

INSIGHTS GAINED FROM TOTAL'S SOCIETAL STRATEGY:

from local acceptability to shared value

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With operations in more than 130 countries, Total is a leading international oil and gas company. In addition to producing, refining and distributing petrochemicals, Total is also a world-class natural gas operator and ranks second in the world for solar energy with SunPower. The company works closely with its stakeholders to ensure that its operations consistently deliver economic, social and environmental benefits.

KEYWORDS

- DIALOGUE WITH STAKEHOLDERS
- IMPACT MANAGEMENT
- CREATION OF SHARED VALUE
- ACCESS TO ENERGY

Since 2000 Total has been developing local acceptability procedures in its subsidiaries and at its sites that comprise four main components: dialogue with local stakeholders, controlling the impacts of industrial activities, optimizing the contribution to the sustainable social and economic development of communities and territories where the Group operates and being recognized as a prime mover regarding access to energy. Now well established (with dedicated human resources, tools and methodologies), this societal strategy is facing several challenges that need to be met if the Group is to continue to achieve operational excellence and longevity.

INTRODUCTION

The environmental and social acceptability of major projects is not a new issue, but over the last fifteen years the approach has become more structured.

The adoption, from 2003 onwards, of new guidelines for the identification, evaluation and management of environmental and social risks by the financial and banking sector (the Equator Principles, a set of standards established by the International Finance Corporation, a subsidiary of the World Bank) was a major step in establishing local acceptability as a core criterion.

Since then, the legitimate and ever-increasing expectations of civil society with regard to the private sector have made the societal approach even more relevant for large corporations.

Total has been working since 2000 on the development of its own local acceptability approach in its subsidiaries and at its sites, working in parallel with international initiatives such as the UN Global Pact. In line with the orientations defined in 2011, Total's approach aims to:

- *Achieve a better grasp of the complexity of the contexts and situations in which Total operates and the attendant risks, as well as the corresponding opportunities;*
- *Consolidate its license to operate by taking stakeholder expectations into account;*
- *Create value that is shared by all.*

The policy implemented by Total comprises three main characteristics:

- **A strategic vision:** *Total's societal policy currently focuses primarily on reinforcing dialogue with stakeholders, managing the impacts of its operations, and creating local value in the areas where it operates;*

- **A methodology with dedicated tools:** for several years now, the Group has worked on structuring its methodology and developing a full range of easy-to-use tools dedicated to its societal engagement, such as SRM+ (Stakeholder Relationship Management);
- **A recognized professional field:** created in 2008 the societal professional field is becoming an increasingly professional part of the Group. Some 400 people are currently working on societal questions, particularly in the Exploration/Production branch. Raising awareness among our teams and employees is crucial to promoting the development of the approach internally.

1. A FOUR-TIERED STRATEGIC VISION

Total has developed a societal that applies both at corporate level and at site level, and consists of four main components:

- **Dialogue** with local stakeholders;
- **Controlling** the impacts of our industrial activities;
- **Optimizing** our contribution to the sustainable social and economic development of the communities and territories where the Group operates;
- **Being recognized** as a prime mover regarding access to energy.

1.1. DIALOGUE WITH STAKEHOLDERS

In order to gain a solid understanding of the local context and build a relationship of trust and constructive dialogue with local actors, Total has developed a structured approach divided into multiple stages, including “key” stages such as the identification and mapping of stakeholders and/or the organization of public consultations.

1.2. CONTROLLING THE IMPACTS OF OUR ACTIVITIES

The societal impacts of industrial activities are increasingly coming under the same scrutiny as environmental impacts. The management of societal impacts is gradually becoming more structured, with

Rokia Gue, customer, wishing to buy a S250 lamp from Nanema, shop keeper. Kossodo in Ouagadougou. Total Access to Energy Program/ “Awango by Total”



1) impact assessments comprising both environmental and social strands (Environmental and Social Impact Assessments or ESIA), and 2) the introduction of societal action plans with the aim of reducing, or in some cases compensating, these impacts (compensation plans, complaint handling procedures, etc.).

1.3. OPTIMIZING OUR CONTRIBUTION TO LOCAL SOCIOECONOMIC DEVELOPMENT

Total’s approach is ultimately based on implementing societal actions with the aim of making a greater contribution to local development. In more concrete terms, optimizing our contribution means both reinforcing what we call “local content” (local recruitment, local sourcing of goods and services, supporting local small businesses) and implementing development projects with long-term sustainability goals.

To this end, 450 million dollars are dedicated to developing local projects, 150 million of which is paid directly to certain governments as an official contribution to local development. The Group has defined several priority fields for its contributions: education – the main field of intervention (one third of all investment), safety (including road safety), support for small businesses and entrepreneurs, and access to energy.

1.4. BEING RECOGNIZED AS A PRIME MOVER REGARDING ACCESS TO ENERGY

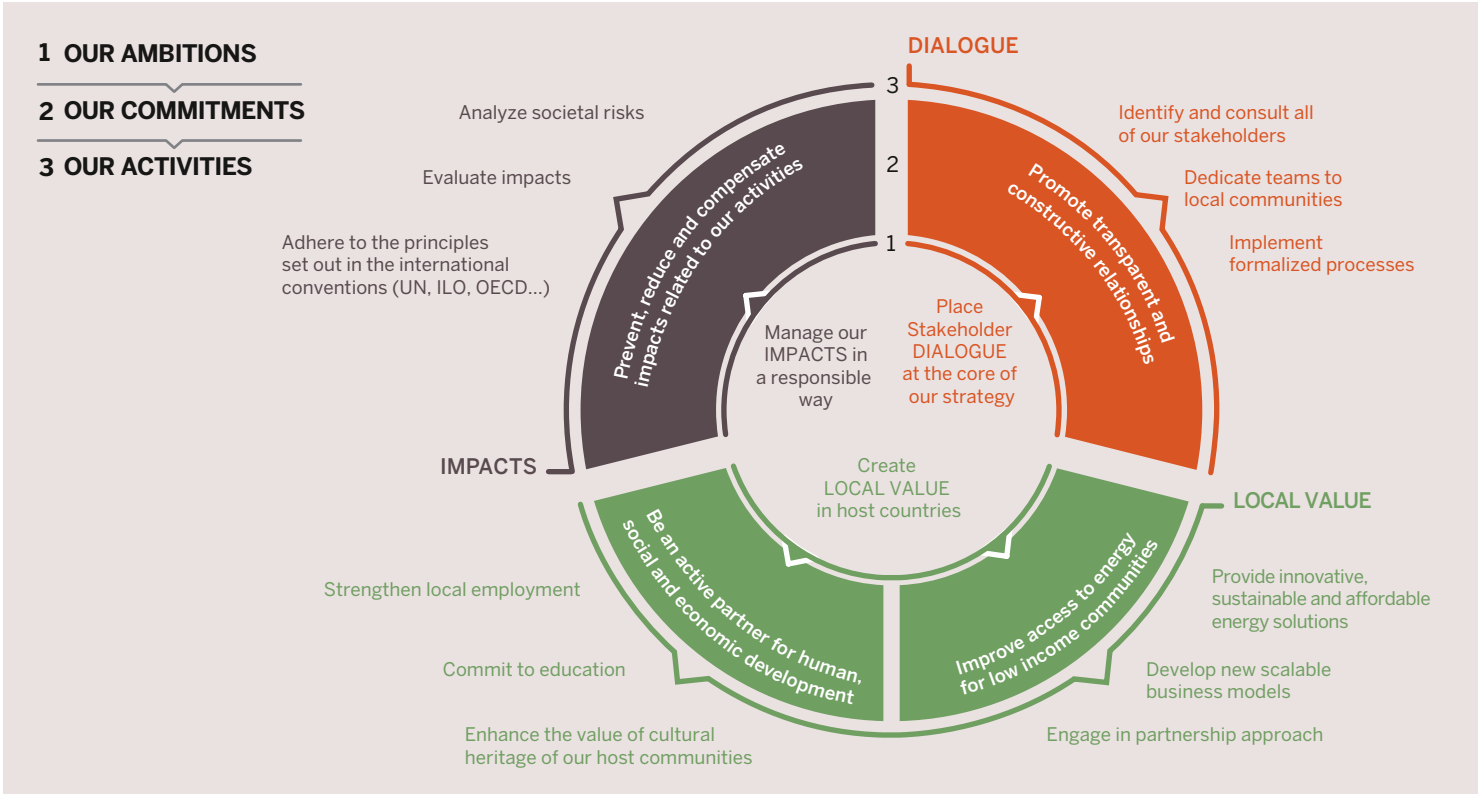
The Group’s approach in this area, which goes to the heart of its core business, is based on gas-to-power projects for local populations: decentralized solar solutions and, in particular, a social business project selling solar lamps (as well as telephone chargers, fans, etc.). These high-quality solar lamps are sold via two channels: 1) the Total service station network, and 2) through small-scale local entrepreneurs, or alternatively through NGOs, in order to reach the “last mile”, the most geographically isolated and/or most disadvantaged populations. The resulting profits are reinvested in the project, enabling it to grow, expand, spread, diversify, and inspire new solutions. These *Awango by Total* lamps can now be found in thirty countries, compared to just three in 2011. In 2015, the project crossed the milestone of 5 million people impacted (through the sale of 1 million lamps). Now the target is to reach 25 million people in Africa by 2020.

\$450 MILLION
dedicated to
developing local
projects

1 MILLION
Awango
lamps sold

**5 MILLION
PEOPLE**
impacted by
the Awango
project

OUR SOCIETAL APPROACH



2. A METHODOLOGY WITH DEDICATED TOOLS

To lay down the main lines of its approach, Total has in recent years developed a methodology based on tools ranging from stakeholder mapping to public consultations and complaint handling procedures, to support for local economic initiatives. While the SRM+ tool is useful for organizing the stakeholder consultation process, the Small Business Initiative tool is designed to support economic projects launched by local firms.

2.1. SRM+: AN AID FOR STAKEHOLDER CONSULTATION

The SRM+ (Stakeholder Relationship Management) tool, developed in partnership with the consulting firm Altermondo, provides a snapshot of the state of relations with stakeholders, and makes it easier to understand their expectations and analyze the Group’s exposure, as well as the risks and opportunities. SRM+ offers three main advantages:

- **Operational in action:** a SRM+ diagnostic is conducted over one week, culminating in the definition of an action plan based on the common interests of stakeholders;

- **Correlation of internal and external views:** comparing the internal view of the societal issues and the history of stakeholder relations against the results of the external stakeholder consultations;
- **Ease of replication:** more than 160 SRM+ diagnostics have now been performed, covering about 60% of the sites assessed as being among the greatest risks for Total.

The example of the SRM+ diagnostic conducted on the Ichthys LNG project—the fruit of a joint venture between INPEX (the operator) and Total, and the second largest project in Australian history—contains several lessons about the rollout of the tool. At the request of INPEX, Total agreed to make its SRM+ tool available. Thirty-five groups, consisting of external stakeholders, from Western Australia, the Northern Territory and the Australian Capital Territory, were consulted during a two-week mission conducted in 2011 with teams made up of staff from INPEX, Total and the consulting firm Altermondo. The societal context of the project was complex: while the governments of the Northern Territory, speaking for the aboriginal populations, were favorable to the project from the outset, the State of Western Australia was more reticent about the nature of the industrial operations authorized in the Kimberley region. The SRM+ consultation confirmed the project’s integration into the Territories concerned, clarified the stakeholders’ expectations and, above all, initiated a dialogue for the duration of the operations and not just for the purposes of the SRM+ diagnostic.



Ko Khin Mang Myint doing her homework, village of Pike Pe lay, Myanmar. "Awango by Total"

The lessons to be learned from the application of this method—after several years' practice on every continent and in every socioeconomic context—include:

- **The importance of winning management buy-in:** beforehand, the top management team may be wary about organizing an SRM+ diagnostic, fearing it might "open a Pandora's box", but these misgivings are often shown to be unfounded, in as much as the methodology serves, above all, to improve relations with the stakeholders;
- **Frequent consultations to establish a bond of trust:** when information and communication is in short supply, myths proliferate, among the stakeholders and even within the company. Stakeholders may tend to over-represent the risks, while the company may be led to believe that the whole of civil society is hostile to it;
- **Consultations open to a wide range of questions:** stakeholder consultation should not take place only when the company needs it to, nor should it only have to discuss points relating to the project;
- **Simple, accurate information to dispel fears:** project-related information should be presented in a way that is adapted to the stakeholders, putting clarity and simplicity first in order to avoid misunderstandings and allay any lingering concerns;
- **Adjusting the strategy to the emergence of trends and models common to different groups of stakeholders:** certain correlations between stakeholder groups may bring to the fore common themes and topics that the company needs to address;
- **The integration of constructive stakeholder ideas into the action plans:** valuable suggestions can emerge from stakeholder consultations, contributing to the improvement of the project, or to the relationship with the company.

2.2. SMALL BUSINESS INITIATIVE: FOR A STRONGER CONTRIBUTION TO ECONOMIC DEVELOPMENT

The Small Business Initiative (SBI) approach is the result of an effort to formalize all of Total's existing small-business support initiatives. Inspired by a desire to assert the place of economic development in societal action plans, SBI also offers a response to one of the main stakeholder concerns by focusing its action on the "missing middle": the many firms in developing countries which need capital but which are both too large for most micro-credit schemes and too small to have access to conventional sources of finance.

The SBI approach operates on a win-win model, enabling SMEs to obtain easier access to the resources needed for their development (financing, innovation), thanks to Total's support, and enabling Total either to increase its use of local labor in the industrial sector, or to reinforce its economic footprint beyond its core business. To cite just two examples: the *Jeunes Gérants* (Young Managers) program in Africa works to promote service station employees to the rank of Total station manager, while in Qatar, Total has facilitated the creation of industrial joint ventures between European and Qatari SMEs.

To do so, SBI relies on a four-stage method:

- **The diagnostic:** identifying the risks and opportunities of a small-business support program for the subsidiary;
- **Defining the support strategy:** targeting the most relevant business sectors and proposing coherent mechanisms;
- **Designing the mechanism:** building an action plan in the form of a business plan that brings in the operator and selected partners;
- **Implementation, monitoring and evaluation:** participating in the steering committee and tracking project progress, with the application of a gradual disengagement plan.

"SMALL BUSINESS INITIATIVE ALSO OFFERS A RESPONSE TO ONE OF THE MAIN STAKEHOLDER CONCERNS BY FOCUSING ITS ACTION ON THE 'MISSING MIDDLE!'"

3. THE CENTRAL ISSUE OF HUMAN RESOURCES

3.1. PUTTING SOCIETAL ACTION ON A PROFESSIONAL FOOTING

In recent years, corporate societal action—recognized by Total as a line of work in its own right—has acquired greater professional status through heightened awareness among management and staff, the training of the teams who go out into the field, more diverse recruitment (sociologists, anthropologists, etc.) and the use of performance indicators to measure the results of actions.

The Societal department's attachment to the HSEQ function, now called H3SEQ (for Health, Safety, Security, Societal, Environment and Quality) clarifies the interplay between the different fields of action: ultimately, the impacts of Total's activities in the field almost automatically have a societal aspect, whether it is about on-site road safety, for example, or the socioeconomic consequences of environmental impacts.

3.2. THE NEXT HR CHALLENGES TO BE MET

With the affirmation of the company's societal function, we are also seeing the emergence of new challenges that call for appropriate responses, building on the lessons of field experience. The current challenges are:

- **Ensuring the diversity of teams by combining external profiles** (capable of bringing in a specialist viewpoint: sociologists, anthropologists, agronomists, etc.) **with internal profiles** ("old hands" in the company who can draw on their many years of experience).
- **Striking a balance between the recruitment of teams from local communities and teams of foreigners:** continuity of dialogue with local communities in the field often relies on Community Liaison Officers (CLOs), whose mission is to establish contacts with local populations and explain the Group's activities. The CLOs — currently about fifty people — are trusted persons, from the local communities, who act as the primary guarantors of Total's integration into the local context. However, their position — as members

“CONTINUITY OF DIALOGUE WITH LOCAL COMMUNITIES IN THE FIELD OFTEN RELIES ON COMMUNITY LIAISON OFFICERS (CLOS), WHOSE MISSION IS TO ESTABLISH CONTACTS WITH LOCAL POPULATIONS AND EXPLAIN THE GROUP'S ACTIVITIES.”

of their communities and, at the same time, as representatives of Total — is not a comfortable one. While continuing to listen to local communities and maintaining day-to-day relations with them, their priority must nonetheless remain the company's operational requirements, which may mean they have to say “no” to local people. The ensuing tensions sometimes give rise to threats and/or suspicion. The Yemen LNG project, carried out by Total with six other partners, and completed in 2009, involved the construction of a gas pipeline 320 kilometers long through the desert and the plateaux in the south of the country, and an LNG plant on the coast. The site presented complex characteristics — the predominance of tribal systems, limited economic resources, and the absence of real development — making dialogue with the stakeholders a crucial stage. Interactions with the local populations, particularly on land- and employment-related issues, were numerous: up to thirty consultations a day. To ensure that the dialogue proceeded smoothly, teams of liaison agents were recruited from the tribal communities. While their perfect knowledge of the terrain quickly became evident, they were, in fact, too close to the field, and their tribal loyalties very soon aroused suspicion among the wider population: the precise opposite of the desired effect. To handle this issue, teams of Arabic-speaking foreigners were finally put in place to reinforce the existing agents. The foreign teams were seen as more neutral third parties by the tribal populations, and succeeded in raising the quality of the dialogue.

- **Ensuring gender parity in societal teams:** this involves working “against the trend” in as much as women remain more numerous in this line of work, particularly in coordination roles. Conversely, while the positive role played by female CLOs has been noted, there are still relatively few in number.

4. CHALLENGES TO BE MET AND OPTIONS FOR IMPROVEMENT

In the field, the effective implementation of societal strategy runs into difficulties. We must now work on potential improvement routes in order to ensure the Group's operational excellence and acceptability.

4.1. AT PROJECT LEVEL

- **Optimizing control over contractor and sub-contractor activities:** the main difficulty encountered today in implementing the societal approach is the lack of control and influence that Total sometimes has over its contractors and especially its sub-contractors, and indeed its suppliers. Despite the contractual relations that bind them, it is essential to ensure that all parties comply with the clauses and objectives defined by Total (respect for human rights, labor rights, etc.). The contractor shortlisting phases—based on their HSE performance—and the implementation of guidance measures still need to be defined in greater depth.
- **Ensuring project sustainability and creating shared value:** to go the extra mile in value creation at the local scale, the Group must find ways to invest in sustainable, lasting projects that can become self-sufficient and operate independently of subsidies. Notable examples of such projects are the community banks in Venezuela, developed in partnership with Fundefor, the development of micro-credit schemes in Burma, or the improvement of agricultural practices in Yemen. Other examples of sustainable projects might include “social business” initiatives developed in recent years and which deserve support (such as the *Awango by Total* project—mentioned above—based around the marketing of solar solutions).



- **Optimizing project monitoring:** if our contribution to local socioeconomic development is to have a real impact, we must start by putting in place better tools for monitoring and controlling the projects that are financed by the Group. The aim is to avoid funding projects of no real benefit to local communities and to steer funding instead towards the areas where the need is most urgent. The societal approach must be given a greater capacity to anticipate the outcomes of a project.
- **Evaluating outcomes more thoroughly:** the evaluation of the results of actions conducted locally—in this case, by Total—is gradually emerging as a distinct strand in thinking about local acceptability. To this end, evaluations by external stakeholders, notably non-governmental organizations, have been used.
To take an example, Total E&P Myanmar recently organized a societal performance evaluation at the Yadana gas field. Total E&P Myanmar (TEPM) acts as operator for the Yadana consortium, which is in charge of the Yadana gas field in the Gulf of Mottama. Since 1996 the consortium has run a socioeconomic program aimed at the inhabitants of the local villages. To evaluate the project's societal performance, a partnership was set up between TEPM and the non-profit organization CDA in 2002. Six independent impact assessments were conducted by CDA between 2002 and 2011 to help TEPM adjust its strategy. Thus far, the assessments have concluded that the Yadana socioeconomic project makes a positive contribution to the quality of life of the communities in the region of the pipeline but that it needs to adopt a more sustainable approach in order to avoid creating inequalities within the communities. These assessments, over which Total has no influence, are published and available on the Internet.

4.2. AT THE INTERNAL LEVEL

- **Consolidating the internal dissemination of practices and messages:** the people in charge of operations do not necessarily have the time, or sufficient objectivity, to devote themselves entirely to this approach. Stronger support from societal teams in the field is therefore necessary. This involves stepping up specific training modules on themes such as stakeholder dialogue and the monitoring of local development projects.
- **Monetizing the cost of societal risk:** calculating the cost of inertia in societal action would improve both the management and the impact of our local acceptability strategy, as well as the internal dissemination of key messages. The tools developed to date, however, are still incomplete; the existing work on the cost of societal risk needs to be pursued.

These improvement routes are not only shaping tomorrow's acceptability priorities, they are fostering a philosophy based on creating shared value for all stakeholders. They will validate the local acceptability approach as part of Total's global strategy, while at the same time creating more sustainable and measurable value for the stakeholders, and will help develop further thinking in a spirit of respect, continuous dialogue and transparency.