Human Rights and Ethics

in the oil and gas industry
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Background

Context

Since the Universal Declaration of Human Rights (UDHR) was developed 60 years ago, human rights have become a prominent topic on the international community’s agenda. With the rise of globalization, the focus on promoting human rights has expanded beyond national governments to non-governmental actors including transnational corporations. Corporations engage with many different stakeholders including customers, shareholders, the media, international finance institutions, governments and non-governmental organizations (NGOs) on their role to promote human rights.

Increasingly, concerns over corruption, human rights and labour issues can deter international corporations, especially in the oil and gas industry, from making foreign investments. These issues also pose huge economic, social and political risks that threaten existing operations.

International response

In response, there has been an increase in international initiatives to look at how business and human rights interact, such as the United Nations (UN) Global Compact. Sometimes the initiatives specifically focus on extractive industries, for example the Voluntary Principles on Security and Human Rights (Voluntary Principles) and the Extractive Industries Transparency Initiative (EITI). The oil and gas industry is a major contributor to these initiatives. The Voluntary Principles and EITI foster an open dialogue between various stakeholders, including governments, industry and NGOs, on emerging international good practice on social responsibility issues.

United Nations Special Representative

In 2005, the UN appointed Professor John Ruggie as the Special Representative on Business and Human Rights to assess and analyse the growing role of business in human rights issues.
The Special Representative’s mandate includes:

- clarifying corporate responsibility and accountability;
- noting best practice; and
- developing materials and methodologies to assess human rights impacts for transnational corporations.

Professor Ruggie released a report in April 2008 which was presented to the United Nations Human Rights Council in June. The report identifies gaps in policy and sets out his recommendations for all stakeholders on how to move forward on business and human rights issues. Importantly, Professor Ruggie sets out a framework comprising three core principles regarding human rights: the state duty to protect against third-party abuses; the corporate responsibility to respect; and the need for more effective access to remedies. Professor Ruggie’s mandate was extended for a further three years—to 2011—during which time he and his team will work on recommendations on how companies and other stakeholders can operationalize this framework.

Oil and gas industry challenges

The oil and gas industry operates in some of the most challenging places in the world and faces complex human rights-related issues both at home and abroad. Ensuring good human rights policy and practice, both internally and externally, has therefore become a critical issue. While recognizing that individual governments bear the primary responsibility to protect and promote respect for human rights, all of society, including business, has a role in promoting human rights. The majority of oil and gas companies now view corporate social responsibility (CSR) issues as important for their reputation and access to future business opportunities. This publication describes some of the ways in which oil and gas companies are actively involved in promoting human rights and ethical business practices at the operations level and in international policy discussions.

Purpose of this report

This report summarizes IPIECA activities on human rights and ethics, and highlights related efforts by IPIECA oil and gas member companies. These efforts are illustrated by representative case studies and related industry-led partnership projects.
IPIECA formed a Social Responsibility Working Group (SRWG) in 2002 to address social responsibility issues including human rights, capacity building and community outreach. This group provides a forum for IPIECA members to share information and enhance understanding of social responsibility issues, challenges and implications for the oil and gas industry. The forum facilitates coordination of some joint actions.

Through the SRWG, the oil and gas sector is proactively addressing new and previously identified risks in the area of social responsibility. The group aims at supporting IPIECA to develop a consistent and credible industry voice on social responsibility issues. In particular, it seeks consensus on the role and boundaries for business in promoting and protecting human rights. The group works to improve industry social performance and ensure that the sector’s contribution to economic and social development is recognized.

The SRWG has three main objectives:
1. Enhance member understanding of social responsibility issues.
2. Contribute to and monitor external initiatives.
3. Develop tools and guidance to encourage continuous improvement of the industry’s social performance.

**Awareness and understanding**

One of IPIECA’s objectives is to facilitate dialogue between member and non-member companies and organizations. IPIECA ensures that existing and emerging human rights issues

Many IPIECA member companies operate in areas of the world where they face security risks—ranging from low-level community conflict to high risk outright warfare. This succinct user-friendly document, entitled *Operating in Areas of Conflict—an IPIECA guide for the oil and gas industry*, gives an overview of the risks associated with operating in areas of existing or potential conflict, and highlights the business case of why it is an important issue for industry. The practical guide outlines how to conduct risk assessment and risk management techniques, with several detailed case studies and a separate resource document.
The Guide to Social Impact Assessment outlines how to use SIAs in the oil and gas industry. By providing a thorough analysis of likely social impacts of new business activities and proposing how they should be managed, SIAs can assist in managing project budgets and schedules, in supporting relationships with relevant stakeholders and in building competitive advantage for a company. The guide provides managers of existing oil and gas operations or new projects with an understanding of how to best use SIAs. The guide is written in a user-friendly and accessible format, and it breaks down the main elements of SIAs follows:

- key factors for success;
- background on the SIA and why it is beneficial;
- when to carry it out;
- integrating with other impact assessments;
- stakeholder engagement;
- resourcing; and
- cost and time management.

In addition, the guide provides a step-by-step analysis of the SIA process. A directory of resources is listed at the end of the publication.

External initiatives

IPIECA monitors and participates in external initiatives such as the EITI, the ISO (International Organization for Standardization) guidance standard on social responsibility (ISO 26000), the Voluntary Principles, and the work of the UN Special Representative on Business and Human Rights. IPIECA regularly updates member companies on these initiatives. The updates and related discussions foster understanding, raise awareness, encourage involvement and identify potential implications of these initiatives for members.

Tools and guidance

IPIECA works closely with member companies to develop good practice guidelines. Specifically in the field of human rights and ethics, IPIECA published a Guide to Social Impact Assessment in 2004, the Human Rights Training Toolkit in 2006 relating to the industry are identified and discussed, leading to implementation of appropriate input or actions. Open dialogue is encouraged through IPIECA workshops, meetings, participation at external conferences, and involvement in the development of various initiatives around human rights issues.
and a guide to *Operating in Areas of Conflict* in 2008. These publications provide companies with important baseline knowledge for raising awareness and informing operations on impact assessment, human rights, and risk assessment and management. In the area of community development, a guidance document—*Creating Successful, Sustainable Social Investment*—published in 2008 adds to the IPIECA tools that companies can use to train their employees and incorporate into their operational planning. These publications are available for public use to encourage awareness of key industry issues and foster good practice.

**eSHRIMP**

eSHRIMP (Environmental, Social and Health Risk Impact Management Process) is a tool developed by IPIECA’s upstream sister organization, the International Association of Oil and Gas Producers (OGP). eSHRIMP offers a flexible approach to risk management throughout a project’s lifecycle, and assists companies and contractors to:

- identify at an early stage any project risks or opportunities;
- provide a consistent process to aid internal assurance;
- link environmental and social impact assessment with project decision-making to optimize timescales and resource plans;
- enable a structured framework for contract awards to third parties;
- enhance corporate memory by integrating prior experience and learning; and
- establish shareholder confidence through a defined but flexible process.

eSHRIMP is particularly effective for its pragmatic approach and its ability to be customized to specific projects. This can be useful in joint venture situations and to help define clear project HSE requirements for contractors.
IPIECA member companies identified a need for general guidance on how to train managers and staff about human rights, especially in countries that have poor human rights records. In response, IPIECA member companies shared human rights expertise, practices and policies to develop an industry-wide template. The result was the publication of the *Human Rights Training Toolkit* in 2006. The *Toolkit* is a training template designed to be customized by companies in accordance with their existing human rights policy and applicable domestic laws and regulations.

The *Toolkit* consists of a presentation, workbook, trainer’s manual and a resource guide. Core issues covered include:

- labour rights;
- indigenous rights;
- security and law enforcement arrangements;
- dealing with corruption and transparency; and
- stakeholder issues.

The presentation also includes an overview of core international human rights treaties and instruments, a discussion of the role of business and the petroleum industry, and an overview of the ‘stakeholder’ concept.

Before being released, the *Toolkit* was piloted with various stakeholders in London in 2006. A second workshop was held in Kuala Lumpur in 2006 to introduce the *Toolkit*. The workshop objectives were to use the *Toolkit* to provide a high-level introduction to the topic of business and human rights to IPIECA members in the Asia region, and then to examine in more depth the ‘Asian’ perspective on human rights and company experiences in the area. Building on the success of the first workshops, the IPIECA regional human rights workshop series developed. Further workshops have since been held in Calgary in 2007 focusing on indigenous rights in North America, and in Buenos Aires in 2008 looking at the Latin American perspective on human rights in the oil and gas industry. Future workshops are planned for sub-Saharan Africa in 2009, and the Middle East in 2010.

The main strength of the *Toolkit* is its versatility. Companies can customize the *Toolkit* template to include their own human rights policies and region- or operation-specific materials. The *Toolkit* is being used by most companies to complement human rights training sessions, and the global audience ranges from security personnel, corporate social responsibility (CSR) managers and newly-appointed directors to human resources staff and employees in high-risk countries.
Company activities

The oil and gas industry aims to uphold the fundamental principles of human rights by:

- following ethical business practices;
- combating corruption and enforcing ethical trading policies;
- treating all people equitably through non-discriminatory employment practices and provision of a living wage;
- respecting indigenous people and local communities, and involving them in decisions that may affect them; and
- working to ensure a fair sharing of economic benefits.

Individual companies recognize the critical importance of putting strong human rights policies in place. This is important, not only for internal employee reference and use but also in relation to external stakeholders, such as governments, security forces, suppliers, local communities and local partners. There are several ways in which member companies are involved in promoting ethical business and protecting respect for human rights:

- **Human rights and ethics training programmes:** Many companies implement human rights and ethics training programmes for a wide audience ranging from management to on-the-ground employees, as well as for various community groups in their areas of operation.

- **Stakeholder engagement:** Companies’ relationships with external stakeholders such as governments, NGOs, local communities and security forces continue to evolve and grow. Consultations and sharing of information between stakeholders are important to maintain good relationships, which in turn foster successful growth, for communities, countries, and for industry.

Especially important is a company’s relationship with the local communities where projects are carried out—it is essential for the company and community to have an open dialogue to allow concerns to be voiced, and to enable social investment programmes and economic projects to have maximum positive and sustainable impacts.

- **SIAs (Social Impact Assessments):** Many companies are implementing SIAs to ensure that the socio-economic impacts of a project are carefully assessed in advance, and that appropriate actions can be taken: to manage the social impacts; to avoid, minimize and mitigate the negative impacts; and to enhance the positive ones. SIAs are often paired with Environmental Impact Assessments (EIAs) and other specialized assessments on issues such as conflict.

- **HRIAs (Human Rights Impact Assessments):** HRIAs help to make the respect for, and promotion of, human rights part of the core activities of company operations on the ground, including the activities of local employees and external actors, such as public and private security forces and the military.
- **Indigenous rights**: Our industry respects the customary rights of indigenous communities. In addition to promoting indigenous rights awareness, the industry can play a major role in building capacity in indigenous communities and helping to strengthen communication between governments and communities for improved relationships.

- **Support/participation in external initiatives**: A number of companies are supporting the development of initiatives on human rights and ethics, including the UN Global Compact, the Voluntary Principles on Security and Human Rights, the Business Leaders Initiative on Human Rights (BLIHR) and the Extractive Industries Transparency Initiative. Some companies have signed up to these initiatives or adopted parts of them into their own corporate policies and standards, and have started to incorporate them into contracts with suppliers.
External initiatives—partnering industry, civil society and government

In a February 2007 report to the UN Secretary General, Professor John Ruggie, the Special Representative on Business and Human Rights, notably concluded that ‘no single silver bullet can resolve the business and human rights challenge’ and that ‘a broad array of measures is required, by all relevant actors’ based on the notion of shared responsibility. Professor Ruggie also concluded that governments must meet their responsibility to address human rights and transparency. In addition, the report confirms the emergence of voluntary initiatives involving governments, business and civil society, and points to the key role that these mechanisms will play in charting the future course of human rights efforts and filling gaps in the international legal framework. Initiatives such as the Voluntary Principles attest to the growing attention paid by oil and gas companies to human rights. Recognizing that transparency has significance not only in attracting inward investment and promoting economic development, but also in the human rights sphere, the EITI also plays an important role in promoting good human rights practices through fostering a transparent and accountable dialogue between stakeholders. Overviews of these two high profile multi-stakeholder initiatives, the Voluntary Principles and EITI, are set out here.

The Voluntary Principles on Security and Human Rights

In early 2000, the US and UK governments, a number of mining and oil and gas companies, several international human rights NGOs and a labour union\(^1\) initiated a year-long effort to address security and human rights concerns with respect to extractive industries’ operations. During the year, stakeholders identified common interests and worked together to reach consensus on a set of principles that would support human rights in the context of providing security. This culminated in the creation of the Voluntary Principles.

The Voluntary Principles cover three key areas:
1. conducting risk assessments in the context of security and human rights issues;
2. engaging with public security forces (military and police); and
3. engaging with private security forces.

The initiative illustrates the opportunities and challenges of a multi-stakeholder approach. The three pillars (governments, companies and NGOs) represent diverse stakeholders with varying objectives and approaches. Ultimately, the success of the Voluntary Principles will depend on the strengths and legitimacy that each partner brings to the process.

\(^1\) The International Federation of Chemical, Energy, Mine and General Workers’ Union (ICEM)
All three sets of stakeholders bring their perspectives to the process. Companies share their on-the-ground experience as well as their efforts to implement programmes at an operational level. Home governments are able to provide diplomatic channels to engage host governments. NGOs bring expertise in human rights issues and local civil society in many regions where companies operate.

The Voluntary Principles have gained support from the private, public and civil society sectors since their launch. In addition to official participants, other companies and countries have adopted and implemented the Voluntary Principles. Moreover, multilateral institutions, such as the International Finance Corporation and the Organisation for Economic Co-operation and Development, are now referencing the Voluntary Principles in their guidelines and standards. IPIECA is an observer to the process and many of IPIECA's member companies implement the Principles both as signatories and independently.

Each company member approaches implementation of the Voluntary Principles differently based on its operating environment. Companies have achieved significant milestones since the initiative started, including:

- developing anonymous reporting of human rights abuses;
- increasing awareness of human rights and security issues among employees; and
- conducting related training for public and private security personnel and company employees.

An important milestone for the Voluntary Principles was achieved in Washington D.C. in May 2007. Participants in the process reached agreement on Participation Criteria aimed at promoting accountability and transparency in the process. Work on governance and reporting criteria is continuing. Additionally, an IPIECA task force is involved with the International Business Leaders Forum (IBLF), Business for Social Responsibility (BSR) and other organizations in an initiative to develop a Voluntary Principles implementation guidance tool for companies to utilize in building their training and policy in this area.

While continued effort will be essential to promote further adoption of the Voluntary Principles throughout the industry, the Voluntary Principles demonstrate that a multi-stakeholder partnership can begin to address human rights issues that would be difficult for any single actor to resolve alone.

The Extractive Industries Transparency Initiative

In 2002 the UK government, in consultations with numerous oil and gas companies, trade associations and the US government, launched the Extractive Industries Transparency Initiative (EITI), which was motivated by the desire for improved fiscal accountability and good governance in resource-rich countries.

The principles of the EITI affirm that:

- natural resources management is the domain of sovereign governments;
● the achievement of greater transparency must respect laws and contracts; and
● a broadly consistent and workable approach to the reporting of payments and revenues is needed.

In 2005, criteria, guidelines and a sourcebook for implementing countries and participating companies were agreed upon and an International Advisory Group (IAG) was set up to discuss the initiative’s future. In October 2006, the IAG recommended how to monitor and validate the EITI process.

So far, the EITI has proven successful because of the ability of the stakeholders to reach consensus on core issues, due principally to four factors:

1. The EITI is voluntary.
2. Its focus is narrow—money paid to and received by host governments must be reported by companies and states alike.
3. It is driven by resource-rich countries rather than by OECD governments, companies or NGOs.
4. It is flexible—EITI guidelines encompass incentives to meet differing countries’ motivations.

Today, the most prominent international companies in extractive industries follow the EITI principles, and new countries continue to commit to the process. However, the future of the EITI is highly dependent on all parties continuing to work together and uphold the principles of voluntary revenue transparency.

Some critical issues still remain to be resolved. These include: the capacity of some countries to implement the initiative in a full and timely manner; future funding of the EITI Secretariat; participation of state-owned companies; defining the levels of monitoring and validation needed to ensure the initiative’s continued credibility; its geographic spread; and the use of the large revenue increases being experienced in many oil- and gas-rich states for the benefit of their citizens.

Less than six years after the launch of the initiative, knowing what governments receive, verified by what companies pay, is a critical first step to holding decision makers accountable for the use of those revenues. Although much remains to be done, the EITI has demonstrated that it is part of a drive for better governance that will ensure that revenues from hydrocarbon and mineral projects contribute more robustly to poverty reduction and sustainable development.
Since acquiring a significant interest in the Tangguh LNG project in Papua in 2000, BP has actively consulted with communities in the project area, other project stakeholders (including NGOs and members of Papuan civil society) and international experts. Its intention has been to anticipate, manage and mitigate potential negative socio-economic and environmental impacts of the project, and maximize project benefits to the surrounding communities.

In early 2001 BP asked two eminent human rights experts to assess human rights conditions in the Tangguh project area and the potential effects of the project’s presence. The resulting publicly available Human Rights Impact Assessment (HRIA) report presented a ‘holistic approach to addressing human rights issues and reflected an unprecedented degree of transparency and accountability’. BP was one of the first companies to open a project to an independent public HRIA report.

BP responded openly to the recommendations and findings in the HRIA. It agreed with the report’s recommendations to ‘socialize’ the Voluntary Principles on Security and Human Rights, and to develop supporting policies and procedures.

The Voluntary Principles were translated into Indonesian, shared with various official and private stakeholders, and included in contracts relating to the Tangguh project. The project also implemented the HRIA recommendation to support training in human rights for the security authorities. BP also shared information about the Tangguh project with national and international audiences, for example through regional workshops on the project’s Diversified Growth Strategy; BP workshops in New York and London; interactions with business, academia and the media; and ‘study tours’.

BP believes that business can be a force for good in Papua. It has implemented various programmes to deliver improvements in health, education and local governance, and has promoted human rights both throughout its operations and more generally in the region. In 2004, it concluded an agreement with the Papuan Police that incorporates the Voluntary Principles on Security and Human Rights.

BP stated, ‘While we are aware of our limitations as a commercial entity, we are determined to make a positive contribution in our area of operations, and we are committed to Indonesia and Papua for the long term.’

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2 The HRIA report and BP’s response are available on this website: www.bp.com/sectiongenericarticle.do?categoryId=9004774&contentId=7009150
3 Excerpt from letter to Special Representative Professor John Ruggie from the Interfaith Center on Corporate Responsibility (ICCR) dated 10 October 2006.
ExxonMobil: providing opportunity through the Chad-Cameroon Development Project

International human development organizations rank Chad as one of the ten poorest countries on Earth. Despite the inherent challenges associated with such a statistic, a consortium of three oil companies led by ExxonMobil successfully implemented and now operates a project that provides hope to Chadians, in the form of jobs for its citizens and revenues for its government and residents. The Chad-Cameroon project produces oil in landlocked southern Chad and transports it via a 663-mile pipeline to a marine terminal off the coast of Cameroon, where it is shipped to world markets.

In addition to contributing to the world petroleum supply, the project is a unique example of how ExxonMobil is increasing stakeholder engagement and addressing issues of revenue management.

The World Bank, recognizing that development of its oil resource could provide a brighter future for Chad, agreed to participate in the project. This connection made it possible for the Bank to work with Chad to create a unique revenue management programme. The most recent version of this agreement calls for 70 per cent of all country revenues to be devoted to programmes aimed at poverty relief.

The project publishes a transparency report twice a year, and makes it available on the project’s website: www.essochad.com. The World Bank also established two external monitoring groups that regularly evaluate the project, consult with NGOs and citizens, and publish their findings on the Bank’s website.

To date, the project has conducted more than 21,000 public consultations and meetings involving 300,000 attendees from the 375 villages and towns in the oilfield area and along the pipeline route. Consultations have ranged from topics such as routing of the pipeline, to specifications for the comprehensive Environmental Management Plan developed especially for this project. This has been the most extensive public consultation effort for an oil development project in the history of Africa.

The project has positively affected Chadian society in many ways. Studies have shown an improved quality of life in oilfield area villages. The project has contributed millions of dollars to an array of community, health and environmental initiatives in Chad and Cameroon, and brought thousands of new jobs to the two host countries. In fact, local employees make up nearly 85 per cent of the project work force, two-thirds of which hold skilled, semi-skilled or supervisory positions. Finally, the project has boosted local economies through more than $1.5 billion of purchases of goods and services from local suppliers.
Within Nexen’s Yemen operations they have instituted two programmes that have a positive impact on human rights and which build sustainability for the nation.

Nexen’s training and ‘Yemenization’ programme is designed to increase the percentage of Yemenis in the company’s workforce by recruiting and engaging them in formal training and development.

With high unemployment and a minimum of technical opportunities in the area, recruitment is managed through an operating committee ensuring the fair and equitable allocation of positions to qualified individuals. Nexen’s human resources and social responsibility teams work closely with the Governorate and the Oil Ministry’s Yemenization manager to advertise, test candidates and fill positions as they become available. The Yemenization programme is a partnership with which the government, community, stakeholders and the company achieve mutual goals.

Central to the programme is an intensive, three-year English language programme and a technical skills programme that qualify workers for full-time employment in a chosen field. Since the start of the Nexen Masila project in the early 1990s, the number of Yemeni nationals employed at Nexen has increased significantly. These employees are also more skilled and, increasingly, hold more responsible positions within the company. Nexen Masila is striving to reach 90 per cent Yemenization by the end of 2008.

To ensure the continued success of the programme, Nexen and its partners conduct regular stewardship meetings and work from a business plan that is updated and approved annually. As long as Nexen is a partner in the Masila project, they are dedicated to increasingly employing local workers.

Taking this further, Nexen developed a scholarship programme in Yemen in 1998. This programme enhances Yemen’s national capacity by providing scholarships to Yemeni students, giving them the ability to pursue post-secondary studies in disciplines that will positively impact economic development in Yemen. Each scholarship underwrites a four-year post-secondary degree programme at the University of Calgary or SAIT Polytechnic. The scholarship selection process is based on academic merit and objective criteria, which ensures that integrity is maintained and only the most deserving students receive scholarships. As of 2008, 100 students have been awarded scholarships to pursue four-year bachelor degrees. To date, the programme has a 97 per cent success rate and around 30 per cent of the scholarship recipients are women.

The Yemenization and scholarship programmes exemplify the strong partnership between the Government of Yemen, its people and Nexen.
After the three-month pilot a full risk assessment was conducted, providing valuable analysis and recommendations to address the social, security and economic impacts of the project. FIP and Alert provided guidance in conducting the field analyses, as well as training for the La Cira project teams.

Use of the CSBP and coaching from NGOs provided clear guidance for current and future stakeholder consultation on issues including: identifying specific actions for further implementation of the Voluntary Principles in the region; providing valuable feedback on key aspects of the La Cira project, including managing land issues with neighbours; and promoting safe utility use among the local population who had installed unsafe connections to the oil field pipes.

The most important long-term effect of the NGO collaboration has been the introduction of risk analysis and stakeholder engagement as a continuous practice.
OMV Aktiengesellschaft: on-the-job training programmes in Pakistan

With regard to community investment, OMV is making a sincere effort to involve local people in development projects, focusing on capacity building rather than traditional donor-beneficiary relationships. OMV’s community development approach, whereby local people are always involved in planning, implementing and managing projects, ensures that OMV humanitarian aid truly meets their needs by following a community based bottom-up approach. The focus of the company’s Community Development Programme (CDP) in Pakistan is on income generation, health care, water supply and education.

OMV Pakistan presently has 360 employees in Pakistan, of whom more than 90 per cent are Pakistani nationals. During the construction of a gas treatment plant at the Sawan field, OMV required the lead contractors to recruit most of the skilled labour from the host country, resulting in the employment of approximately 3,000 local workers. To complement local hiring policies, large-scale on-the-job training programmes were mounted to ensure that the workers had the necessary skills to do their jobs safely and comply with official regulations.

OMV takes a highly responsible approach, not just to employees but also to the environment and local people. Over a period of ten years, OMV has carried out 14 environmental impact assessments (EIAs). Social impact assessments (SIAs) are an integral part of all EIAs; and therefore, OMV Pakistan looks closely at local socio-economic conditions. Baseline surveys were conducted to obtain an objective picture of the needs of local people in two areas identified for future operations—Miano and Sawan. This enabled OMV to establish well-designed and sustainable CDPs for the communities in the areas affected by their operations.

Through needs assessment and baseline surveys, OMV has been able to tap into local resources and enhance their capacity. By improving the community’s quality of life through this direct interface, OMV aims to leave a lasting footprint in a sustainable manner. OMV’s implementation objectives focus on:

- local social sector development based on community priorities, needs and requirements;
- community motivation, mobilization, organization and training for maximum and effective participation in development projects;
- local human and material resource development;
- transferring project responsibility to local community organizations for security, sustainability and empowerment; and
- creation of sustainable projects by the communities through income generation.

Key lessons learned from the Pakistan project are that communities have to be involved in every stage of the project and that each step has to be done at their own pace. Communities decide about their own priorities.
Royal Dutch Shell: security, human rights and implementing the Voluntary Principles

Support for fundamental human rights is part of Royal Dutch Shell’s General Business Principles and an integral part of how the group operates. Shell believes that while the primary responsibility for respecting human rights lies with governments, business also has a role to play.

Security is an issue for a number of Shell operations in politically sensitive regions. As such, Shell has been a leading supporter of the Voluntary Principles on security and human rights. Shell’s security standards require all Shell controlled operations to manage security in accordance with the Voluntary Principles. To ensure they are compliant, all operations are required to complete risk assessments that cover items in the Voluntary Principles, including background checks on security staff to make sure they have no past record of human rights abuse, and checks that they have been trained in using the Principles.

Shell now requires all of its approximately 300 security staff worldwide to follow a standard training programme, which checks that they have the necessary skills. Shell has also strengthened the requirements that must be included in its contracts with private security companies, referencing the Voluntary Principles and being clearer about the need for contractors to investigate accusations of human rights violations promptly and take disciplinary action.

In Nigeria, the Shell Petroleum Development Company (SPDC) trains staff in the Voluntary Principles using training programmes developed in conjunction with international and local human rights organizations. In 2005, SPDC provided training in human rights law for its 100 most senior managers. It also trained 25 human rights ‘champions’ in the company for them to deliver larger-scale training programmes to front-line staff, including security staff and community liaison workers. In 2006 and 2007, the programme’s champions and external experts trained more than 1,100 staff on human rights and conflict resolution using the Voluntary Principles.

In 2007, SPDC introduced a human rights and conflict resolution training programme for security officials, including district, project and rig security supervisors and senior Supernumerary Police personnel seconded by the Nigeria Police Force. To ensure quality content and delivery, the Cleen Foundation, a leading Nigerian NGO, was engaged as the training consultant. The objectives of this training programme included: enhancing the participants’ knowledge of national and international human rights laws; creating awareness of Shell’s commitment to the Voluntary Principles; improving participants’ ability to handle conflict; and promoting practical application of security and human rights in their daily work. A total of 115 security officials completed the programme over three rounds of training.

In 2007, Shell began working more closely with International Alert, an NGO specializing in peace building and conflict resolution. The aim is to reduce the chance that Shell’s business policies and practices inadvertently create conflict or make it worse. International Alert’s experts are now working with Shell staff on the ground in some sensitive locations, and developing conflict avoidance training for wider use in Shell.
StatoilHydro (then Statoil) has been active in oil exploration in Nigeria since 1992 and has supported corporate social responsibility (CSR) projects in the country since 1996 including the award-winning Akassa community development programme. StatoilHydro’s CSR projects entail partnerships with NGO’s or UN organizations as the company values the experience of local groups.

After years of political turmoil and a legacy of human rights violations, Nigeria had turned its attention to addressing these issues. In 2001, StatoilHydro decided to support organizations working on human rights issues in the country. The company spent significant time and effort screening potential partners whose project proposals had to be implementable within one year. The company stated its intention to establish a long-term partnership after the first year if both parties saw value in the results. From the proposals submitted, StatoilHydro selected three organizations, one of which was Legal Defence and Assistance Project (LEDAP), whose project is explained below.

LEDAP is a Nigerian NGO with headquarters in Lagos and branch offices in five states. LEDAP’s members are lawyers or others with professional legal training. The organization disseminates legal knowledge and insight about human rights and good governance within Nigeria.

The proposal was to teach and train Sharia court judges from several northern states that implement Sharia, or Islamic law, on integrating human rights principles in the administration of Sharia law in northern Nigeria. Sharia judges at local levels often have limited formal legal training.

LEDAP developed and delivered training seminars for the Sharia judges on the following:

- human rights principles and implementation of Sharia in Nigeria: issues and challenges;
- the Qur’an shari and the rights of women;
- religion, laws, culture and gender: an Islamic perspective;
- access to justice in the administration of Sharia law in Nigeria;
- human rights and constitutional implications in the application of a Sharia penal system;
- protecting human rights and respect for justice;
- examination of practice and procedure of Sharia courts in Zamfara State; and
- Islam, human rights and child rights.

During the training workshops both English and the native language, Hausa, were used.

The first year of the project was very successful, and so StatoilHydro and LEDAP decided to continue the project. In 2006, a further 122 judges were trained, bringing the number of Sharia court judges trained to 692. The project has now provided training for almost half of all Sharia court judges in Nigeria.

After five years, both StatoilHydro and LEDAP reported that their experiences have been positive. Moreover, administrators in some states have established links to LEDAP that would help advance advocacy for positive reforms and attitude changes in the laws and practice of Sharia and, from time to time, use its staff as legal consultants and advisers.
Total: abiding with ethical codes and encouraging constructive engagement in Myanmar

In the early 1990s Total signed contracts to operate a major project in Myanmar. Human rights abuses are a serious issue in the region, and from the beginning Total has been committed to finding the best way to encourage advances in human rights in Myanmar.

Total operates under a strict Code of Conduct that explicitly refers to the Universal Declaration of Human Rights (1948), the principles of the International Labour Organization, and the OECD Guidelines for Multinationals. Total E&P Myanmar drafted a specific addendum for its operations in Myanmar, stating its commitment to protecting the environment, supporting the socio-economic development of local communities and ensuring that human rights are respected, in particular by forbidding forced labour.

Managing security is a key issue in a country with active guerrilla movements. Security is the responsibility of the host government in all countries where Total operates. Nevertheless the company was especially vigilant and refused to turn a blind eye to abuses; unacceptable practices were reported and corrective actions were implemented.

In doing so, as early as 1994, Total asked locals to appoint Village Communication Committees to encourage real-time dialogue about what was happening on the ground. This enabled Total to ensure human rights were respected throughout the area and respond immediately in the event of incidents.

Total and its partners also looked at how the project would be—and was—perceived by the local people. Due to the longevity of the project it was vital that the local residents benefit genuinely from it.

Today, more than ten years after commencement, 50,000 people benefit from the programme that encompasses medical and health care, educational initiatives, support for business initiatives, and the construction of infrastructure. Mortality, especially infant, from malaria, respiratory and digestive illnesses has declined. Attendance at schools has doubled since 1995. Technical support, training initiatives and investment aid allowed the wide-scale development of both pastoral and arable farming.

From late 2002 to early 2008, five independent audits of the socio-economic programme, conducted by an independent economic and social consulting agency, Collaborative for Development Action (CDA), concluded that the main benefit of Total’s initiative is its very presence, which has guaranteed peace in the area for all ethnic groups and has also eradicated forced labour. The first report quotes villagers as saying, ‘Total has allowed us to sleep without fear’.

Total’s project has brought peace and a degree of prosperity to 50,000 Myanmar nationals. The company also conducts several humanitarian programmes (orphanages, AIDS clinics, operations on blind people, etc.) in other parts of the country with the same objective. Total feels that one cause of the country’s problems is its isolation and that anything that contributes to Myanmar’s outward opening and to maintaining critical dialogues between the regime and the international community benefits the people of Myanmar.
References and further resources

IPIECA publications:

Creating Successful, Sustainable Social Investment: guidance document for the oil and gas industry (2008)

Operating in Areas of Conflict: an IPIECA guide for the oil and gas industry (2008)


Partnerships in the Oil and Gas Industry (2006)

Oil and Gas Industry Guidance on Voluntary Sustainability Reporting (2005)


Key Questions in Managing Social Issues in Oil and Gas Projects (2002)

All available online at:
www.ipieca.org/activities/social/social_publications.php

Company information

Each individual company publishes its CSR and human rights activities on its website, often in sustainability reports. Visit each company website for an update on projects, past experiences and future plans.

Further resources

Global Compact: www.unglobalcompact.org

Voluntary Principles on Security & Human Rights: www.voluntaryprinciples.org

UN Special Representative for Business & Human Rights: www.business-humanrights.org
(ivomation under ‘Getting Started—UN Special Representative’)

EITI: www.eitransparency.org
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For more information see www.ipieca.org/activities/social/social_about.php
IPIECA

IPIECA is the single global association representing both the upstream and downstream oil and gas industry on key environmental and social issues, including: oil spill response; global climate change; fuels and products; health; biodiversity; social responsibility; and sustainability reporting.

Founded in 1974 following the establishment of the United Nations Environment Programme (UNEP), IPIECA provides a principal channel of communication with the United Nations. IPIECA Members are drawn from private and state-owned companies as well as national, regional and international associations. Membership covers Africa, Latin America, Asia, Europe, the Middle East and North America.

Through a Strategic Issues Assessment Forum, IPIECA also helps its members identify emerging global issues and evaluates their potential impact on the oil industry. IPIECA’s programme takes full account of international developments in these issues, serving as a forum for discussion and cooperation, involving industry and international organizations.

Company members

- BG Group
- BP
- Chevron
- CNOOC
- ConocoPhillips
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- NOC Libya
- Occidental
- OMV
- Petrobras
- Petronas
- Petrotrin
- PTT EP
- Qatargas
- Repsol YPF
- Saudi Aramco
- Shell
- SNH
- StatoilHydro
- TNK-BP
- Total
- Woodside Energy

Association members

- American Petroleum Institute (API)
- Australian Institute of Petroleum (AIP)
- Canadian Association of Petroleum Producers (CAPP)
- Canadian Petroleum Products Institute (CPPI)
- The Oil Companies’ European Association for Environment, Health and Safety in Refining and Distribution (CONCAWE)
- European Petroleum Industry Association (EUROPIA)
- International Association of Oil & Gas Producers (OGP)
- Petroleum Association of Japan (PAJ)
- Regional Association of Oil and Natural Gas Companies in Latin America and the Caribbean (ARPEL)
- South African Petroleum Industry Association (SAPIA)
- World Petroleum Council (WPC)