INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES

Perenco Ecuador Limited

v.

Republic of Ecuador

(ICSID Case No. ARB/08/06) Annulment Proceeding

PROCEDURAL ORDER NO. 1

Members of the ad hoc Committee

Professor Eduardo Zuleta, President of the *ad hoc* Committee Professor Rolf Knieper, Member of the *ad hoc* Committee Professor Mónica Pinto, Member of the *ad hoc* Committee

Secretary of the ad hoc Committee
Ms. Veronica Lavista

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Introduction

The first session of the *ad hoc* Committee ("Committee") was held on January 13, 2020, at 9:00 a.m., in Washington D.C. The session was adjourned at 3:30 p.m.

An audio recording and transcript of the session was made and deposited in the archives of ICSID. The recording and transcript were distributed to the Members of the Committee and the parties.

The meeting was attended by:

Members of the *ad hoc* Committee:

Prof. Eduardo Zuleta, President of the ad hoc Committee

Prof. Rolf Knieper, Member of the ad hoc Committee

Prof. Mónica Pinto, Member of the ad hoc Committee

ICSID Secretariat:

Ms. Veronica Lavista, Secretary of the ad hoc Committee

Participating on behalf of Perenco Ecuador Limited ("Claimant"):

Mr. Jonathan Parr, Perenco Group General Counsel

Ms. Josselyn Briceño de Luise, Perenco Latin America Legal Advisor

Mr. Mark W. Friedman, Partner at Debevoise & Plimpton

Ms. Ina C. Popova, Partner at Debevoise & Plimpton

Ms. Laura Sinisterra, Associate at Debevoise & Plimpton

Mr. Gregory A. Senn, Litigation Case Manager at Debevoise & Plimpton

Mr. James Haase, Immersion Legal

Participating on behalf of the Republic of Ecuador ("Applicant" or "Respondent"):

Dr. Iñigo Salvador Crespo, Procurador General del Estado de la República del Ecuador

Dra. Claudia Salgado Levy, Directora Nacional de Asuntos Internacionales, Procuraduría General del Estado de la República del Ecuador

Mr. Eduardo Silva Romero, Partner at Dechert

Mr. José Manuel Garcia Represa, Partner at Dechert

Ms. Gabriela Gonzalez-Giraldez, Associate at Dechert

Ms. Ruxandra Esanu, Associate at Dechert

Mr. Amir Farhadi, Associate at Dechert

The Committee and the parties considered the following:

- The Draft Agenda circulated by the Secretary of the Committee on December 3, 2019;
- The Draft Procedural Order circulated by the Secretary of the Committee on December 3, 2019; and

- The parties' comments on the Draft Agenda and the Draft Procedural Order received on January 6, 2020, indicating the items on which they agreed and their respective positions regarding the items on which they did not agree.
- Comments from the Parties during the first session.

Following the session, the Committee now issues the present Order:

Order

Pursuant to ICSID Arbitration Rules 19, 20, and 53, this first Procedural Order sets out the Procedural Rules that the parties have agreed and the Committee has determined shall govern this annulment proceeding. The timetable is attached as **Annex A**.

1. Applicable Arbitration Rules

Convention Article 44 and Arbitration Rule 53

1.1. These proceedings are conducted in accordance with the ICSID Arbitration Rules in force as of April 2006. In accordance with Arbitration Rule 53, the Arbitration Rules apply, *mutatis mutandis*, to annulment proceedings.

2. <u>Constitution of the Committee and the Committee Members' Declarations</u> *Convention Article 52(3); Arbitration Rules 6 and 52*

- 2.1. The Committee was constituted on November 18, 2019 in accordance with the ICSID Convention and the ICSID Arbitration Rules. The parties confirmed that the Committee was properly constituted and that as of the date of this procedural order no party has any objection to the appointment of any Member of the Committee.
- 2.2. The Members of the Committee timely submitted their signed declarations in accordance with ICSID Arbitration Rule 6(2). Copies of these declarations were distributed to the parties by the ICSID Secretariat on November 18, 2019.
- 2.3. The Members of the Committee confirmed that they have sufficient availability during the next 12-24 months to dedicate to this case.

3. Fees and Expenses of the Committee Members

Convention Article 60; Administrative and Financial Regulation 14; ICSID Schedule of Fees

3.1. The fees and expenses of each Member of the Committee shall be determined and paid in accordance with the ICSID Schedule of Fees and the Memorandum on Fees and Expenses of ICSID Arbitrators in force at the time the fees and expenses are incurred.

- 3.2. Under the current Schedule of Fees, each Member of the Committee receives:
 - (i) US\$3,000 for each day of meetings or each eight hours of other work performed in connection with the proceedings or *pro rata*; and
 - (ii) subsistence allowances, reimbursement of travel, and other expenses pursuant to ICSID Administrative and Financial Regulation 14.
- 3.3. Each Member of the Committee shall submit his claims for fees and expenses to the ICSID Secretariat on a quarterly basis.
- 3.4. Non-refundable expenses incurred by the Members of the Committee in connection with a hearing as a result of a postponement or cancellation of the hearing shall be reimbursed.

4. Presence and Quorum

Arbitration Rules 14(2) and 20(1)(a)

4.1. Subject to §§6.3 and 6.4 below, the presence of all Members of the Committee constitutes a quorum for its sittings, including by any appropriate means of communication.

5. Rulings of the Committee

Convention Article 48(1); Arbitration Rules 16, 19 and 20

- 5.1. Decisions of the Committee shall be taken by a majority of the Members of the Committee.
- 5.2. ICSID Arbitration Rule 16(2) applies to decisions taken by correspondence except that where the matter is urgent, the President may decide procedural matters without consulting the other Members, subject to possible reconsideration of such decision by the full Committee.
- 5.3. The Committee will draft all rulings, including its final decision, within a reasonable time period. If a ruling on the stay of enforcement of the Award has not been issued by February 17, 2020, the Committee will provide the parties with status updates every week. If a ruling on the annulment of the Award has not been issued within three months after the latest of the Hearing on Annulment or the Post Hearing Briefs (if any), the Committee will provide the parties with status updates every month.
- 5.4. The President is authorized to issue Procedural Orders on behalf of the Committee.
- 5.5. Procedural rulings shall be made after the parties have been afforded an adequate opportunity to present their views in relation thereto.

5.6. The Committee's rulings on procedural matters may be communicated to the parties by the Secretary of the Committee in the form of a letter or email.

6. <u>Power to Fix Time Limits</u>

Arbitration Rule 26(1)

- 6.1. The time limits set forth in **Annex A** shall govern this proceeding.
- 6.2. Short extensions of time may be agreed between the parties as long as (i) they do not materially affect the overall schedule of the procedure as set out in **Annex A** and (ii) the Committee is informed.
- 6.3. The President may fix and extend time limits for the completion of the various steps in the proceeding.
- 6.4. In exercising this power, the President shall consult with the other Members of the Committee. If the matter is urgent, the President may fix or extend time limits without consulting the other Members, subject to possible reconsideration of such decision by the full Committee.

7. Secretary of the Committee

Administrative and Financial Regulation 25

- 7.1. The Secretary of the Committee is Ms. Veronica Lavista, Legal Counsel, ICSID, or such other person as ICSID may notify the Committee and the parties from time to time.
- 7.2. To send copies of communications by email, mail, and courier/parcel deliveries to the ICSID Secretariat, the contact details are:

Ms. Veronica Lavista ICSID MSN C3-300 1818 H Street, N.W. Washington, D.C. 20433 USA

Tel.: + 1 (202) 458-8887 Fax: + 1 (202) 522-2615

Email: vlavista@worldbank.org

Paralegal email: jargueta@worldbank.org

7.3. For local messenger deliveries, the contact details are:

Ms. Veronica Lavista ICSID

1225 Connecticut Ave. N.W. (World Bank C Building) 3rd Floor Washington, D.C. 20036 USA Tel. 202-458-1534

8. Representation of the Parties

Arbitration Rule 18

8.1. Each party shall be represented by its respective counsel (below) and may designate additional agents, counsel, or advocates by notifying the Secretary of the Committee promptly of such designation.

For Perenco Ecuador Limited: For the Republic of Ecuador:

Perenco Ecuador Limited Republic of Ecuador

c/o Mr. Jonathan Parr c/o Dr. Íñigo Salvador Crespo Ms. Josselyn Briceño de Luise Dra. Claudia Salgado Levy Perenco Ecuador Limited Dra. Ma Nazaret Ramos

Lyford Manor Dra. Diana Moya

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dmoya@pge.gob.ec

Mr. Mark W. Friedman and

Dr. Eduardo Silva Romero Ms. Ina C. Popova Ms. Laura Sinisterra Mr. José Manuel García Represa

Ms. Sarah Lee Ms. Audrey Caminades

Ms. Gabriela González Giráldez Ms. Moeun Cha

Debevoise & Plimpton Ms. Raphaelle Legru 919 Third Avenue Dechert (Paris) LLP New York, NY 10022 32, rue de Monceau

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audrey.caminades@dechert.com lsinisterra@debevoise.com AllPerencoAnnulment@dechert.com

and

Professor Pierre Mayer 20, rue des Pyramides

slee1@debevoise.com mcha@debevoise.com 75001, Paris France

Tel.: +33.1.85.09.01.58

Email: mayer@pierremayer.com

8.2. Perenco Ecuador Limited will be designated as the Claimant and the Republic of Ecuador will be designated as the Respondent, as in the original arbitration proceeding. The party that filed the Application for Annulment, the Republic of Ecuador, may also be referred to as the Applicant.

9. Apportionment of Costs and Advance Payments to ICSID

Convention Article 61(2); Administrative and Financial Regulation 14; Arbitration Rule 28

- 9.1. In accordance with Administrative and Financial Regulation 14(3)(e), the Applicant shall be solely responsible for making the advance payments requested by the ICSID Secretariat to cover the costs following the Committee's constitution. This is without prejudice to the Committee's final decision as to the allocation of costs.
- 9.2. By letter of November 19, 2019, the Centre requested the Applicant to make an advance payment of US\$ 250,000, to cover the initial costs of the proceeding. The Centre received the Applicant's payment on December 2, 2019.
- 9.3. ICSID shall request the Applicant further advances as needed. Such requests shall be accompanied by a detailed interim statement of account. The final financial statement will include a breakdown of each member of the Committee's fees and expenses.

10. Place of Proceeding

Convention Articles 62 and 63; Administrative and Financial Regulation 26; Arbitration Rule 13(3)

- 10.1. Washington, D.C. shall be the place of the proceeding.
- 10.2. The Committee may hold hearings at any other place that it considers appropriate if the parties so agree.
- 10.3. The Committee may deliberate at any place it considers convenient.

11. Procedural Language, Translation and Interpretation

Administrative and Financial Regulation 30(3) and (4); Arbitration Rules 20(1)(b) and 22

11.1. English and Spanish are the procedural languages of the arbitration.

- 11.2. Routine, administrative, or procedural correspondence addressed to or sent by the ICSID Secretariat may be in English only.
- 11.3. Any written requests, applications, pleadings or accompanying documentation may be submitted in either procedural language.
- 11.4. The Committee may require that a party translate any document in whole or in part.
- 11.5. Translations need not be certified unless there is a dispute as to the translation provided and the party disputing the translation specifically requests a certified version.
- 11.6. The costs of the interpreter(s) will be paid from the advance payments made by the parties, without prejudice to the decision of the Committee as to which party shall ultimately bear those costs.
- 11.7. The Committee shall issue the Decision on the Stay and the Decision on Annulment in English, with no translation into any other language.
- 11.8. The Committee will initially make any order or decision, other than the ones mentioned in 11.7, in English and subsequently issue that order or decision in Spanish. Any term will be counted as from the English version.

12. Routing of Communications

Administrative and Financial Regulation 24

- 12.1. The ICSID Secretariat shall be the channel of written communications between the parties and the Committee.
- 12.2. Each party's written communications shall be transmitted by email or other electronic means to the opposing party and to the Committee Secretary, who shall send them to the Committee.
- 12.3. Electronic versions of communications ordered by the Committee to be filed simultaneously shall be transmitted to the Committee Secretary only, who shall send them to the opposing party and the Committee.
- 12.4. The Committee Secretary shall not be copied on direct communications between the parties when such communications are not intended to be transmitted to the Committee.

13. Number of Copies and Method of Filing of Parties' Pleadings Administrative and Financial Regulation 30; Arbitration Rules 20(1)(d), 23 and 53

13.1. By the relevant filing date, the parties shall:

- (i) submit by email to the Committee Secretary and the opposing party an electronic version of the pleading with an index of all the supporting documentation and legal authorities attached to the pleading, ¹ and
- (ii) within three business days upload the pleading with all the supporting documentation and legal authorities and the corresponding updated index to the file sharing platform that will be created by ICSID for purposes of this case.
- 13.2. Within five business days following the electronic filing, the parties shall courier to the <u>Committee Secretary</u>:
 - 13.2.1. One unbound hard copy in A4/Letter format² of the entire submission (but not including legal authorities) and an updated index.
 - 13.2.2. Two USB drives with full copies of the entire submission, including the pleading, supporting documentation, legal authorities; and an updated hyperlinked index of all supporting documents.
- 13.3. Also within five business days following the electronic filing, the parties shall courier to the Members of the *ad hoc* Committee, at the addresses indicated at §13.7 below:
 - 13.3.1. to **Prof. Knieper**, one hard copy in A4 format of the principal submission, and one USB drive, with a full copy of the entire submission, including the pleading with all the supporting documentation, and an updated index of all the supporting documentation.
 - 13.3.2. No hard copies or USB Drives to **Prof. Pinto** and **Prof. Zuleta** unless either one so requests.
- 13.4. Electronic versions of submissions shall be text searchable (i.e., OCR PDF or Word).
- 13.5. Pleadings shall be accompanied by an updated index in the format proposed at **Annex B**.
- 13.6. At the conclusion of the written phase of the proceeding, on a date to be determined by the Committee, or at any other time if the Committee or the Secretariat so requests, the parties shall courier to the ICSID Secretariat and to Professor Zuleta and Professor Knieper a USB drive containing an electronic copy of the entire case file (including pleadings, exhibits, and legal authorities) with a consolidated index of all documents and legal authorities.
- 13.7. The addresses of the Committee Members are as follows:

¹ Please note that the World Bank server does not accept emails larger than 25 MB.

² The A4/Letter format is required for ICSID's archiving.

Prof. Eduardo Zuleta

Jaramillo

Zuleta Abogados

Asociados

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302

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Prof. Rolf Knieper c/o Atelier Correia 7, place de la République

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France

Tel.: +33 3 80643853

Prof. Mónica Pinto

Avenida Santa Fe 4860 - 3

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Capital Federal C1425BHX, Argentina

Tel.: +54 911 59 96 98 21

13.8. The official date of receipt of a pleading or communication shall be the day on which the electronic version is submitted to the Secretary of the Committee.

14. Schedule, Number and Sequence of Pleadings

Arbitration Rules 20(1)(c), 29, 31 and 53

14.1. The schedule is attached as **Annex A**.

15. Evidence: Supporting Documentation

Convention Article 44; Administrative and Financial Regulation 30; Arbitration Rule 24

- 15.1. In their respective Memorial and Counter-Memorial, the Parties shall set out in detail their full case.
- 15.2. The Memorial and Counter-Memorial shall be accompanied by the documentary evidence relied upon by the parties, including exhibits and legal authorities. Further documentary evidence relied upon by the parties in rebuttal shall be submitted with the Reply and Rejoinder.
- 15.3. Given the nature of an annulment proceeding, the Committee expects that the parties will primarily refer to the evidentiary record of the arbitral proceeding and it does not expect to receive new witness statements or expert reports.
- 15.4. In principle, no new evidence shall be admitted in this proceeding. Should either party wish to introduce new documents or other evidence, other than legal authorities, that party shall file a request to the Committee to that effect. The requesting party may not annex such evidence to the request, nor may it quote or paraphrase it. It will provide no further information about the document than is required to identify it (e.g., "The evidence is a letter from X to Y dated X"). The Committee will promptly decide on the admissibility of these new documents and/or evidence after hearing from the other party. This provision 15.4 does not apply to the stay of enforcement phase of the proceedings.
- 15.5. If the Committee grants such an application for submission of an additional or responsive document, the Committee shall ensure that the other Party is (i) afforded

- sufficient opportunity to make its observations concerning such a document and (ii) allowed to submit evidence in rebuttal.
- 15.6. Any documents introduced as exhibits in this annulment proceeding shall be labelled with numbers and shall be organized in a clear order:
 - 15.4.1 For the purposes of numbering exhibits and legal authorities to be submitted in the annulment phase, Ecuador's exhibits shall be numbered with the reference "AAE-001" for factual exhibits and "AALA-001" for legal exhibits containing authorities, and Claimant's exhibits shall be numbered with the reference "CEA-001" for factual exhibits and "CAA-001" for legal exhibits containing authorities. With each submission each Party shall submit an updated consolidated Excel index in the format in attached **Annex B**. Exhibits and legal authorities already included in the evidentiary record of the arbitration proceeding shall be relabeled but include a reference to the same numbering as in the arbitration proceeding.
 - 15.4.2 If hard copies are provided, each exhibit shall have a divider with the exhibit identification number on the tab.
 - 15.4.3 Each party shall number the accompanying documentation consecutively throughout the entire annulment proceeding and shall number the paragraphs of each of its written pleadings.
 - 15.4.4 Duly certified copies of documents are not required unless the authenticity of the copy is contested, and the Committee deems the certification necessary.
- 15.7. The parties shall include all of the evidence on which they intend to rely with their written submissions.
- 15.8. Demonstrative exhibits (such as charts, tabulations, chronologies, or any other exhibits involving the manipulation of information from the evidentiary record, including if used in PowerPoint slides) may be used at any hearing, provided they contain no new evidence. For the avoidance of doubt, this obligation does not apply to purely argumentative PowerPoint slides, or slides containing only unmodified, enlarged, or highlighted copies of exhibits/legal authorities or excerpts of exhibits/legal authorities. Each party shall number its demonstrative exhibits consecutively and indicate on each demonstrative exhibit the number of the document(s) from which it is derived. The party submitting such exhibits shall provide them in electronic and hard copy to the other party, the Committee Members, the Secretary, the court reporter(s) and interpreter(s) at the hearing at a time to be decided at the pre-hearing organizational meeting.

16. <u>Pre-Hearing Organizational Meetings</u> *Arbitration Rule 13*

16.1. A pre-hearing organizational meeting shall be held at a date determined by the Committee after consultation with the parties by telephone between the Committee or its President, and the parties in order to resolve any outstanding procedural, administrative, and logistical matters in preparation for the hearing.

17. <u>Hearings</u>

Arbitration Rules 20(1)(e), 32 and 53

- 17.1. The oral procedure shall consist of oral arguments.
- 17.2. The hearing shall be held at a place to be determined in accordance with §10 above.
- 17.3. The hearing shall take place on January 12, 2021, with January 13, 2021 held in reserve.
- 17.4. The Members of the Committee shall reserve at least one day immediately after the hearing to determine the next steps and to hold deliberations.
- 17.5. Hearing time shall be allocated equally between the parties on a chess clock system.
- 17.6. All hearings, meetings and conferences shall be closed to the public.

18. Records of Hearings and Sessions

Arbitration Rules 13, 20(1)(g) and 53

- 18.1. Sound recordings shall be made of all hearings and sessions. The sound recordings shall be provided to the parties and the Committee Members.
- 18.2. Verbatim transcripts in the procedural languages shall be made of any hearing and session other than sessions on procedural issues. Unless otherwise agreed by the parties or ordered by the Committee, the verbatim transcripts shall be available in real-time using LiveNote or similar software and electronic transcripts shall be provided to the parties and the Committee on a same-day basis.
- 18.3. The parties shall agree on any corrections to the transcripts within ten business days of the latest date of receipt of the sound recordings and transcripts. The agreed corrections may be entered by the court reporter in the transcripts ("revised transcripts"). The Committee shall decide upon any disagreement between the parties, and any correction adopted by the Committee shall be entered by the court reporter in the revised transcripts.
- 18.4. All necessary arrangements for audio recordings and verbatim transcription shall be made by ICSID.

19. Post-Hearing Memorials and Statements of Costs

Convention Article 44; Arbitration Rule 28(2)

- 19.1. The parties and the Committee will discuss prior to or at the hearing whether it would be preferable to have post-hearing memorials in lieu of or in addition to oral closing arguments.
- 19.2. In consultation with the parties, the Committee shall determine the page limits and format for such post-hearing memorials, and may provide a non-exhaustive list of issues to be covered in post-hearing memorials.
- 19.3. The statements of costs shall be submitted on a date determined at the Hearing on Annulment.
- 19.4. The Committee shall inform the parties when it considers the proceedings to be closed. It shall at that time request the Parties to submit final statements of costs in accordance with ICSID Arbitration Rule 28(2) and the timetable attached as **Annex A**, without prejudice to submission of interim statements of costs before the closure of the proceedings if so ordered or agreed.

20. Publication of the Award and Confidentiality

Convention Article 48(5), Administrative and Financial Regulation 22, Arbitration Rule 48(4) and 53

20.1. The parties consent to ICSID publication of the decision on annulment and any order or decision issued in the present proceeding.

[SIGNATURE]

Prof. Eduardo Zuleta
President of the Committee
Date: January 16, 2020

Annex A – Procedural Calendar

Procedural Step	Ву	Date
Annulment Application	Republic of Ecuador	October 2, 2019
Opposition to the Request for Continuation of the Stay	Perenco Ecuador Limited	November 7, 2019
Reply to the Request for Continuation of the Stay	Republic of Ecuador	December 6, 2019
Rejoinder to the Request for Continuation of the Stay	Perenco Ecuador Limited	December 18, 2019
First Session and Hearing on Stay of Enforcement of the Award	All	January 13, 2020
Cost Schedules on Stay of Enforcement of the Award	Both Parties	TBD
Decision on Stay of Enforcement of the Award	Committee	See §5.3
Memorial on Annulment	Republic of Ecuador	April 16, 2020
Counter-Memorial on Annulment	Perenco Ecuador Limited	July 16, 2020
Reply on Annulment	Republic of Ecuador	September 16, 2020
Rejoinder on Annulment	Perenco Ecuador Limited	November 16, 2020
Pre-Hearing Organizational Meeting	All	Week of December 14, 2020
Hearing on Annulment	All	January 12, 2021
Post-Hearing Submissions	Both Parties	TBD
Costs Submissions	Both Parties	TBD
Decision on Annulment	Committee	TBD

Annex B – Index of Exhibits and Legal Authorities

Separate Excel file