Contribution of organised Stakeholder consultation to social responsibility

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Objectives of this presentation

• Social LCA purpose is to measure the social impacts of any activity, product... on stakeholders

• The objective of this presentation is to show that stakeholder engagement is at the heart of a social LCA approach (process and management tools). Not only by measuring impacts but also by engaging stakeholders on a common vision of how to build a sustainable approach at each stage of the life cycle.

• The core of the stakeholder dialogue is to share best practices and measure their level of implementation together to maximize the chance to achieve the common target

• We showcase this idea by illustrating what has been achieved in this field by Total.
Agenda of the presentation

• Objectives

• About SK dialog

• Stakeholder identifications

• Operational approach (Total, major oil&gas company with over 10 years experience in SK dialog methodology)
  ▪ Domain identification
  ▪ Key choices for the « home-made methodology »
  ▪ Case studies with Marketing Division challenges
  ▪ Extension to any kind of activities

• More link with sLCA?
Stakeholder dialog is the core of corporate social responsibility (ex: ISO 26000 ...)

- **Definition of goal and scope**
- **Impact qualification**
  - Positive, negative
  - Direct, indirect
  - Actual, perceived
- **Contribution to Efficiency**
  - Legitimacy
  - Continuity
  - Traceability, reliability
  - Transparency

Facts  Perception

Integration

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Stakeholder dialog: a valuable process more complex than expected:

Keys steps
• Scope identification: product, activity, territory…
• Stakeholder Identification: mapping and prioritize stakeholders
• Drivers: Risk /opportunity, crisis and regular business management (Allies strategy)

SK dialog
• Continuity of relationship between « local residents » (one life!) and organisation managers (5 years!)
• Management of « skewness » in decision making (not symetric, frustration mgt…)
• Dynamic and scalable approach efficient for the various situations (geographic, projects life cycle phases …)

Keys of success
• Importance of Engagement (commitment of managers and empowerment of employees)
• Importance of Behaviour
• « Intangible assets » management: identifications and upgrading of best practices, how to measure?
Stakeholder Mapping

An important choice, no shared standard: contractual vs. non-contractual; relationship internal SK vs. external SK ...

- sLCA guide line proposal,
- post ISO 26000 proposal,

Proposed classification

**Fringe stakeholders**
- Poor
- Weak
- Illiterate

**Core Stakeholders**
- CIVIL SOCIETY:
  - NGOs
  - Communities

- BUSINESS:
  - Customers
  - Suppliers
  - Competitors
  - Employees
  - Investors

- AUTHORITIES
  - Institutions
  - Supranational entities

Isolated
Illegitimate
Divergent
Who should be consulted: criteria of selection

**SK Importance** based on **influence** and **strategic interest**

**SK Expectations** based on **legitimacy** and **urgency**
Matching of ISO 26000 subdomains and areas included in consultation tools: no question, partial, addressed

- Community involvement
  - Education & culture
  - Employment creation & skills development
  - Technology development & access
  - Wealth & Income creation
  - Health
  - Social investment

- Consumer Issues
  - Fair marketing
  - Health & safety
  - Sustainable consumption
  - Service & support
  - Consumer data protection
  - Access to essential services

- Governance/Organisation
  - Community involvement & development
  - Human rights

- Labour Practices
  - Employment relationships
  - Conditions of work & social protection
  - Social dialogue
  - Health & safety at work
  - Human development & training in workplace

- Environment
  - Employment practices
  - Environment
  - Fair operating practices

- Prevention of pollution
  - Sustainable resource use
  - Climate change mitigation
  - Protection & restoration of the natural environment

- Due diligence
  - HR risk situations
  - Avoidance of complicity
  - Resolving grievances
  - Discrimination (vulnerable groups)
  - Civil & political rights
  - Eco-socio-cultural rights
  - Fundamental rights at work

- Anti-corruption
  - Responsible political involvement
  - Fair competition
  - Promoting Social Responsibility in the supply chain
  - Respect of property rights

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Methodology: Key points to be addressed by the tool (think globally, act locally)

- User interface has to be easy to use, intuitive: giving immediately the exposure level and the points to improve (Action plan based on catalog of best practices... which could be updated)

- This is not exact science: the motor of improvement is the gap between internal and external visions, hence two levels of dialog should be organised.

- Accessibility of information: documents should be available to anyone in the company (time continuity, same measurement system...)

- Method should fit with Organisation/Company mission/values and promote the CSR culture (new DNA?)

- CSR action plan (aligned on SK dialog contribution) have to be included in the regular business budget and long term plan.
SK dialog tool: HOW DOES IT WORK?

1 – ANALYSE CSR RISKS & OPPORTUNITIES (internal vision)
- Stakeholders mapping
- Societal Diagnosis (self evaluation)

2 – PRIORITIZE STAKEHOLDERS CONCERNS & EXPECTATIONS (external vision)
- Stakeholder survey
- Database processing

3 – GAP ANALYSIS AND ACTION PLAN
- Gap analysis
- Action plan
- Final report (communication)

Share action plan with stakeholders
Implement action plan
Assess results
Marketing sites: Societal performance self-evaluation

- Assessment of the socio-economic context:

- Key Societal performance indicators

- Assessment on global governance

- Assessment of the site stakeholder management on 4 major segments
  - Information and dialog
  - HSE impacts and nuisance mitigation
  - Contribution to local economic development
  - Contribution to community and human development

Notation: 1 to 4 for indicators
Not implemented, Initiate, Mature, Excellent for the Best Practices (BP)

A shared evaluation by the management steering committee in 2h
**Stakeholder interview form (1h 30)**

For each question below, the stakeholder is asked to:

<table>
<thead>
<tr>
<th>Rate his level of satisfaction</th>
<th>Tell us his priority expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good</td>
<td>Maintain performance</td>
</tr>
<tr>
<td>Medium</td>
<td>Could be improved</td>
</tr>
<tr>
<td>Bad</td>
<td>Should be improved in priority</td>
</tr>
<tr>
<td>Very bad</td>
<td>Must be improved</td>
</tr>
<tr>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

**COMMUNICATION AND DIALOGUE**

<table>
<thead>
<tr>
<th>Do you have a good relationship with Total?</th>
</tr>
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<tbody>
<tr>
<td>☹ ☺ ☻ ☼ ☽ ☽ N/A N/A</td>
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</table>

Rate the quality of the relationship

<table>
<thead>
<tr>
<th>=</th>
<th>+</th>
<th>++</th>
<th>+++</th>
<th>N/A</th>
</tr>
</thead>
</table>

What could we do to improve the relationship?

<table>
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<tr>
<th>=</th>
<th>+</th>
<th>++</th>
<th>+++</th>
<th>N/A</th>
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</table>

Your suggestions

<table>
<thead>
<tr>
<th>Frequency of dialogue</th>
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</table>

<table>
<thead>
<tr>
<th>Quality of information provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>=</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Feedback and follow-up</th>
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<tr>
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Same items are covered by external or internal consultation.

Quick, painless for SK, efficient mixt of locked and open questions, room for open talking and shared futur vision.
Possible restitutions

- **Diagrams**
  - Level of exposure (weighting of societal context, SK perceptions and societal performance)
  - Internal/external perception comparison for each major segment and per type of SK
  - Zoom per indicators and per best practices

- **Action plans**
  - Identifications of the hotspots and key SK expectations per SK family (with % of panel opinion)
  - Identification of the current level of best practices
  - Cost/benefit analysis of « gap bridging »
  - New management commitment regarding the level of Best Practices
  - Definition of new targeted level of societal exposure
  - Implementation of the expected level of Best Practices (sharing of experience with other sites…)
  - Updating of the best practices at local or company level.
A modular approach

- Starting with 24 BP at a level of marketing sites blending...) easy identification
  - Easy restitution to SK
  - Updating of best practices, new segment integration
  - Updating of SK and perception
  - Easy to be included in a continuous progress management plan (Plan Do Check Act)

- Implementation of the same type of approach, with implementation of best practices, at items level inside a segment (Russian puppet principle)

- Can be used for grassroots projects

- Can be used for various geographical areas, products channel or company management

- Can be used to anticipate new products and services linked to socio-economic trends and emerging expectations from stakeholders
Zoom: Challenges and objectives in supporting local economic development

**Support local economic development**
- Institutional economic stakeholders
- Small businesses
- Authorities
- Local communities

**Empowerment et sustainable wealth creation**
- Creation and / or strengthening capacities of small businesses
- Creation and / or maintaining jobs
- New markets, new products

**Better acceptability for Total**
- Integration of our operations in the local economic fabric
- Strengthening our relationships with stakeholders at regional level
- Strengthening social climate within the company

- Among all themes in the societal domain, the theme of support for local economic development with the highest stakeholder expectations.
- In particular around activities or sites that are affected by declining activity or are in a closing situation.
- In implementing policies to support local very small, small and medium-sized businesses, Company has the opportunity to:
  - Strengthen the local companies' opportunities (from a micro-enterprise to a national one) to be integrated into the value chain
  - Foster the emergence of activities making it possible to diversify income sources on a territory (outside of the oil&gas domain)
SK dialog for « eco-socio conception »
in a business Unit (eg Bitumen in 2006)

360 SD Action plan

Re-orientation of the BU innovation strategy with 5 priorities: Energy saving, health, recycling, durability, biomass

More than 20 new actions taken into account in the Bitumen Strategy (10 in R&D and demonstration, 5 in information and promotion, 5 in services and innovation)

1 dedicated communication plan

Panel breakdown

Raw materials suppliers

Industry clients 15% 15% 15%

Road clients, equipment manufacturers and motorway companies 40%

Administrations and research centers 15%

Trade associations 15%

Rating of stakeholders expectations towards TB

Rating of stakeholder sustainable development issues

Products and process

Beyond products

Innovation

Information

Comportement & transparency

Services plus

Offering technologies that help improve bitumen energy efficiency and cut back on CO2 emissions

Offering high-performance bitumens (more specialised)

Promoting alternative biomass in bitumens

Making recycling a key focus for innovation

Improving processes

Panel breakdown

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Rating of stakeholders expectations towards TB

Rating of stakeholder sustainable development issues

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Generalisation of best practices required level:

For a whole organisation (see management system like Areva Way, Danone Way, Solvay Way …)

For products to drive a labelling for example, with:
- decision on which LC phase take into account,
- number of criteria (enviro…)
- minimum level requirement per criteria (implementation BP)

Criteria = Sub item

Whole Life Cycle

Minimum common core for SK dialog

Level of requirement in Best Practices

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Any link with sLCA ?
A life cycle thinking approach

- A life cycle thinking approach: same methodology applies to all the phases of a life cycle for an organisation/company or a product channel

- Priorities given to dialog to solve « complex trade-offs » and regular methods (policy, audit…) to solve internal social issues

- Starting from risk assessment (acceptability), moving to cause and effect logic with introduction of best practices (blending, logistic sites….)

- Taking into account the number of locations: empower local management to conduct SK dialog and initiate action plans vs. dependency on external experts.
Conclusion

• SK dialog is an efficient tool for CSR/SD management in line with international standards. Management engagement is key. Implementation at sector level could be done if necessary.

• Not only based on pinpoint expert assessment but on regular and ongoing framework for dialog: more robust approach especially in “social items”

• How can SK dialog help the sLCA approach (data collecting for inventory phase?) and how the sLCA approach can contribute to provide items to cover and discuss in SK dialog.
I would like to thank TOTAL for sharing some of its internal methodologies and best practices.

THANK YOU

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