approaches** to mitigate and avoid unintended consequences on people and nature with new energy models (guidance)*
- ✓ *Developing guidance on clarification of the role of nature in **decarbonisation strategies** (guidance)*
- ✓ *Facilitate **evidence-based, science-led solutions to major environmental challenges** associated with the industry (e.g. ISTAPs, NBS). (technical assistance)*
- ✓ *Convene experts (e.g. BNG Protocol, Advisory Committees) to **provide targeted and timely advice** to operators seeking to improve their practices. (third party assurance)*
- ✓ *Promote and facilitate **data analysis**, synthesis and utilisation for management purposes, especially IUCN-backed tools (e.g., IBAT, Red List, WDPA, STAR, Nature Based Solutions Standard, etc.) (technical assistance, third party review)*

### At landscape and sectoral level:

- ✓ *Ensure that **appropriate policy and enabling environments** are in place at national, regional and global levels. (policy influence)*
- ✓ *Support actions that facilitate an **accelerated trajectory towards a low carbon economic model**, including enhancing the contribution of non-state actors.*
- ✓ *Develop **public and private partnerships** to foster climate and biodiversity policy implementation at regional, national and subnational level (policy influencing and implementation)*
- ✓ ***Mobilise finance** and develop financing mechanisms with private and public stakeholders to scale nature-based solutions up at landscape level (e.g. SCF, Nature + Accelerator) (financing)*
- ✓ *Advocate for and advise on the **inclusion of operational best practice in regulatory and lending requirements**, including: recognising and reducing operational impacts and risks, promoting Biodiversity Net Gain, encouraging landscape and seascape approaches (e.g., Biodiversity Offsets Policy, KBA Guidelines). (policy influence)*
- ✓ *Drive the **implementation of best practices** across the sector, from the local operations to commitments at company level to industry-wide standards and norms (e.g. through third party organisations).*
- ✓ *Challenge, promote and enable transparency and **improvements in corporate and governmental policies**, in particular with landscape planning, impact assessments and the establishment and reporting of biodiversity targets. (policy influence).*

## Annex II. Select Relevant IUCN Resolutions and Recommendations

[WCC 2020 Res 033](#): Promoting biodiversity preservation through environmentally friendly energy transformation measures

[WCC 2016 Res 056](#), IUCN response to the Paris Climate Change Agreement

[WCC 2016 Res 066](#), Strengthening corporate biodiversity measurement, valuation and reporting

[WCC 2016 Res 054](#): Protecting the world's greatest salmon fishery in Bristol Bay, Alaska from large-scale mining

[WCC 2016 Res 053](#): Protecting coastal and marine environments from mining waste

[WCC 2016 Rec 102](#): Protected areas and other areas important for biodiversity in relation to environmentally damaging industrial activities and infrastructure development

[WCC 2012 Res 102](#): Human rights and access to natural resources in Latin America

[WCC 2012 Res 090](#): Exploration for and exploitation of unconventional gas or liquid fossil fuels

[WCC 2012 Res 079](#): Protection of the deep ocean ecosystem and biodiversity from the threats of sea bed mining

[WCC 2008 RES 089](#): Establishing the IUCN Extractive Industry Responsibility Initiative

[WCC 2008 REC 136](#): Biodiversity, protected areas, indigenous peoples and mining activities

[WCC 2004 RES 059](#): IUCN's energy-related work relevant to biodiversity conservation

[WCC 2004 REC 082](#): The Extractive Industries Review

[WCC 2000 REC 082](#): Protection and conservation of biological diversity of protected areas from the negative impacts of mining and exploration

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<sup>i</sup> The oil and gas sector refers to energy companies that extract oil and gas as part of their energy portfolio