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Foreword
Chapter 1

Foreword

This report presents a summary of the second annual Arctic Business Council meeting that took place in Oslo on 2. June 2015. The objectives of the summit were to elaborate and define concrete actions on the three main focus areas identified by the 2014 summit:

- Relevant regulatory frameworks
- Infrastructural developments
- Defining the narrative of the Arctic

The Arctic Business Council provides an exclusive, “for business, by business”, international meeting place for high-level business executives representing different industries. The purpose of this initiative is to get the international business community to engage more forcefully in a coordinated dialogue on the future of the Arctic. Arctic Business Council is initiated and hosted by the Norwegian Shipowners’ Association together with DNV GL, KONGSBERG and Statoil, and in cooperation with the World Economic Forum.

I believe it is in the genuine self-interest of the international business community to engage in a dialogue on these issues. In order to obtain and maintain a “license to operate”, we must demonstrate our commitment to a responsible and sustainable development of Arctic commercial opportunities. The business community also has extensive competence and experience to bring to bear in political and regulatory discussions. Also, it is to a large extent the business community which will have to make important investments and develop the technological and operational concepts necessary for safe and sustainable commercial activities in this region.

This year, thirty-two C-suite executives from major international companies representing different industries and countries attended the summit. They agreed on the following eight strategic streams to be developed and reported on to the next meeting of the Council:
I found it truly inspiring to observe the intense engagement and energy in the summit discussions, and the generous personal initiatives of several participants who volunteered to head concrete projects. These projects will be coordinated by the Arctic Business Secretariat and they will provide important inputs to next year’s Arctic Business Council.
The results of these projects will also serve as input to the relevant work streams of the World Economic Forum’s Global Agenda Council on the Arctic.

In times of changing and challenging geopolitical landscapes, the Arctic Business Council could fill a non-political role in convening stakeholders across political and geographical interests to advance dialogues, actions and collaborations.

I truly believe that the Arctic Business Council is about to become an important and influential voice in the Arctic debate.

The next meeting of the Council will take place as an integral part of the larger biennial Arctic Business conference in Bodø, Norway, on May 25-26, 2016.

I hope to see you there!

Sturla Henriksen
Foreword

Sturla Henriksen
CEO
Norwegian Shipowners’ Association
Chapter 2

Engaging, educating and committing the business community to a sustainable development of the Arctic
Chapter 2

Engaging, educating and committing the business community to a sustainable development of the Arctic

The Arctic Business Council provides an exclusive, “for business, by business”, international meeting place for high-level business executives representing different industries operating - or with an interest - in the Arctic.

Together with partners DNV GL, Kongsberg and Statoil, the Norwegian Shipowners’ Association has launched the Arctic Business Council with the aim of getting the international business community to engage more forcefully in a coordinated dialogue on the future of the Arctic.

The Arctic Business Council had its inaugural meeting during the Arctic Business 2014 conference, in Bodø, Norway. The outcome was a set of three recommended focus areas to advance the development of the Arctic business:

/ Regulatory framework
  • Establishing a regulatory framework for Arctic operations
  • Developing shared environmental and safety standards
  • Developing industrial standards for Arctic operations

/ Infrastructure
  • There is a need to expand on the knowledge of risks in the Arctic in order to be able to handle the consequences
  • Mapping and assessing the need for infrastructure for navigation, communication, weather forecasts, monitoring of ice and icing conditions, contingency, search and rescue, and bases for maintenance and supply
• Shared ambitions and collaboration across actors and geographies on planning and execution of specific infrastructure initiatives in the Arctic

/Public Image
• Improving communication and dialogue with the general public to increase awareness of what the Arctic is, why businesses are present in the Arctic, and how the businesses will engage and act to ensure sustainable development of the Arctic

Cooperation and partnership between industries and across borders will be key for Arctic businesses to succeed
During the discussions at the Arctic Business 2014 conference the Council agreed on the following as clear drivers for the development of the Arctic:

/ Energy demand is projected to grow towards 2020, increasing interest in new sources of supply; however, Arctic offshore petroleum will be competing with many lower-cost sources, including possible advancements in unconventional and renewable energies.

/ Challenges related to lack of infrastructure, including oil spill preparedness and search and rescue resources, must be solved if costs are to be reduced and economies of scale exploited. There is a need to establish sets of common standards in all industries in order to enable designers to develop cost effective solutions, as well as to meet the skepticism of society about operating in a pristine environment.

/ Climate change will have an important impact on operating conditions, while the perception of climate change will influence relevant environmental regulations.

/ Cooperation and partnership between industries and across borders will be key for Arctic businesses to succeed. Under certain conditions, oil and gas exploration and production can act as a locomotive for other industries; however, coexistence can be a challenge, particularly between petroleum and fishing.
Technological advancements can be relatively quick game-changers with long-term consequences, as can political developments in other parts of the world.

Chinese economic growth and demand will be important for all sectors; Chinese financing will also be important, particularly for oil and gas and mineral developments if Western companies are not able to participate in Russia.
Since the first Arctic Business Council convened in October 2014, we have witnessed dramatic changes:

- increased changes in the geopolitical landscape
- lower oil prices
- a weaker and less reliable economic growth

In light of the ever changing conditions, the Arctic Business Council 2015 summit set out to identify high impact initiatives and possible collaborations to forward the action within the three recommended focus areas: regulatory framework, infrastructure and public image.

32 participants representing multiple stakeholders across businesses and geographies worked collaboratively to cut through layers of complexity in order to prepare the ground for safe and sustainable operations in the Arctic.

Espen Barth Eide, Managing Director at the World Economic Forum, and Paul Holthus, President and CEO of the World Ocean Council, generously shared their knowledge, experiences and insights to challenge and broaden the perspectives.

Through sharing and using the collective competence and experiences in the room, the participants identified a number of concrete, high impact initiatives that would forward intentions and discussions into actions and results.
From talk to action

Identifying high impact initiatives and possible collaborations to forward the action within the regulatory framework, infrastructure and public image.
Key messages from the summit

The business community needs to be organized and take the lead on preparing the ground for safe and sustainable operations in the Arctic, independent of complementing governmental and intergovernmental initiatives and processes. The businesses must show that they can be leaders in the responsible development of the Arctic.

In times of changing and challenging geopolitical landscapes, the Arctic Business Council could fill a non-political role in convening stakeholders across political and geographical interests to forward the dialogue, actions and collaborations of what is needed and how it should be done.

Despite the fact that the responsible development of the Arctic should be a collaborative effort with all stakeholders represented in the process, there might be a need for first movers to pave the way for others to follow. With the present geopolitical situation with conflicting strategic interests, a collective approach might hamper the process.
Financing often seems to be a constraint, but good ideas and initiatives have a tendency to bootstrap their way forward. The Arctic Business Council should establish initiatives with likeminded peers and organizations, like the World Economic Forum, the World Ocean Council, and the Arctic Council, to make things happen. Where there is a value to the initiative, the resources come into being to get the right and necessary things done.

### Concrete projects from the Arctic Business Council summit

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In teams, deepening the insights and forwarding the action.
From talk to action
Chapter 4

Perspectives
Chapter 4

Perspectives

Hand drawn scribe from Sturla Henniksen’s introduction and Espen Barth Eides presentation of perspectives
WHAT’S HAPPENING IN THE ARCTIC?

Opportunities

Challenges

WHAT ARE THE ISSUES?

GLOBAL AGENDA COUNCIL

CREATE THE FRAMEWORK TO INSPIRE

HOW TO DO IT IN A SUSTAINABLE WAY?

SET THE RIGHT STANDARDS

WHERE HAS ALWAYS BEEN BUSINESS IN THE ARCTIC...

PERSPECTIVES
Perspectives from Paul Holthus on leadership and collaboration in the Arctic.
A GOOD DIALOGUE BETWEEN THE SECTORS AND THE REST OF THE WORLD...

BUSINESS LEADERSHIP FOR THE ARCTIC

A SUSTAINABLE ACCESS TO RESOURCES

A BUSINESS OPPORTUNITY

EVOLUTION DEVELOPMENT

WHAT ARE THE BUSINESS ISSUES?

BE PART OF THE RIGHT DISCUSSIONS

INDUSTRIES

SAFETY!

SHIPPING

FISHING

OCEAN
Chapter 5

Projects and Initiatives
The Arctic Business Council 2015 summit concluded with and committed to a number of concrete collaborations to forward the action, based on the identified high impact initiatives and corresponding tasks and key players. These initiatives and projects – all from the three focus areas: Regulatory framework, Infrastructure and Public Image – are divided into eight strategic areas: Common best practices, Knowledge sharing, Emergency preparedness, Community engagement, Perception of the Arctic, Investment vehicle, Stakeholder engagement and Data access.
Common best practices

**Recommended initiatives**

**Develop circumpolar multi-industry principles and best practices for responsible Arctic industry**

**Tasks**
- Compile state of art principles and best practices from different sectors and countries
- Extract common components
- Develop principles - engage industry participation

**Communication, navigation, meteorology**

**Tasks**
- Establish broadband communication – infrastructure
- Offshore, defense, aviation etc.
- One standard for all
- Studies to action

**Key players**
- Funding
  - Governmental bodies (defense/civil)
- Providers:
  - Inmarsat
  - Telenor

**Concrete projects**

**Establishing circumpolar common principles and best practices**

The World Ocean Council invited the Arctic Business Council to a joint collaboration to form a direct effort around the development of a set of common principles and best practices on a circumpolar multi-industry scale, including data collection.

**Developing efficient and sustainable logistics solutions**

Centre for High North Logistics is focusing on creating and developing efficient and sustainable logistic solutions for the High North. It was pointed out that their activities fit quite well with some of the initiatives identified by the Arctic Business Council. One of the Arctic Business Council members committed to make the link for collaborations.
Knowledge sharing

**Recommended initiatives**

**Arctic data collection:**
Smart Ocean - Smart Industry

Tasks
- Develop science - industry collaboration
- Ensure data is used for management, stakeholder engagement, etc.

Cooperate with Shell and ExxonMobil (Alaska) projects

Tasks
- Invite Royal Dutch Shell and ExxonMobil to Arctic Business Council, in order to learn from their experience on how to develop an infrastructure
- Will enable us to develop joint infrastructure projects

**Key players**
- Arctic Business Council

Create “user groups” for pooling and sharing, cross industry

**Tasks**
- Define networks and establish contact points

**Key players**
- Arctic Business Council
- The Federation of Norwegian Industries
- Fishing industry
- Others

**Concrete projects**

Arctic Business Council invites Shell and ExxonMobil to participate in the Arctic Business Council 2016 summit.
Emergency preparedness

**Recommended initiatives**

**Search and Rescue systems, SAR – “Safety at Sea”**

**Safety for**
- People
- Environment
- Assets

**Tasks**
- Implementing actions from SARiNOR project – a national Norwegian ongoing project doing a gap analysis on safety efforts in the Arctic
- Safety infrastructure
- Oil contingency depots
- SAR depots
- Ensure coordination across Arctic countries
- One standard

**Key players**
- Funding and implementation
  - Governmental bodies (defense/civil)
  - Oil and gas operators
  - Vessel owners
  - Arctic Business Council
  - Arctic Council
  - Arctic Economic Council

**Concrete projects**

**Preventing loss**

Accidents in the Arctic are far more costly than working to preventing them. Representatives from the insurance business offered to take responsibility for and contribute to a set of common advice and standards for loss prevention in the Arctic.

**Collaborating on search and rescue**

SARiNOR is a collaboration on search and rescue in the high north that is already substantially funded by community and government. The first step is addressing search and rescue for humans, next step includes the environment, and then assets. This initiative is something that the Arctic Business Council can contribute to carrying forward, and the commitment to establishing the connections were made in the Arctic Business Council 2015 summit.
Community engagement

Recommended initiatives

Create win-win between industry and local communities

Tasks
• Support local communities with skills
• Create win-win cases
• Communicate these success stories

Key players
• Local communities
• Arctic Council as driver
• Private companies

Concrete projects

Engaging with the Svalbard community

Businesses already operating in the Arctic constitute an infrastructure which can be used more efficiently. Svalbard has a key position in the Arctic, and like other countries Norway is cautious to maintain their territorial claim. There is currently a window of opportunity to get funding for infrastructure projects which would benefit all actors in the Arctic. Members of the Arctic Business Council will join efforts to connect and engage with the Svalbard community to forward the action.

WEF GACA – Business community engagement

The Arctic Business initiative is bridged with the World Economic Forum’s Global Agenda Council on the Arctic. One of three work streams, Business Community Engagement, aims at engaging, educating and committing the business community to a sustainable development of the Arctic, as well as liaising with other relevant stakeholders.

This work stream will be important for the Arctic Business Council to collaborate with.
Perception of the Arctic

Recommended initiatives

Communication and educational campaign

Tasks
- Define what Arctic is and communicate that to the public
- Showcase how collaboration of businesses, communities and public sector develop local communities
- Communicate what Arctic standards the industry actually is working according to
- Communicate how the local communities want to develop and how that may be supported by investments in the area

Concrete projects

Focusing on responsible development in the Arctic for the next 50 years

The Arctic Business Council will seek collaboration with the Norwegian Oil and Gas Association in a joint effort to focus on responsible development of the Arctic for the next 50 years. This will be one of the initiatives during the Norwegian Oil and Gas Association’s celebration of the 50th anniversary of well drilling on the Norwegian continental shelf.

Key players
- Arctic Council
- IMO
- Industries and local communities
Investment vehicle

Recommended initiatives

“Arctic Clearing House”
- Satellite communication
- Common solutions
- Data management and distribution
- Open source sharing platform

Tasks
- Define host role and project (JIP - joint investment program)

Key players
- Arctic Business Council
- Norwegian authorities
- Business community in Svalbard

Arctic Investment Vehicle covering the region

Tasks
- Act as a catalyst to make infrastructure investments possible
- Guarantee a responsible behavior
- Transborder projects is key
- Ensure predictability - without it, no one will invest
- Mutuality – sharing risks between parties
- Private - funding
- Government – guarantees, securing that funding

Key players
- Governmental bodies - Priorities, timing, finance
- Business - Priorities, timing, finance
- Finance community - Priorities, timing, finance
- Arctic Council - Priorities, timing, finance - Create urgency
- Arctic Economic Council - Create urgency
- Arctic Business Council - Create urgency

Concrete projects

WEF GACA – Investment protocol work stream

The Arctic Business initiative is bridged with the World Economic Forum’s Global Agenda Council on the Arctic. One of three work streams, Arctic Investment Protocol, aims at matching the high demand from long term, patient capital with the urgent need for investments in the Arctic, particularly in infrastructure. This work stream will be important for the Arctic Business Council to collaborate with.
Stakeholder engagement

**Recommended initiatives**

**Form workgroup representing all stakeholders**

**Tasks**
- Gather information through experts and institutions
- Digest and value information in collaboration with appropriate authorities
- Ensure that the wording of regulations are specific, succinct and unambiguous

**Concrete projects**

No concrete projects during the Arctic Business Council 2015 summit but the stakeholder engagement in itself, during the session, was high.

**Key players**
Combining practical experience with experts:
- Scientists
- Statisticians
- Lawyers
- Experienced operators
- Politicians, to approve the suggestion for regulations, not to develop them
## Data access

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**Tasks**
- Gap analysis
- Develop telecom in support of search and rescue

Data collection and communication were recurring themes during the Arctic Business Council 2015 summit. One of the key success factors identified was ensuring access to real time data through satellite capacity. KONGSBERG offered to make the connection with external partners in order to take the first step towards making it happen.
Projects and initiatives
Summing up the session
Projects and initiatives

The industry has the responsibility...

From inspirational to actionable impact...

Take the initiatives forward...

Check-in make it happen!

Norwegian government to fund infrastructure projects everybody would benefit from...

Good ideas usually move forward...

Partnerships

Oil & Gas Association

Prevention Standards

Satellites Data

Ocean Council

Non-profit CHNL

Global Agenda Council

Arctic Investment Program

Securing values

Social rescue

Environment
Chapter 6

Next steps
Moving from talk to actions, Arctic Business Council recommends focusing on the following initiatives, derived from the eight strategic areas:

• Develop circumpolar multi-industry principles and best practices for responsible Arctic industry
• Develop telecom capacity, standards and protocols
• Develop science-industry collaboration for Arctic data collection
• Establish collaborative efforts with track-record companies – learn from successful projects
• Create “user groups” for pooling and sharing, cross industry
• Search and Rescue systems, SAR – “Safety at Sea”
• Create win-win between industry and local communities
• Communication and educational campaign
• Team up with other activities and events to establish a common front on “communicating the Arctic”
• Arctic countries to host “Arctic Clearing House”
• Arctic Investment Vehicle covering the region
• Form workgroup representing all stakeholders
Next steps
Arctic Business Secretariat will follow up the work to make sure none of the initiatives comes to nothing, even if not all of them directly were followed up with a concrete project during the Arctic Business Council 2015 summit.

The projects will report back during the Arctic Business Council 2016 summit.

The Secretariat will coordinate the concrete projects with the project leads to ensure progression and synergy:

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In addition, the Arctic Business Secretariat will work to include other influential Arctic industries, such as seafood, mining, tourism and marine bioprospecting in the Arctic Business initiative.

Russia carries a substantial part of the Arctic and Russian industry has an important role in the development of the Arctic areas. The Arctic Business Secretariat will work to motivate Russian business leaders to participate in the Arctic Business Council 2016 summit.
Next steps

Tearing out the elephants - the essential themes