

## José Sérgio Gabrielli de Azevedo

**P**rofessor José Sérgio Gabrielli de Azevedo is a principal on leave from the Federal University of Bahia (UFBA). He was Financial Director and Investor Relations Director of PETROBRAS from 1 February 2003 to 22 July 2005, when he assumed the company Presidency. During that period PETROBRAS achieved, among other awards, the Transparency Trophy 2004, as the most transparent company in Brazil, conferred by the National Association of Finance, Administration and Accounting Executives (Anefac) and the International Stevie Business Awards 2005, as “Best Company in Latin America”.

Gabrielli is a graduate in Economics from UFBA and obtained his PhD in Economics from Boston University. In UFBA, he was Acting-Director of Research and Post Graduation, Director of the Economic Science Faculty and Coordinator of the Masters in Economics. He is the author of several articles and books on productive restructuring, the employment market, macroeconomics and regional development.

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**ISO Focus:** Your predecessor recently attended the Forbes seminar in Sao Paulo, Brazil, on “Gaining a competitive edge in a changing world” where he spoke on how Brazil can successfully compete for markets and investors. Can you explain how PETROBRAS contributes toward the development of the country – of Latin America – and of the global economy?

**José Sérgio Gabrielli de Azevedo:** PETROBRAS has been breaking oil production records, having reached 1 755 million barrels per day. The great-

er part of this production is offshore, with a good part coming from deep and ultra-deep waters, to 3 000 m.

Another important focus of the undertakings has been the network of oil and gas pipelines, which extend throughout Brazil and other countries in Latin America.

To implement these projects PETROBRAS has developed new technologies and management methodologies that contribute to the technical and economic development of Brazil and other countries in Latin America, in addition to that of international suppliers of goods and services.

The emphasis we have given to the fabrication of equipment within Brazil has led to a series of partnerships between Brazilian industry and important international manufacturers.

**ISO Focus:** PETROBRAS celebrated its 50<sup>th</sup> anniversary not only as one of the world’s largest oil companies, but also as a company known for its concern for the environment. Could you describe your policy and, in particular, the use made of ISO 14001:2004 and what concrete benefits it has brought your company?

**José Sérgio Gabrielli de Azevedo:** PETROBRAS has demonstrated a responsible environmental performance, through control of the impact of its activities, products and services on the environment, in line with its corporate goals and policies. PETROBRAS acts within a context of increasingly demanding legislation, of developing economic policies, other measures with a view to adopting protection of the environment and growing concern expressed by interested parties in relation to questions of environment, social responsibility and sustainable development.

PETROBRAS is one of the largest oil companies in the world and the only one in Brazil to have all of its business units within the country, and some abroad, certified to ISO 14001 (environment) and BS 8800/OHSAS 18001 (health and safety at work).

In its Health, Safety and Environment (HSE) policy, PETROBRAS has confirmed its commitment to education, training and the commitment of the *employees* to questions of HSE; the recording and treatment of HSE questions; operations to promote health, and the protection of people and the environment, making process safety equal to the best world practices; the sustainability of projects, undertakings and products throughout their useful lives, considering the impacts and benefits in economic, environmental and social senses; and the eco-efficiency of operations and products minimizing the negative impacts inherent in the industry's activities.



Drilling-ship NS24 operating in the Marlim Sul field in the Campos Basin.

In developing its HSE Policy, PETROBRAS established 15 corporate directives, from leadership and responsibility, through change management, to a continuous improvement process. Taken together, these directives represent a significant advance in the consolidation of a new management model in PETROBRAS, which has the mis-



Testing a riser-sustaining buoy in the test tank in the oceanic technology laboratory.

sion of operating safely and profitably, with social and environmental responsibility, in the oil, gas and energy industry activities in domestic and international markets, supplying products and services to meet customers' necessities while contributing to the development of Brazil and the countries where it operates.

PETROBRAS is also pledged to reach safety standards that place it level with the best oil and gas companies in the world. To guarantee these standards, the Programme for Excellence in Environmental and Operational Safety Management (PEGASO) has been implemented since April 2000. This programme has redirected the company's management of HSE by investing around eight billion Brazilian Real up to December 2004 - the largest amount invested in this area by any oil company in the world. It is an authentic revolution, never attempted before by a Brazilian company. This revolution is permanent, to continue strengthening the relationship of the company with society and its concern with safety and defence of the environment.

Within this scenario, adherence to technical standards in PETROBRAS is carried on as part of the company's corporate strategy. It is fundamental for technological development and competitive success in all our markets, meeting quality, safety, environmental and health requirements.

On celebrating 50 years, PETROBRAS reconfirmed its commitment to all of its direct and sub-contracted employees, when the search for excellence in HSE was incorporated into the corporate strategy.

**ISO Focus:** *At what point did you realize that the ISO technical specification for implementing ISO 9001-based quality management systems (ISO/TS 29001) could be used to meet your corporate objectives? To what extent is ISO/TS 29001 being used by the Brazilian oil and gas industry and its subcontractors?*

**José Sérgio Gabrielli de Azevedo:** The oil, petrochemical and natural gas area is one of the sectors with the highest exposure to risk. The suppliers of products and services are extremely diverse, coming from all around the world and having differing cultures. The installations handle highly dangerous fluids in a wide variety of processes with different volumes, temperatures and pressures. Failures in these installations could bring catastrophic consequences in terms of human life, material loss, loss of production and extensive environmental damage. Such failures would be considered unacceptable. For this reason, PETROBRAS has demanded a high degree of personal safety standards, environmental protection and operational continuity. The technical specification ISO/TS 29001 satisfies these necessities by contributing to the implementation of a quality management system that maintains continuous improvement, emphasizing the prevention of defects and a reduction in variability and costs in the supply chain of goods and services. Thus, it should prove of great help to PETROBRAS in



Merluza 1 platform operating in the Santos Basin.

## Guest View

reaching one of its prime corporate objectives – to operate safely and profitably in the oil, gas and energy industry.

The Brazilian oil, petrochemical and natural gas companies, together with their sub-contractors have still not begun to utilize ISO/TS 29001 effectively.

**ISO Focus:** *PETROBRAS is a world leader in deep-sea exploration for oil production. The company was awarded the Offshore Technology Conference prize in 1992 and 2002, the most important award in the sector. Can you explain how standards for deepwater and ultra-deepwater technology are helping PETROBRAS? What additional international standards are needed?*



People working in the geochemical laboratory of the Leopoldo A. Miguez de Mello Research and Development Center (Cenpes).

**José Sérgio Gabrielli de Azevedo:** The International Standards referring to technology in deep or ultra-deep waters and International Standards for oil, gas and energy as a whole, help PETROBRAS by consolidating knowledge, technological gains and cost reductions for the company. All these translate into substantial competitive advantages for the company.

Additional standards are necessary for safety in operations of drilling, completion and production of oil at sea. In a meeting of ISO/TC 67/SC 4, held in May this year in Italy, PETROBRAS presented its internal technical standards on well safety in drilling, completion and production at sea, translated into English so that, together with other



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documents on the topic generated by other entities, they could contribute to the preparation of an ISO document on this subject.

**ISO Focus:** *In 2004, PETROBRAS became a member of the UN Global Compact – one of the most important projects on (corporate) social responsibility in the world. What is, in your view, the business case for investing in socially responsible actions that may not be immediately beneficial to productivity or the bottom line or economic success in a competitive market? What added value would you see in the International Standard giving guidelines on social responsibility being developed by ISO, in which Brazil is taking an active part? (cf. ISO 26000)*

**José Sérgio Gabrielli de Azevedo:** PETROBRAS has always cared about the impact caused to the communities surrounding its production units, and is therefore seeking to operate responsibly, by offering these communities improvements in their quality of life by building and refurbishing schools, hospitals, and public places in addition to environmental preservation campaigns. At first sight this may appear to be an investment with no return, but certainly when a consumer fills the fuel tank of his car, he will remember that part of the money paid for the fuel will go towards the social responsibility programme of the company.

In relation to the coming International Standard (ISO 26000) on social responsibility, if a certification based on the directives of the standard were to be created, it would certainly make it easier for the customer to opt for the products of a company which not only worries about financial success but also considers the improvement in the quality of

life of the population affected by its activities.

**ISO Focus:** *The next 10 years will bring changes to the oil and gas industry as dramatic as any decade in history. What standards would you like to see coming out of ISO to help you face the challenge?*

**José Sérgio Gabrielli de Azevedo:** The PETROBRAS Commission for technical standards – CONTEC, has operated for almost 40 years and has accumulated a collection of 916 PETROBRAS standards in Portuguese, 230 in English and 52 in Spanish, which meet the present challenges in terms of technology and economy, and are considered adequate for future necessities.

Meanwhile, we are operating increasingly with ISO and IEC, because it is in our interest to participate in international standards work, with the objective of establishing technical requirements of interest to PETROBRAS and with ease of acceptance by the international market. With this aim, we are going to take the PETROBRAS technical standards on subsea operations, where we have extensive experience, to serve as a base for the preparation of proposed ISO standards.

Other standards that we would like to see published by ISO over the coming years include those of the American Petroleum Institute (API), already used internationally and capable of transformation to ISO standards with few modifications, and similarly those of the European Committee for Standardization (CEN) in the oil area. Such transformations will facilitate substantially the global supply of material and equipment, with consequent savings for the oil companies.

All the standards mentioned above represent the most recent technology from the oil industry and will serve as the basis for the development of new standards that will face the challenges of the next 10 years, especially in the area of subsea exploration in deep and ultra-deep waters. ■

*Editor's note:* ISO has stated that the future ISO 26000 will give voluntary guidance on social responsibility, not requirements, and will not be for certification.