IPIECA Stakeholder Dialogue
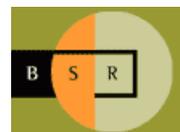
22-24 April 2003

Final Report
5 June 2003

**Facilitated by
Business for Social Responsibility**

Contents

1 - INTRODUCTION

This report summarizes the discussion that took place at the stakeholder dialogue sponsored by the International Petroleum Industry Environmental and Conservation Association (IPIECA), at Durdent Court outside London, United Kingdom, 22-24 April. The dialogue was convened to explore issues surrounding the social impact of the oil and gas industry in its areas of operation.

The report presents a summary of the views exchanged during the dialogue. Consistent with the application of Chatham House Rule during the course of the dialogue, no comments are attributed either to individuals or institutions.

The workshop convened a unique collection of participants both from the oil and gas industry and from various civil society organizations and public agencies concerned about the theme of the workshop. Thirty-five participants from 30 organizations participated in the dialogue, with 16 coming from stakeholder groups and 19 coming from industry representatives. A full list of participants is attached to this report as Appendix 2.

2 - SUMMARY OF DISCUSSION

The discussion focused on three issues, human rights, revenue management and transparency, and community engagement. Main points coming out of each of the three discussion points are as follows:

- **Human Rights**: The group identified one way to classify a company's responsibilities on human rights issues, with direct influence; shared influence, and indirect influence providing a framework for the views expressed. No consensus was stated on whether and how a company could influence governments concerning their approach to human rights, and several participants noted that any such efforts were highly contextual.

- **Revenue Management and Transparency**: Participants agreed that this was an important issue, and that the "governance gap" resulting from public sector bodies, that are sometimes unwilling or unable to manage their relationships with communities involved in resource exploration and development, presented a significant risk to those communities, companies, and the civil society organizations seeking to promote human rights and sustainable development.

- **Community Engagement:** Significant discussion focused on the respective roles of various participants in this aspect of the discussion. There was broad agreement that communities should be playing a leading role in defining the types of development they want, while also cautioning that host country governments have a significant definitional role to play in situations where they have developed a broad development strategy. It was acknowledged that too often – even with good intentions – a range of actors seeking to act in the best interests of local communities have taken steps that have not effectively vindicated community interests.

- **General Observations:** A handful of themes recurred throughout the discussion as sub-themes of the specific agenda points.
    - First, throughout the discussion, there was repeated reference to the value of partnerships in addressing the issues being considered. On numerous occasions, participants from both companies and civil society organizations cited the need to leverage their respective competencies and resources to address endemic issues.
    - Second, there were numerous references to the "governance gap," which refers to the observation that much of the discussion focused on the desire on the part of participants to see host country governments play a more constructive role in addressing human rights, revenue management, and community engagement.

- o Third, participants referred frequently to the need to address these issues "from the bottom up," with increased capacity both for company personnel in the field, as well as for community representatives.
- o Finally, there was recognition throughout the discussion of the current and ongoing need to address the issues under discussion in a transparent manner, and to engage more with local communities.

3 - EXPECTATIONS

In advance of the workshop, the facilitators contacted the participants to ask them for their expectations concerning the dialogue. In addition, the meeting began with an opportunity for all participants to state their expectations.   Based on this, participants demonstrated considerable homogeneity in their expectations. These can be summarized in three main categories:

- **Increased understanding:** to increase understanding of the various issues, integration of sustainability, expectations and motivations of the actors involved in the Dialogue;
- **Practical tools:** the desire to identify practical guidelines/framework, tools or other ways forward on many of these issues in order to improve specific company practice, both at a corporate and operational level, and
- **Partnerships:** the desire to network with each other with a view to enhancing opportunities for the development of partnerships and build on this discussion.

See Appendix 3

4 - HUMAN RIGHTS

The first issue discussed was human rights.

Human Rights: An Overview

This portion of the workshop began with a "brainstorming" session in which participants were asked to state the first notion that came to their minds upon hearing the term "human rights."   Some of the concepts identified included:

- Human rights are **universal** and apply to all individuals and peoples
- Human rights are **absolute** and do not change when governments change
- Human rights also include **responsibilities**
- Human rights imply a balance between **individual** and **collective rights**
- Human rights linked inextricably to **state security forces**
- Human rights include **cultural** rights
- Human rights include the right to a **clean and healthy environment**
- Human rights involve **business**

Following the brainstorming session, the facilitators briefly reviewed a paper produced by the Danish Institute for Human Rights, which provides one analysis of the relative responsibilities of companies in addressing human rights issues. The paper was part of the Dialogue pre-reading materials and is available at www.humanrights.dk.

Human Rights: Addressing Dilemmas

The full group then broke into small groups to discuss three questions:-

- What are the primary, shared and indirect responsibilities companies face with respect to human rights?
- How, if at all, can companies effectively and appropriately influence governments concerning human rights conditions related to company operations?
- What are the greatest barriers presented in terms of companies' impact on human rights?

The small groups reported their responses to the plenary group, which then discussed and debated the small groups' views. A summary of this discussion follows. Where there was a significant level of agreement, that is noted in the summary, as are areas where there were significant number of opinions expressed on different sides of an issue or question. It also should be noted that the discussion was not conducted with a view to establishing formally a group consensus, and the summary should be read accordingly.

1. **What are the primary, shared and indirect responsibilities companies face with respect to human rights?**

The most immediate company responsibility is related to the carrying out of an assessment of the human rights situation prior to investment in order to determine whether there exists sufficient respect for the rule of law and general human rights considerations prior to going into a particular country. Once a company has invested, it is much more difficult to take the decision to disinvest and there was not consensus on whether the goal of the company, once invested, is to "do no harm" or to "leave a net benefit" in the area of human rights. It was pointed out that the two principles need not be mutually exclusive.

There was some degree of agreement that companies' obligations with respect to human rights could be classified into those steps within their direct control or influence; those where companies have shared responsibility, and those where companies have indirect influence. Some discussion was needed to identify the distinction between the latter two items. Issues where companies have shared responsibility include those that are directly related to their operations, but which require joint action. Issues where companies have indirect influence involve topics where the issue is indirectly related to company operations, and where there is an opportunity to support desired outcomes.

Direct Responsibility: Once a company decides to invest in a particular project or location, there was general agreement that the primary responsibilities of a company related directly to the specific project, and for which a company is able to exert direct influence. Subjects that were cited as being in that category include issues such as: employee behaviours and rights, including health and safety and freedom of association, and some behaviours of contractors, partners and suppliers.

Shared Responsibility: Examples of shared responsibilities raised during the discussion included a company's working with impacted communities to improve such things as employee training and long-term employment prospects, community health and education and the long-term economic development of the community. It was acknowledged that the company also had a shared responsibility to try and influence the behaviour of local security forces, including in such areas as providing training on human rights norms and acceptable security practice and exercising caution in providing information or other aid to security forces that might make the company complicit in human rights violations. In this latter area, the responsibility was shared with host national governments, human rights groups, international organizations and other interested parties.

Indirect Influence: The area of indirect influence of a company was primarily at a national and international level, and included the exercise of a company's influence to try and improve the general human rights situation in a country. There were differing opinions on whether and how this influence could be exercised and whether it was more productive to have rules to determine behaviour in this area or value standards that a company could use to make operational decisions.

A number of steps were identified that could move practice forward in this area, including developing metrics that would assist companies in measuring their progress, and the development of partnerships to supply needed expertise and increasing clarity in this field.

2. **How, if at all, can companies effectively and appropriately influence governments concerning human rights conditions related to company operations?**

Several participants acknowledged that companies can play some role in positively influencing government practice, though the actual conditions of such influence are contextual.

For example, in some countries supporting civil society or human rights organizations is acceptable practice; in others, it could put the investment at risk. Human rights risk assessments prior to entering a country can help to identify the degree of risk faced by a company in a potential investment and help to preserve a good corporate reputation by avoiding difficult situations.

It was noted that having a national government as a partner in a project offers both opportunities and risks regarding the potential to influence behaviour in a broader societal context. Perhaps most importantly, it offers a longer time frame to develop the kinds of relationships that are needed to effect substantive change. Working in partnership with a variety of civil society and other groups is also one way of increasing the impact of a company's actions, while also reducing its risk.

There was general agreement that the level of influence, and accountability, of a company starts within its immediate operations, extending outward to cover impacted communities and then further to regional and national actors. Starting at the points where companies can have the greatest influence can sometimes have the greatest impact. Simply communicating human rights policies, opening dialogue with local actors, and providing training for local authorities can have an impact on the human rights situation surrounding a project, working in collaboration and agreement with local authorities, as appropriate.

3. *What are the greatest barriers presented in terms of companies' impact on human rights?*

The first priority is to define what is meant by "human rights." Are these political, civil, socio-economic or even 'green rights'? Once clarity is developed in this area, then company policies are better positioned to provide the direction needed for respecting those rights, although care must be taken to ensure that these policies can be "operationalized" in the field, particularly with appropriate training programs. It was suggested that starting with the employee as a focal point for human rights, as is done with occupational health and safety, might be a useful way forward.

One participant noted that one challenge for companies is that the application of rights is context specific; the interpretation and application of them can vary from one culture or society to another. There is no international system for defining human rights and human rights abuses. If there were greater clarity and consensus, then the application of these rules would be improved significantly.

The lack of human rights indicators also was cited as a barrier to progress. If there were agreement upon indicators to measure progress towards increasing respect for human rights, there would be greater application of human rights policies and practices. However, caution was urged so that companies did not simply fall into the trap of measuring efforts and not the more difficult task of measuring impacts

One challenge for companies, though, is to share best practice methodologies within the company, so that there is greater consistency across operations. In particular, the translation of corporate policies into operational practice still represents a challenge for a company.

5 - REVENUE TRANSPARENCY AND MANAGEMENT

The discussion of revenue transparency and management was conducted through a "fishbowl" exercise, in which four initial participants presented their views on the issue, and then were replaced as discussants in the "fishbowl" by other participants.

The United Kingdom-led Extractive Industry Transparency Initiative (EITI) was described in the following ways:

- The goal is to contribute to effective revenue management from the extractive sector by first making transparent what that revenue is. Although transparency is certainly not sufficient to achieve this goal, neither should this paralyse action.
- The EITI is not about telling host governments how to spend their revenue
- The EITI is a voluntary initiative and the goal is to test its effectiveness in certain willing countries
- Whatever form the EITI takes, it must be achievable. The emphasis, then, is to keep it as simple as possible. The templates for reporting are presently being worked on
- The goal is to get the G8 to sign on to it
- Ideally, the initiative could be expanded to other industries

Latest papers on the EITI were tabled, including draft reporting guidelines and plans for a multi-stakeholder conference in June (on DFID website http://www.dfid.gov.uk).

Industry representatives noted that publicly traded oil and gas companies supported the principle of greater transparency on revenue flows. There is recognition that participating in this transparency initiative was part of maintaining a respected international reputation in civil society, if only to avoid charges of complicity in corruption. However, industry participants noted that since these companies controlled only twenty percent of oil and gas production, with the rest being under the control of nationally owned companies, the EITI would not be effective unless national companies were included.

Some industry participants suggested that the EITI should make clear how it intends to get these companies and their host governments to participate in the initiative, and industry participants requested a more "level" playing field in this respect. As well, if the real goal of the EITI is to influence how host national governments spend the revenues they receive from oil and gas resources; the UK government needs to be much clearer about that, as there are strong doubts whether the EITI can be used for the purpose of reforming governments. Oil and gas companies are finding themselves caught in the middle, between home governments and civil society groups pressing this initiative forward, and host governments, who are not willing to have that information revealed.

Some other practical difficulties of the initiative identified by companies included:
- the difficulty of opening up long-standing contracts;
- the difficulty of addressing the transparency issue on a country-by-country basis;
- the need to disaggregate at a company level rather than at an industrial level;
- the fast pace of implementation of the initiative;
- the issue of the North "imposing" an agenda on the South that industrialized countries would not accept if the power imbalance were reversed
- the difficulty in declaring revenues in Joint Ventures with State oil companies.

One participant noted that companies should "overcome their fear" of expressing a position openly and forcefully on problems that they see clearly, and that by doing so they would enhance both their operating position and their moral leadership concerning the well-being of the societies they say that they seek to benefit. It was asserted that such an approach would also benefit companies in that it would combat perceptions that they are complicit in the mismanagement of public funds.

Generally, participants from inside and outside of industry acknowledged that people and investors wanted companies to be more transparent about the revenue being paid to host government. One participant cautioned that applying the requirements to all oil and gas companies was much preferable to applying them only to a small percentage. The former contributed to a more stable management of the issue, while the latter offered the potential of singling out specific companies for retributive action. However, the overall goal should be better revenue management and what the best means would be to encourage host national governments to follow that path. A distinction was drawn between "predatory" governments whose rulers focused only on personal gain, and "developmental" governments, where the ruling elite allowed a professional civil service to get on with the business of developing the country.

Some participants from industry and stakeholder groups pointed to the need to place a greater emphasis on the development of the capacity of civil society organizations to support changes in oil exporting nations. There was also a suggestion that the conditionality of aid, both from multilateral institutions and industrialized countries, could play a decisive role in ensuring that the revenue from extractive activity was used for the overall development of the country. However, some questioned whether this was an appropriate role for these multilateral institutions and, indeed, simply entering into these stormy waters created a disincentive for international bureaucrats to get involved, as dealing with controversial areas sometimes sealed off their career prospects. The ability to attract foreign direct investment could also be tied to the willingness of host governments to use the revenue generated for long-term development purposes.

Other comments pointed to the need for greater capacity building of host governments in order to use the revenue generated. In this context, the question was raised why there were not more funds being made available in multilateral and bilateral aid programs for this area.

Finally, a critique was put forward on a number of the positions of the industry in regards to the transparency initiative. Saying that the host governments needed to be in agreement before information on revenue flows could be released postponed the initiative indefinitely, as companies well know that host governments will not agree to it. Saying that the emphasis should be on "publish what you spend" also could delay the transparency initiative indefinitely, as companies well know that many host governments will resist this.

6 - COMMUNITY ENGAGEMENT

The third topic of the dialogue was community engagement. The discussion began with a role-playing exercise that highlighted some of the ways that companies and other organizations interact with each other in this area. Some of the participants' observations concerning the role-playing illustrate some dilemmas and missteps that can occur concerning community development. **Please note that the exercise was designed to illustrate imperfect practises, rather than good practise.**

After approximately forty minutes of a role-play on sustainable community development among representatives of a community, a host national government, an energy company, an international financial institution (IFI) and an international NGO (NGO), participants commented about what they had observed.

Overwhelmingly, there was an observation that, although the negotiation centred on the sustainable development of the community, the community representatives had been effectively marginalized in the discussion. No one effectively let them speak. The company representatives had a clear idea of their development model (e.g., schools, hospitals, etc) and saw the negotiation as a means of "getting the deal done" or completing the transaction, as opposed to the building of a long-term relationship centred on the community's vision of how it wanted to develop. The host national government representatives saw the discussion as *pro forma*: the agreement had already been signed with the company and this consultation with the community was only to meet external expectations.

The international NGO representatives were slightly better listeners, although their points focused more on what they could offer in the way of their global experience than in their direct experience in this area. The IFI representative was presented as knowing what was best for all concerned, and was not a good listener.

Key points from the role-play included:
- The question of whose development model is being promoted is still too often confused in practice. Is it the community's? The governments? The IFI's? The international NGO's? All too often there are too many voices competing for attention regarding their own model for community development.
- The inclusion of the community in discussions regarding its own development is still too often an afterthought.

- Active listening is still perhaps the most important skill when dealing with communities.
- Engagement with communities on this issue of local development needs to happen at a very early stage in the relationship between an energy company and a community. Generally, energy companies are moving in this direction.
- The question of what "community consent" means in the context of promoting local development needs to be well thought out before companies enter an area.

Participants then engaged in a discussion of how to pursue sustainable community development more effectively, initially in small group, and then in plenary session.

Who defines what sustainable community is? There was no unanimity among the four groups on this question. Some clearly said that it was the community itself who had primacy in defining this, with the national governments playing a role in setting parameters for this development and the role of local NGOs already present in the area in supporting it being acknowledged. One group said that international institutions reflect the international consensus on what sustainable community development means, although there was acknowledgement that the final outcome needed to be the product of process involving the community and other actors.

What is the role of a company in this process? There was consensus that the company played a supporting role in defining a sustainable community development process, and that the specific company role was arrived at through consultation with the community after investigating such things as the community's needs.

What is the role of the host national government in this process? Although it varies from government to government, generally it is the government's role to define how this sustainable community development will occur nationally by setting national parameters and plans for its achievement. It also sets out a process for adequate multi-stakeholder consultation. At a community level, the community defines what sustainable development means for them within this national framework. It was noted that governments' commitment to and understanding of development goals was highly uneven.

What is the role of an international NGO in this process? An INGO can bring a valuable global perspective and practice to community development, given their broad experience and sensitivity to cultural appropriateness. They can also play a useful informational, monitoring and even advocacy role with a community, informing them of best practice in other countries, for example. Their influence might be negative if, for example, they arrive with a specific agenda that is not appropriate for the cultural or development aspirations of the community. For example, an environmental NGO might not be as sensitive to the economic development needs of the community.

What is the role of an International Financial Institution? They can assist with the development of a national framework within which sustainable community development might occur. This sets out a useful framework and process that the various actors, including the community, can then follow. They also can play useful facilitation and capacity building roles. Involving some of these IFIs adds a measure of credibility to the process, as well as a substantial institutional memory of good practice in this area.

What are the major barriers for a company in contributing to sustainable community development? One of the most serious barriers companies face is a different time frame than communities. Companies may be under greater pressure to focus more on projects yielding quick results in order to get the project approved, rather than taking sufficient time to invest in the building of a long-term relationship with the community. As one participant observed, "it is easier to build a pipeline than a relationship."

Companies also often do not have sufficient skill or capacity to engage at the level of the community and the identification of partners skilled in community development is a challenge for companies. This is particularly important as companies wrestle with how to operationalize concepts such as sustainable community development over differing situations. Measuring progress towards a constantly evolving target of "community sustainability" can also cause difficulties for oil and gas companies that emphasize

quantifiable and measurable goals achievable in specific time periods. Again, the perspective on measuring or assessing achievement needs to change.

Companies are also sometimes caught between the competing priorities of national governments and local communities that can sometimes distort the development activities supported by the community, for example, in the building of inappropriate infrastructure projects. A lack of community buy-in for these activities can affect their legitimacy and, ultimately, their long-term sustainability. Countries with authoritarian governments can also pose challenges for companies as their focus on local development solutions might conflict with national priorities.

Are there useful tools or models that can help move forward best practice in the process of promoting sustainable community development?
A list of suggestions in this area was developed, including:

- Develop the capacity to gain community consent in parallel with regulatory approvals
- Adapt project time frames to community time frames and a non-linear method of measuring impacts
- Develop framework of principles and processes for supporting sustainable community development that take these differences into account
- Incorporate Social Impact Assessment into project development and approvals, although care must be taken not to be locked into linear processes that do not encompass community complexity
- Draw upon the existing expertise in communities to find the "answers" for community development possibilities. Patient listening and an open mind will usually lead to more sustainable solutions
- Develop capacity to share knowledge and experiences through a "living university", both internally within a company and externally with experienced practitioners from other areas
- The World Bank's website on sustainable practices is: www.ifc.org.sustainableframework
- The Minerals and Metals Sustainable Development (MMSD) report of the global mining industry has a wealth of case studies and information on this topic
- Develop the capacity internally to share stories of success and failure
- Have IPIECA develop a database of good practices in this area
- Use external review processes to ensure that best practice is being followed

7 - REFLECTIONS ON THE DISCUSSION

The dialogue finished with a review of which two issues or questions on which the group wanted to reserve the remaining time. Participants decided to focus on spheres of human rights responsibility and Community Consent versus Risk Management. This was followed by a brainstorm about possible next steps that IPIECA might consider.

7.1 - Spheres of Influence in the Human Rights Area

There was some discussion about the spheres of influence concept in relation to human rights: direct influence, shared influence (e.g., Partnerships) and indirect influence (e.g., influencing national governments on human rights considerations). It was generally thought that it was a useful division. A suggestion was made to change the first category to "direct control," i.e., those areas under the direct control of companies (e.g., employees, health and safety, etc). A suggestion was also made to examine the Amnesty International division of influence to look for commonalities.

Finally, a framework with four concentric circles was discussed, and there was significant agreement that it was a useful framework. This includes the following levels of responsibility and/or influence:
(1) Primary, where there is clear accountability held mainly by a company;
(2) Shared, where two or more parties are more or less equally involved in having influence and/or responsibility for a situation;
(3) Contributory, where a company has a contribution to make, but not direct responsibility, and
(4) Remote, where a company has distant influence, but still has an opportunity to make a difference.

7.2 - Community Consent versus Risk Management

A brief discussion was held on one of the key aspects in the engagement between oil and gas companies and communities: community consent to the proposed project. A number of participants pointed out that a comprehensive and transparent engagement process started early enough in the project cycle is often sufficient to gain the consent of the community for the project. Adequate tools for this engagement process need to be identified so that community concerns are incorporated into any final program design decisions. As well, if the decision to go ahead with the project has already been made by the national government, then that must be communicated transparently to the community, so that any parameters dictated by the national government are understood both in terms of what the expectations are, and from where they come.

Challenges arise for companies when the community rejects a proposed project regardless of the proposed benefits. Does the company then walk away? Should not the ethical principle be "the greatest good for the greatest number", with the national government being the final arbiter of defining the greatest good? What if the national government does not enjoy widespread legitimacy in the country or is in conflict with the community, should the company still go ahead with the project under those conditions?

A government that is accountable and transparent will, generally speaking, be seen as more legitimate than one with clear governance challenges. The less legitimate the government, the more likely will companies find themselves in a squeeze between government and society; between what is legal and what is legitimate; between their formal license to operate and their
informal or social license to operate. Consequently, it might be more acceptable - but not necessarily easier - to override local opposition in a democracy than in a dictatorship.

A number of company participants pointed out that the issue in these cases is not so much about consent but rather the potential risk to the company. If there is a potential for significant conflict with the community about the project, then a company must incorporate that consideration into its decision-making about whether to proceed with the project. This tilts the process away from being an ethical consideration about whether the community should have the final say, to one where a company must weigh the potential risks of proceeding with the project without that consent. Although the result in both

cases might be similar (i.e., giving some additional influence to the community in regards to consenting to the project or not) the reasoning in the second case follows more accepted business practice of making business decisions based on a risk-reward continuum.

It was also noted that the kind of projects the oil & gas industry is involved in are sometimes not going to meet with universal acclaim/endorsement. To what extent local opposition should be allowed to block/prevent a particular project, however, will depend on a range of factors; starting, perhaps, with an assessment of the legitimacy of the decision-making process itself and ending with an overall risk/reward calculation.

8 - WHAT MIGHT IPIECA DO?

Finally, the discussion focused on what IPIECA might do to further the dialogue begun over these two days. A number of suggestions were made as to how IPIECA could further the work in the area of human rights, community social and economic development and partnerships.

Human Rights
- Develop a human rights assessment tool which companies could use to examine their operations in this area
- Utilize the toolkit being developed by ISIS and IBLF and other organizations to address human rights issues
- Assist companies in thinking through their "sphere of influence"
- Share best practice in the area of avoiding entanglements in civil conflicts and other human rights situations
- Be more proactive with host governments on the issue of transparency
- Develop framework on how the Universal Declaration on Human Rights could be adapted for company use

Community Social and Economic Development
- Work to develop sector specific indicators in the social area, particularly with regards to reporting on social performance and measuring return on investment in "sustainability"
- Provide training on the situation of Indigenous peoples and how companies can build constructive engagements with them from the outset
- Identify best practice for incorporating social considerations into the various project development stages
- Encourage multilateral and national aid agencies to better fund capacity building for communities
- Research emerging practice on acceptable post-project scenarios

Partnerships
- Work to encourage increased partnerships between member companies and civil society organizations.
- Continue to invite civil society representatives to IPIECA dialogues and even to the Social Responsibility Working Group meetings
- Incorporate more operational personnel into these dialogues

IPIECA agreed to consider these suggestions, and to reply at the first opportunity to participants concerning the suggestions.

9 – FINAL THOUGHTS

Finally, participants were asked to answer the question "What is the most valuable thing you are taking away from the dialogue?" Responses included the following:
- There was a remarkable range of expertise and wealth of experience

- The discussion reflected a situation where one could not tell people's backgrounds; there was a high degree of sharing of perspectives
- I had been worried that their not moving forward; this was a reaffirmation that it is the right direction
- There was a high and very homogenous level of understanding – the best ever seen in long years of experience
- I leave with hope and a sense of belonging, knowing that such issues are discussed at this level. I didn't know that people were listening until now. Things are happening and moving forward, it'll just take time.
- I had the general attitude that companies are insular, only concerned with internals. This has given me hope that they're reaching out, making partnerships, and bridging gaps.
- This dialogue created a safe environment to problem solving. There is a need to go deeper into companies' structure – from the macro to the operational
- Company work can be quite lonely, so it is good to meet others – inspiring. People share common aspirations.
- I got a lot from discussions (in and out of meetings) on practical steps to take to the operational level. Translates well to improve relationships on the ground. There is a long way to go but acknowledges that progress is being made
- Optimism on the strong consensus that is emerging
- Recognition that there is real change going on
- Sense of collaboration – take away the working together approach, especially on moving forward in future on production tools.
- Workshops are even better when properly organised, thought through and prepared well, you get more out of them.
- Breakout process went well, got a lot out of them
- Just because things have started doesn't mean to say we've arrived – still a long way to go, need to keep humility
- Need more pressure from stakeholders, increase awareness
- Will be successful if oil companies (NOC & IOC) also work hard to convince host governments to be more transparent

Appendices

Appendix 1

<div style="text-align:center">**FINAL AGENDA**</div>

Goals for the Dialogue:

♦ *The dialogue is being convened to build greater understanding concerning issues of mutual interest related to the ways that the oil and gas industries can make a positive contribution towards the social and economic development of the locations where they operate, working with other elements of society.*

♦ *The facilitators (Business for Social Responsibility) will seek to establish an environment in which issues can be raised and discussed with a view to articulating the range of perspectives present.*

♦ *The dialogue also will seek to surface issues and trends that will be shaping the oil and gas industry's relationship to sustainable development in the future.*

♦ *Finally, the dialogue will seek to identify ways that engagement between the private sector, the public sector, and civil society can be enhanced for mutual benefit.*

TUESDAY 22ND APRIL

18:45 Registration
Welcome reception and Dinner
We will use this evening to introduce the Workshop goals, make initial introductions, identify expectations, and allow participants to familiarize themselves with each other.

WEDNESDAY 23RD APRIL

9:00 Welcome and Introductions
Introduction of participants and identification of expectations. Review of issues and themes to be addressed; purpose of dialogue; dialogue protocols (i.e., ground rules); summary of comments received from participants in pre-dialogue interviews.

9:15 Comments from Participants
Time will be reserved for brief comments from participants (mainly stakeholders, and also small number of company representatives).

9:45 Full Group Scene-Setting – Defining human rights for oil and gas companies
Initial "scene setting" for human rights discussion, along with review of comments on this topic received through interview process.

10:00 Breakout – Defining human rights for oil and gas companies
Full group breaks into four sub-groups for small discussions for one of these questions.

Proposed questions to be addressed include:
(1) What are the primary, shared, and indirect responsibilities companies face with respect to human rights?
(2) How can companies effectively and appropriately influence governments concerning human rights conditions related to company operations
(3) How can human rights be made "real" in operating environments, both for communities and company staff?
(4) What are the greatest barriers/opportunities presented in terms of companies' impact on human rights?

11:00 Break

11:15 Full Group Discussion – Defining human rights for oil and gas companies
Small groups will report on their discussions, with commentary by the full group.

12:30 Lunch

14:00 Synthesis and Further Discussion of Human Rights Discussion
After identifying participants for the next day's role play, the facilitators will distill comments from the morning session and provide an opportunity for further discussion and debate.

14:30 Scene-Setting – Revenue management and sustainable development
A brief introduction will be provided to the issue of revenue management.

14:45 'Fishbowl' Discussion: Revenue management and sustainable development
A discussion of revenue management will be pursued through a 'fishbowl' exercise that will include brief statements from four participants placed in the centre of the room. All other participants will be seated around the room, and will have the opportunity to come forward to present questions or comments.

16:00 Break

16:15 Review of comments from 'Fishbowl' exercise
Facilitators will seek to synthesize opinions expressed concerning revenue management, identifying areas of shared perspective, and differences expressed.

16:45 Review of first day's discussion
Participants will present views on first day's discussion, by identifying new perspectives they have heard, and opportunities or challenges surfaced in the discussion.

17:15 Wrap-Up

19:30 Dinner at Daremo Restaurant in Denham Village

THURSDAY 24TH APRIL

9:00 Welcome: Review of Day One

9:15 Community Dialogue Role Play
To illustrate the challenges in developing effective community dialogue, we will conduct a role playing exercise that calls on individual participants to represent a range of institutions in a situation involving significant conflict between the goals and perspectives of the international company; a local partner; host country government; local government; local community leaders, international NGOs, and others.

10:00 Full group will debrief the role play.

10:30 Break

10:45 Small Group Discussion – Redefining community engagement
The themes developed through the role-playing exercise will be reviewed and discussed briefly. We will then break again into small groups to address questions including:
(1) Who defines what community "development" is?
(2) What are the respective roles of companies, host national governments, communities, and international NGOs in that process?
(3) What are the major barriers for a company in contributing to sustainable community development?

(4) Are there useful tools or models that would help move forward best practice in the process of promoting sustainable community development?

11:30   Full group discussion of sub-themes

12:30   Lunch

13:30   Reflections on the Discussion
Open discussion of the themes that have been elicited from the three thematic discussions. Questions to address may include:
♦   What are the common themes in the discussion?
♦   What are the issues that will be growing in importance in the next ten years?
♦   What have we learned that we didn't know or fully realize?
♦   What are the biggest barriers to progress? What steps are needed to make progress?

15:00   De-brief the dialogue
Participants will be asked to identify one thing that they found most useful in the dialogue. A brief written evaluation will also be handed out.

15:30   Adjourn

Appendix 2

LIST OF ATTENDEES

Stakeholders

Salil Tripathi	Amnesty International
Assheton Carter	Conservation International – CELB
Bernard Salomé	Extractive Industries Review
Simon Ray	DFID
Rebecca Adamson	First Peoples Worldwide
Amy Emheri	International Association for Impact Assessment
Robert Barrington	ISIS-US
Roger Hammond	Living Earth
John Stephen Okuta	Living Earth
Marcelo Andrade	Pro-Natura (Brazil)
Jerry Sternin	Save the Children - US
Diana Vilera	SOCSAL
Ritu Kumar	TERI, the Energy and Resources Institute
David Murray	Transparency International (UK)
Simon Ray	UK Foreign and Commonwealth Office
Cornis Van der Lugt	UNEP
Paul Stevens	University of Dundee

Industry

Marco Consiglio	AGIP KCO	Laura de Jonge	Nexen Inc
Andy Mitchell	Amerada Hess	Sverre Bjerkomp	Norsk Hydro
Margaret Mogford	BG Group	Foo Say Moo	Petronas
Anton Mifsud-Bonnici	BP	Iqbal Abdullah	Petronas
Steve Burns	ChevronTexaco	Fareed Al-Asaly	Saudi Aramco
Lee Zarnikau	ConocoPhillips	Murray Jones	Shell
Nina Krogh Nielsen	ConocoPhillips	Geir Westgaard	Statoil
Marco Stampa	ENI	Jean-René Marabelle	TotalFinaElf
Bill Flis	ExxonMobil	Jean-Pierre Labbé	TotalFinaElf
Jim Shaw	Nexen Inc		

IPIECA	**BSR**
Chris Morris	Aron Cramer
Sophie Depraz	Jim Rader
Paula Lynch	
Tessa Macnair	

Appendix 3

Aggregate Responses from BSR Interviews with Participants

Introduction

In preparation for the convening outside London 22-24 April, BSR communicated with almost all of the participant to gather their views in advance of the dialogue.

The purpose for doing so was to
  (1) open lines of communication with all participants;
  (2) make appropriate amendments to the agenda;
  (3) identify other possible participants in the dialogue;
  (4) identify valuable steps to help arrange the convening, and
  (5) help to clarify participants' expectations, to help ensure that they are met to the maximum degree possible. The overview of the comments received are below.

1. Clarity regarding objectives of the dialogue

Comments here were grouped into main categories:
  - A concern that industry not be identified as the sole, or even the principle, party for resolving the issues identified but as one more actor that can make a contribution to their resolution. In this regard, it might be useful to integrate IPIECA's efforts into some of the broader initiatives already underway
  - Also a desire to see some concrete follow-up actions identified by the end of the meeting, even if it is something as modest as continuing with the relationships established in this dialogue

2. Multi-stakeholder dialogues

Most participants had participated in these kinds of dialogues. What worked in such events included:
  - Having clear ground rules for the dialogue that would maximize the opportunities for all participants to contribute and not just a few. The Chatham House non-attribution rule was important in this respect, as well as being sensitive to time limits for each speaker. Also, it was repeatedly suggested that small groups were much more conducive for promoting discussion than large plenary sessions
  - Allowing the discussion to take its own road at times, even if not exactly on topic. The over-all objectives and plan for the dialogue would still need to be respected, however

Some things that have not worked as well for participants in these kinds of dialogues were:
  - Trying to strike a balance between allowing passion to surface in respect of certain issues, while ensuring that emotions do not become personal or overwhelm the agenda
  - Where participants have come in with set positions and have not seemed willing to open up or listen in order to have a real dialogue
  - Making speeches

3. Clarity regarding the topics in the agenda

In general, participants believed that the selection of topics touched on central issues for the industry. Comments focused on:
  - That the transparency issue not overwhelm the need to discuss adequate management of the revenues that do flow to countries and communities, and the role that energy companies might play in that

- That the building of community capacity to participate in their own development be a central issue of that discussion
- That human rights is a very broad area and might need some clarification. For example, are we talking about social, economic, civil and political rights?

4. The process

In general, participants thought the suggested processes were very conducive to promoting discussion and the exchange of ideas. Flexibility was again suggested as a watchword. Role-playing was seen as a valuable methodological tool but one that not all were comfortable with. This issue needed to be addressed in the planning

5. Top three to five issues for the industry over the next five to ten years (not in order of importance)

- Engagement with local communities and the contribution of companies to their over-all well-being
- Human rights and the security issue
- Governance: the rule of law, the challenge some states have in applying it and the implications for private companies
- Governance: the efficient, transparent and ethical use by governments of revenue flows for the benefit of the majorities in their countries
- Increasing public demand for ethical behaviour and demonstrating transparent accountability (ie. reporting) for actions taken

6. Measure of effectiveness of the dialogue

In general, the expectations of the participants for measuring the success of the dialogue ranged from modest to very ambitious. These included:
- Getting a good read on the interests and expectations of the other side, while also being able to communicate our interests and expectations to them
- Continuing the networking aspect of this dialogue
- If the industry/IPIECA were able to identify some specific tasks to incorporate into its work plan with stakeholders going forward
- If there were some consensus on moving forward in a new initiative, similar to the Voluntary Principles process