Sustainability reporting guidance for the oil and gas industry

March 2020
Legal note

This voluntary guidance document (Guidance) is designed to serve as a resource for interested companies; the indicators and information referenced in this work do not establish an industry standard as to the nature of a company’s public reporting practice. The recommendations in this Guidance on how to report on a particular issue are addressed to those companies who choose to voluntarily include that issue in their sustainability reporting and terms such as ‘the reporting company should...’ are to be understood in this sense.

The terms and definitions used in this document are not necessarily the same as terms and definitions used in various statutes, rules, codes or other legal documents. Users and readers of this document should refer to relevant legal sources or consult their own legal counsel for explanations as to how the terms and definitions used in this document may differ from the legal terms and definitions (e.g. spills and hazardous wastes) used in their particular areas of operation. Anything in this document regarding voluntary reporting of indicators is not intended to imply that any of the indicators are required to be reported under any national, local or other law. Furthermore, it is not intended to serve as a substitute for applicable public reporting requirements and regulations. Any company reporter that has a question as to whether or not reports that follow the information contained herein will meet any specific reporting requirements applicable to their particular operations should consult with the reporter’s own legal counsel.

A cautionary statement regarding performance indicators

Aggregated, company-level, non-financial performance data, developed using the indicators in this Guidance, can be informative for comparing relative performance among different companies, such as benchmarking safety incident statistics across the oil and gas industry. A company can use such comparisons to evaluate its own performance relative to peers, and identify areas for potential improvement. However, limitations to comparability exist due to various factors including the different methods companies may use to measure, normalize and report specific indicators. Although efforts have been made throughout the Guidance to improve comparability, report users are advised to exercise caution when using data from sustainability reports to compare performance. For example, comparing two companies that report greenhouse gas emissions on a different basis (e.g. equity share vs. operated) could be misleading regarding actual performance. Specific indicators from similar operations can sometimes be usefully compared to help performance management. However, the company-level, aggregate data typically reported in sustainability reports may not provide adequate comparability for some metrics. Where this Guidance mentions comparability, it is not intended to imply that data in sustainability reports, and therefore companies’ performance, are always directly comparable.

Furthermore and separate from company sustainability reporting, industry associations and others may choose to implement specific performance benchmarking studies, which may build upon the indicators in this Guidance.
Structure of the guidance

The Guidance in its entirety is made up of the following inter-connected modules. All modules, except for ‘Reporting process’ are accompanied by performance indicators.

• Reporting process (REP)
• Governance and business ethics (GOV)
• Climate change and energy (CCE)
• Environment (ENV)
• Safety, health and security (SHS)
• Social (SOC)

The REP module provides good practice guidance on how and what to report. The guidance covers important processes such as stakeholder engagement, determining materiality, developing narrative and reporting indicators.

Each of the other five modules introduces a set of related sustainability issues and provide guidance on developing your narrative supported by relevant industry specific indicators on these issues. In general terms, depending on materiality, your report’s narrative should provide an overview of:

• how you manage each issue;
• your overall approach to the issue and any policies you have in place;
• your management of risk and opportunity;
• key initiatives and actions;
• how you measure and monitor the issue; and
• how you review and learn in pursuit of continuous improvement.
KEY POINTS TO ADDRESS

The key points listed in this section have been developed through input from external stakeholders and industry subject matter experts. The overarching points are intended to inform your narrative, supported by the data and facts provided by the indicators that follow. Unlike indicators that primarily aim to establish consistency of reporting, these points provide an opportunity for your narrative to convey your company’s individual characteristics and unique culture that underpins how you address impacts and contribute to sustainability.

INDICATORS

To support your narrative, informed by the key points above, you should report on any or all of the suggested indicators, based on your material issues. Each indicator is defined by its Scope and its core and additional Elements, supported by any specific definitions of terms. A set of general Guidance definitions are provided in the Glossary.

INDICATOR DETAILS

<table>
<thead>
<tr>
<th>Why this matters</th>
<th>Summarizes why this indicator may be important to you, and what the indicator is seeking to show.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope</td>
<td>Describes the indicator and its associated reporting elements, in terms of their applicability and relevance; a separate list of ‘out of scope’ aspects may also be provided.</td>
</tr>
<tr>
<td>Basis (if needed)</td>
<td>For relevant indicators, this defines measurement units, as well as data consolidation / reporting boundary considerations.</td>
</tr>
<tr>
<td>Definition of terms (if needed)</td>
<td>Offers definitions that clarify terms specific to the indicator. More general terms are included in the Glossary.</td>
</tr>
<tr>
<td>Elements</td>
<td>See Step 5 in ‘How to report’ for how we number and summarize reporting elements.</td>
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</tbody>
</table>

Website and Supporting Materials (including the Glossary)

All modules of the Guidance can be downloaded from our website: www.sustainability-reporting.org. In addition to module downloads, the website also contains supporting materials. This includes the Glossary for the Guidance, which helps define many of the common terms used throughout all of the modules. In addition a useful list of Measurement Units and Conversion Factors is also available as a download.
Introduction

Access to affordable energy can change lives by improving quality of life, creating economic wealth and lifting people out of poverty. However, extracting, processing, transporting and selling the resources needed to create that energy can also stress local ecosystems and enable inequalities within society. Since oil and gas are found all over the world, the industry finds itself operating in locations with multiple social and environmental challenges. Instead of the intended socio-economic development, history shows us that, in some cases, the industry’s presence can exacerbate these challenges. Investor and stakeholder expectations of how companies manage community and indigenous relations continue to expand.

To address these risks, oil and gas companies aim to act responsibly by avoiding, mitigating and managing the negative impacts with which they may be involved through their own activities and business relationships. This includes respecting human rights. Many also make commitments to support socio-economic development, such as providing access to employment, procuring local goods and services, improving infrastructure, enhancing public health outcomes, and developing local businesses and workforce skills.

This module embeds human rights considerations throughout. This is because human rights cut across many areas and the module uses it as a lens through which to consider other social issues. It is also relevant to other sections in this Guidance, such as Module 4 Environment, and Module 5 Safety, health and security. It is good practice to discuss how these issues are interrelated and systematically managed.

HUMAN RIGHTS

Every individual, no matter who we are or where we are born, is entitled to the same basic rights and freedoms without discrimination. Human rights are inalienable and universal, covering civil, political, cultural, economic and social rights. They cover a wealth of issues, from the right of non-discrimination and freedom from slavery to the right to freedom of movement and to participate in public life.

The Universal Declaration of Human Rights (UDHR), drafted and agreed by representatives of a wide range of political, religious and culture perspectives, provides the most authoritative list of internationally recognized rights [1]. It has been codified through two fundamental international treaties, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights. Together, the UDHR and the two Covenants comprise the International Bill of Human Rights [2]. While these agreements are not technically legally binding for companies, there is an expectation that businesses will respect all internationally recognized human rights.

The business and human rights landscape is an evolving one, and the UN’s Human Rights Council endorsement of the United Nations Guiding Principles on Business and Human Rights (UNGPs) [3] in 2011 is a significant milestone. The UNGPs clarify roles for governments and...
business and provide a global standard of expected conduct for businesses, over and above compliance with domestic laws and regulations. They set out:

• the state duty to protect human rights;
• the corporate responsibility to respect human rights; and
• access to remedy for victims of business-related abuses.

After the endorsement of the UNGPs, other international guidelines have been updated to align with them, including the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises [4], the International Finance Corporation Performance Standards [5], and the tools and resources of the UN Global Compact [6]. The UNGPs have been reinforced by regulatory developments in several countries, such as modern slavery laws in the UK and Australia, mandatory human rights due diligence law in France and the child labour law in The Netherlands.

Consistent with the UNGPs, oil and gas companies should respect all human rights and exercise ongoing due diligence to identify, prevent, mitigate and remedy adverse human rights impacts in which they may be involved. This includes preventing and addressing human rights issues in the supply chain in line with the UNGPs. Good supplier and contractor management can help a company identify and address human rights risks, which enhances the security of their supply chains and reduces associated operational, reputational, legal and financial risks.

The UNGPs expect companies to focus their human rights disclosure on the most severe actual and potential impacts on human rights associated with their activities and business relationships. Severity is determined by those impacts that would be greatest in terms of scale, scope and remediability. The distinction in reporting terms is that the starting point for disclosure is, therefore, risk to human rights rather than risk to business, while recognizing that where impacts on human rights are most severe, they converge strongly with risk to the business as well. The UNGPs Reporting Framework [7] introduces the concept of salient human rights. A company’s salient human rights issues are those

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**Figure 6.1: Human rights due diligence**

Human rights due diligence is set out in the UNGPs on Business and Human Rights. It has four main components that inform and are informed by policy commitments, meaningful stakeholder engagement, grievance and remedy.

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human rights that are at risk of the most severe potential negative impact through its activities or business relationships.

Similarly, respecting human rights is key to oil and gas operations for maintaining safe and secure operations. It involves understanding how the use of private or public security affects any pre-existing community tensions or situations of conflict, ensuring that the company does not become complicit in breaches of international law.

The Voluntary Principles on Security and Human Rights (VPs) [8] are designed to guide extractive industry companies on how to respect human rights when managing safety and security in their operations. By implementing the Principles, companies can align their policies and procedures with an operating framework that encourages respect for human rights.

LABOUR PRACTICES

Companies are expected to treat all workers with respect and dignity, prevent discrimination and provide just and favourable work conditions.

Meaningful engagement with your workforce is an important tool in creating a positive company culture, with high motivation and satisfaction in pay and working conditions. It is essential that a company has systems in place to allow workers, and workers in their supply chain, to raise grievances without fear of retaliation and with an expectation that they will be addressed. Success relies on a systematic process underpinned by robust policies and procedures.

While different countries may define labour rights in different ways, depending on specific issues, there are internationally recognized standards. These are provided by the conventions and non-binding recommendations negotiated through the International Labour Organization (ILO) [9]. The four core labour standards, set out in eight ILO Labour Conventions designated as fundamental by the ILO governing body, include:

- freedom of association and the right to collective bargaining;
- elimination of forced and compulsory labour;
- abolition of child labour; and
- elimination of discrimination in the workplace.

These four standards also form the basis of several principles within the UN’s Global Compact. With the 1998 adoption by the ILO Conference on the Declaration on Fundamental Principles and Rights at Work [10], all ILO member states are obliged to recognize the rights in the eight conventions as universal, irrespective of the relevant conventions’ ratification status.

Apart from the eight fundamental conventions, ILO labour standards include up to 80 other conventions and recommendations, which have been ratified or adopted, and integrated into national legislation and regulations to varying degrees. Of particular relevance to the oil and gas industry are standards that address specific groups such as indigenous and tribal peoples, migrant workers, seafarers and fishermen, or cover subjects such as working time, employment security, wages, vocational guidance and training, and occupational health and safety. While these conventions and standards are not legally binding on companies, following international best practice, together with effective implementation of aligned corporate policies and processes, can help companies meet or exceed national labour standards.
Modern slavery is a term used in policy and law to describe forms of exploitation which constitute serious violations of human rights, including human trafficking and forced labour. The ILO have developed a set of indicators of forced labour that include restriction of movement, physical and sexual violence, retention of identity documents, withholding of wages, debt bondage, abusive working and living conditions and excessive overtime. There is strong interest from external stakeholders such as governments, non-governmental organizations (NGOs), the media and investors, in knowing more about what companies are doing in this area, as well as an evolving regulatory context, both from ‘home countries’ (such as the UK Modern Slavery Act) and through ‘host country’ labour law reforms.

Company and supply chain labour rights issues are complex and multifaceted, covering, for example, forced labour and human trafficking, freedom of movement, worker grievance mechanisms, supplier and subcontractor management, working hours and pay, health and safety and welfare principles. As well as being committed to ensuring the health, safety, and well-being of their workforce and of workers in their supply chain, oil and gas companies should recognize that better welfare correlates with better business results, and that this can be achieved through greater respect for the rights of workers in the supply chain. An area of common saliency for the oil and gas industry in terms of the labour rights risks associated with modern slavery is the contracted workforce that the industry relies on to develop and conduct large scale operations, hence the focus of the new indicator in this 4th edition of the Guidance (see SOC-4).

COMMUNITY ENGAGEMENT

Successful, sustainable oil and gas operations rely on effective community engagement. Building mutual respect, trust and confidence means engaging potentially affected rightsholders. Done well, community engagement helps companies identify, prevent and address adverse human rights impacts and can foster acceptance as the community starts to see benefits to their livelihoods and wellbeing.

HUMAN RIGHTS AND DEVELOPMENT

A human rights-based approach to development includes the principles of participation, non-discrimination, transparency, accountability and empowerment. Broadly speaking it can be defined as: ‘a conceptual framework for the process of human development that is normatively based on international human rights standards and operationally directed to promoting and protecting human rights’.

On the other hand, a lack of consultation and collaboration can lead to adverse impacts on people and contribute to disruption of project planning or operations, delays, rising costs, legal challenges and the potential escalation of local issues to the national or even a global stage.

The many facets of engaging with local communities may include, but not be limited to, topics such as local environmental impacts, traffic, noise, dust and odours, visual amenity, community health and safety, privacy, impacts on local services and property prices, economic impacts, physical and / or economic resettlement, use of ecosystem services such as freshwater, impacts on local culture and heritage sites, impacts on children, intersection with existing situations of conflict or community tensions, Indigenous Peoples’ concerns, security issues and local content.
It is important to track the effectiveness of any company response to its impact on individuals and communities that may be particularly vulnerable or at risk of marginalization. Operational-level grievance mechanisms can also provide important feedback on the effectiveness of a company’s approach to human rights issues from those directly affected.

Stakeholder groups are often diverse, featuring multiple voices, ranging from local residents and chambers of commerce to education institutions and Indigenous Peoples. In line with guidance for meaningful stakeholder engagement provided by the OECD, companies are expected to prioritize those stakeholders for whom the risk of adverse impacts is greatest, or the potential adverse impact is severe or could become irremediable. It is also important that companies consider specific vulnerabilities that could affect groups as a result of their activities. This includes Indigenous Peoples who are often likely to be relatively marginalized and vulnerable. Their status in society (whether economic, social or legal) may limit their ability to defend their rights and interests in relation to lands and other natural and cultural resources. In some countries they are afforded special rights or protection; in others they receive little or no protection, or laws guaranteeing their rights are not enforced.

Companies with operations or activities that may affect Indigenous Peoples, their lands, livelihoods and cultural heritage should engage with them constructively, to understand potential adverse impacts on their rights and to seek to address their concerns and expectations. Constructive and meaningful engagement with Indigenous Peoples can prevent and minimize risks to the community and the company and provide opportunities for positive long-term relationships.

LOCAL CONTENT

For the purposes of this guidance, we define local content as the local resources a project or business uses or develops along its value chain while invested in a host country. This may include employment of nationals, goods and services procured from companies resident in the host country, partnerships with local entities, development of enabling infrastructure, the improvement of local skills and capacity of local businesses, or the improvement of local technological capabilities.

Effective local content programmes can support long-term development. However, there are risks, such as displacing traditional economic activities such as farming and fishing, or over-dependence on a project’s employment and supply contracts. A company’s arrival can also disturb the local balance of power and affect social cohesion.
HUMAN RIGHTS MANAGEMENT

Key points to address

A. Any processes, positions or policies that demonstrate your commitment to respect all internationally recognized human rights through your company’s activities and your supply chain, referencing any human rights frameworks and guidance that your company has made a commitment to, such as the UNGPs or VPs.

B. How your company embeds and implements human rights commitments within its day-to-day responsibilities, where responsibility for identifying, mitigating and managing human rights issues sits, as well as the type of issues your senior management and Board discuss, and are accountable for.

C. Your human rights due diligence approach in line with the UNGPs and relevant regulation. Be sure to demonstrate how that approach is reflected in corporate and project-level processes and functions, such as procurement, provision of security, and labour relations. The approach should:
   i. Explain how you identify the company’s most salient human rights risk areas in your own activities and business relationships based on severity, and how those risk areas are then managed. Include how you engage with affected stakeholders in this process.
   ii. Explain how you manage human rights risk and your measures to address human rights impacts. Include highlights of any action you have taken, such as the use of impact assessment processes, or enhancements to procurement and supply chain management, or involvement in multi-stakeholder initiatives or awareness / training.
   iii. Include how you track your performance on preventing and mitigating impacts, covering how you engage with affected stakeholders in the process.
   iv. Explain how you report back on your performance to affected stakeholders.

D. Your grievance mechanisms. This can explain how your mechanisms meet the effectiveness criteria of the UNGPs (legitimate, accessible, predictable, equitable, transparent, rights-based, a source of continuous learning and based on engagement and dialogue) and the processes in place to provide affected stakeholders access to appropriate remedy. You can also include any criteria you use to establish new mechanisms and how you work with the community to define those mechanisms.

E. At a regional, country or asset level, how specific types of human rights issues may arise in particular operations, projects or partnerships, as well as how you engage employees, contractors and business partners in decisions and actions, including specific local challenges, opportunities and lessons learned.

To support your narrative, informed by these key points, you should report on any or all of the following indicators, based on your material issues.
SOC-1
Human rights due diligence

WHY THIS MATTERS
It is important for companies to provide evidence of their respect for human rights by demonstrating that they have well-established processes for human rights due diligence, as applied to relevant activities and relationships. This indicator enables you to set out key elements of your approach, and to show how consideration of human rights issues is integrated within your systems, processes and functions.

SCOPE
You should describe key elements of your approach, including:
- relevant human rights-related policies, processes and guidance, including external commitments or initiatives such as commitments to international standards;
- how your approach to human rights due diligence and policy commitments is embedded into management systems / business processes and functions, and thereby implemented;
- procedures to identify, assess and address any actual or potential adverse human rights impacts on the workforce, local communities and other rightsholders throughout the value chain;
- efforts to integrate policies and commitments at the local level, along the supply chain and through other business relationships;
- processes and practices to promote meaningful engagement of rightsholders; and
- internal monitoring and auditing to track the implementation of standards, policies or procedures. This can include outcomes of assessments and potential challenges.
**REPORTING ELEMENTS**

**CORE**

**C1** Describe the components of your company’s human rights due diligence approach and how it is applied to company processes to assess, address, monitor and communicate actual or potential human rights impacts.

**C2** Describe processes and practices to provide access to remedy mechanisms at the local level, supported by specific examples as appropriate.

**C3** Describe how human rights considerations are factored into early phase decision making, including project siting and planning for new projects, with joint venture partners, and likewise for decommissioning or sale of operations.

**C4** Outline the scope, content and tracking of human rights training programmes. You could include figures for people trained in a given year, the proportion trained against the population that may need training, and how you measure the effectiveness of training.

**C5** Report qualitative measures for tracking the effectiveness of implementation and the outcomes of policies and procedures. For example, human rights considerations when evaluating investments.

**ADDITIONAL**

**A1** Provide additional context on the relevance of human rights standards to your operations. This might include references to external country and/or human rights regulations or risk indices.

**A2** Provide case studies to illustrate how potential human rights issues are assessed and addressed, with procedures to monitor concerns and grievances and progress them to closure.

**A3** Report quantitative measures for tracking the effectiveness of implementation and the outcomes of policies and procedures. For example, the results of monitoring/auditing.
SOC-2
Suppliers and human rights

WHY THIS MATTERS
Since suppliers and contractors provide goods and services, the way in which they approach human rights practices can have a significant impact on your company and stakeholders. This indicator provides opportunity for you to describe your approach, processes and programmes to promote respect for human rights by suppliers and contractors.

SCOPE
You should describe key elements of your approach, including:

• how you identify the nature and location of the most salient human rights risk areas based on severity risks in your supply chains;

• relevant policies, processes and guidance that you provide to suppliers and contractors;

• the steps you take before entering into contracts, such as any review of policies and performance or due diligence investigations;

• a review of your own purchasing and local hiring practices to prevent contributing to poor human rights / labour standards in supply chains, covering risks such as undue pressure on pricing or strict deadlines; use of suppliers with known poor labour rights records;

• how you continue to monitor suppliers and contractors to make sure they meet human rights expectations and labour standards throughout the contract, for example, through engagement and audits;

• how you raise awareness of grievance mechanisms available to your supply chain workforce and determine their satisfaction with working conditions;

• training or capacity building to improve supplier / contractor performance to meet contract requirements;

• the potential risks and effects of the energy transition, for example through investment in transferrable skills or re-training initiatives; and

• your involvement in multi-stakeholder initiatives to address systemic supply chain risks, such as through community roundtables.

You might want to discuss specific efforts to engage suppliers in developing common goals, and behaviours that promote respect for human rights and positive labour practices (see SOC-4, 5, 6 and 7).

BASIS
Where quantitative data is included, you should determine an appropriate reporting boundary, including a consideration for the extent to which you include subcontractors and your wider supply chain (see Module 1 Reporting process for further guidance.)
### INDICATORS

#### HUMAN RIGHTS MANAGEMENT

**SOC-1**  
Human rights due diligence

**SOC-2**  
Suppliers and human rights

**SOC-3**  
Security and human rights

#### LABOUR PRACTICES

**SOC-4**  
Site-based labour practices and worker accommodation

**SOC-5**  
Workforce diversity and inclusion

**SOC-6**  
Workforce engagement

**SOC-7**  
Workforce training and development

**SOC-8**  
Workforce non-retaliation and grievance mechanisms

#### COMMUNITY ENGAGEMENT

**SOC-9**  
Local community impacts and engagement

**SOC-10**  
Engagement with Indigenous Peoples

**SOC-11**  
Land acquisition and involuntary resettlement

**SOC-12**  
Community grievance mechanisms

**SOC-13**  
Social investment

#### LOCAL CONTENT

**SOC-14**  
Local procurement and supplier development

**SOC-15**  
Local hiring practices

### REPORTING ELEMENTS

#### CORE

**C1**  
Describe your approach and processes for promoting respect for human rights by your suppliers.

**C2**  
Describe how you screen and assess suppliers for social, environmental and human rights-related risks.

#### ADDITIONAL

**A1**  
Describe efforts aimed at promoting human rights in your supply chain, including human rights due diligence processes and supplier-run grievance mechanisms.

**A2**  
Report the percentage of significant contracts with relevant human rights related clauses.

**A3**  
Report the number of audits conducted, issues found and corrective action taken.

**A4**  
Provide case studies demonstrating your procedures to monitor suppliers’ adherence to contractual agreements related to human rights – extending beyond the first level of suppliers where possible – including the actions you take when findings do not meet your company’s expectations.
SOC-3
Human rights and security

WHY THIS MATTERS
Experience has shown that challenges can arise in maintaining the safety and security of operations within an operating framework that seeks to respect human rights and fundamental freedoms. This indicator enables you to set out how you manage and monitor your policies, programmes and processes relating to human rights and security.

SCOPE
When describing your approach to security and human rights practices, you should include a description of how principles for respecting human rights are incorporated into global and local level policies, procedures or guidelines. For example:

- how risk assessment processes (including mitigation plans) are integrated into management systems, and how findings are acted upon. This might include how security risks are identified, potential for conflict in particular locations, the human rights records of security providers (public and private), and risks associated with the transfer of equipment (lethal and non-lethal) to security providers;

- procedures to monitor, report, investigate and remediate alleged security-related incidents with human rights implications, including community engagement mechanisms and processes that seek to prevent non-retaliation when allegations are made against security forces;

- procedures on working with public or private security providers and how those relationships are managed. For example, screening and assessment processes, cost reimbursement, the use of company facilities, training provided on company policies or international standards, guidelines on the use of physical force and reporting procedures;

- efforts to raise awareness of security and human rights with internal and external stakeholders. For example, external outreach and education with industry groups, governments and state security forces, engagement with regulators and civil society organizations, and internal training for employees, contractors and subcontractors. This can include lessons learned; and

- whether the company adheres to international best practices or has made commitments to principles or good practices such as the VPs on Security and Human Rights, noting that companies may implement the VPs without being formal signatories.

While this indicator focuses on the potential affects of a company’s security services on the human rights of local communities, indicator SHS-7 in Module 5 Safety, health and security addresses terrorist, cyber attacks and other hostile security risks that could threaten a company’s operations and workforce.
**INDICATORS**

**HUMAN RIGHTS MANAGEMENT**

SOC-1 Human rights due diligence

SOC-2 Suppliers and human rights

SOC-3 Security and human rights

**LABOUR PRACTICES**

SOC-4 Site-based labour practices and worker accommodation

SOC-5 Workforce diversity and inclusion

SOC-6 Workforce engagement

SOC-7 Workforce training and development

SOC-8 Workforce non-retaliation and grievance mechanisms

**COMMUNITY ENGAGEMENT**

SOC-9 Local community impacts and engagement

SOC-10 Engagement with Indigenous Peoples

SOC-11 Land acquisition and involuntary resettlement

SOC-12 Community grievance mechanisms

SOC-13 Social investment

**LOCAL CONTENT**

SOC-14 Local procurement and supplier development

SOC-15 Local hiring practices

**REPORTING ELEMENTS**

**CORE**

**C1** Describe your relevant policies, programmes and processes relating to security and human rights.

**C2** Describe how your security and human rights policies, programmes and processes are implemented at the country, regional or facility-specific level.

**C3** Describe communication efforts to implement your commitments on security and human rights with host governments and authorities, contractors and subcontractors, in your supply chain and civil society.

**ADDITIONAL**

**A1** Disclose (subject to confidentiality, safety, legal, political or local community concerns) any major incidents or challenges relating to security and human rights that have had a serious impact on human rights or the company’s reputation, and lessons learned.

**A2** Describe the scope, content, and tracking of human rights training programmes for security services.

**A3** Report on specific objectives set during the reporting period, or on lessons and issues encountered at an operational level.

**A4** Provide case studies to illustrate how you assess and address potential human rights issues related to security forces and how you monitor and address concerns and grievances, especially in high-risk or conflict areas.
LABOUR PRACTICES

Key points to address

A. How you implement labour practices, including policies that refer to or align with relevant national or international laws, standards or guidelines such as the ILO Conventions.

B. How you implement labour rights commitments in your company’s day-to-day responsibilities, where responsibility for identifying, mitigating and managing labour rights issues sits, and the types of issues discussed by senior management and the Board, and what they are accountable for.

C. At the regional, country or asset level, how you help relevant stakeholders, such as employees, contractors, and business partners, to identify labour rights risks and the decisions and actions you take that are relevant to labour practices. For example, recruitment and working conditions for your employees, contractors and subcontractors, lessons learned and specific local challenges or opportunities.

D. The actions you take to address labour rights risks and to improve your company’s approach to labour practices. This can include actions taken to prohibit child labour and protect young workers, eliminate worker discrimination, eliminate forced labour and human trafficking, uphold freedom of association, comply with minimum wage regulations and observe working time regulations.

E. Your processes for engaging direct, contracted and subcontracted workers, including the use of workforce grievance mechanisms so that those affected can raise questions or concerns that are then addressed and, where appropriate, resolved in a prompt, fair manner. You can explain how your grievance mechanisms meet the UNGPs effectiveness criteria (legitimate, accessible, equitable, predictable, transparent, rights-based, a source of continuous learning and based on engagement and dialogue). Issues covered by an internal grievance mechanism or non-compliance system can include human rights, ethics, environmental, safety and health-related concerns, labour / employment issues, discrimination and whistle blowing.

To support your narrative, informed by these key points, you should report on any or all of the following indicators, based on your material issues.
### SOC-4

**Site-based labour practices and worker accommodation**

#### WHY THIS MATTERS

Respecting the human rights of your site-based workforce is an important aspect of labour practices management, including recruitment, employment, working and living conditions. This indicator enables you to describe your policies, strategies and procedures to respect the human rights of your site-based workforce, including addressing the risks of modern slavery.

#### SCOPE

You should describe your strategies and processes for respecting the human rights of your site-based workforce, and how you assess their effectiveness. The workforce includes any individual hired to carry out activities on, or related to, an oil and gas project. This includes individuals hired directly by an oil and gas company and individuals hired through third parties such as contractors, subcontractors, labour agencies and suppliers. It includes individuals in both high and low-skilled positions. Given the risks around labour rights including modern slavery, you should include descriptions of your actions to manage labour practices generally as well as your actions to identify and address risks of modern slavery, considering factors such as:

- How you identify the nature and location of the most salient human rights risk to your site-based workforce
- How you seek to determine that the workforce:
  - have not paid recruitment fees;
  - have not been misled about the terms of their employment during the recruitment process (e.g. wages, hours, living conditions);
  - have received all documentation in a language / format they understand;
  - have unrestricted access to their personal documentation;
  - are not subject to unreasonable restriction on freedom of movement;
  - are not subject to physical or sexual harassment;
  - are above the minimum legal age and if there is anyone below 18 that they are not engaged in hazardous work;
  - have the right to join or form trade unions or other workforce organizations, and to bargain collectively;
  - have suitable accommodation and living conditions including access to food and safe drinking water and sanitation;
  - have not been subject to any discrimination regarding the factors above; and
  - know and understand their rights.
• Compliance with minimum wage regulations
• Compliance with workplace anti-discrimination laws
• How processes for working hours, overtime, on-time payment of wages and leave are maintained
• How the wider welfare of workers is considered in the provision of accommodation and recreation facilities, for example privacy, means of external communication and recreation areas

REPORTING ELEMENTS

CORE

C1 Describe your approach to the recruitment and employment of your site-based workforce, including how you communicate your expectations to your suppliers of contract labour.

C2 Describe your approach to monitoring and addressing on-site working conditions, including the quality of worker accommodation.

C3 Describe your approach to engaging with contractor management and the workforce so that their recruitment, employment, working and living conditions are aligned with your company’s expectations and with relevant national or international laws, standards or guidelines.

ADDITIONAL

A1 Describe how you screen contractors for labour rights practices and how labour rights issues are included in significant tenders for labour.

A2 Discuss the frequency of your on-site assessments of human rights including labour rights, and provide examples of the types of issues identified, or case studies to illustrate how assessments are carried out.

A3 Describe your approach to providing training for employees and third parties on labour rights risks.

A4 Describe your approach to ensuring that the welfare and well-being of workers is accounted for in the design and provision of company and third-party accommodation, including how you undertake assessments, covering frequency and measures taken to address concerns and introduce improvements.

A5 Describe your approach to addressing the risks of modern slavery, including as appropriate, specific details related to your compliance with relevant legislation in countries where you operate.
SUSTAINABILITY REPORTING GUIDANCE FOR THE OIL AND GAS INDUSTRY

SOCIAL

INDICATORS

HUMAN RIGHTS MANAGEMENT
SOC-1 Human rights due diligence
SOC-2 Suppliers and human rights
SOC-3 Security and human rights

LABOUR PRACTICES
SOC-4 Site-based labour practices and worker accommodation
SOC-5 Workforce diversity and inclusion

SOC-6 Workforce engagement
SOC-7 Workforce training and development
SOC-8 Workforce non-retaliation and grievance mechanisms

COMMUNITY ENGAGEMENT
SOC-9 Local community impacts and engagement
SOC-10 Engagement with Indigenous Peoples
SOC-11 Land acquisition and involuntary resettlement
SOC-12 Community grievance mechanisms
SOC-13 Social investment

LOCAL CONTENT
SOC-14 Local procurement and supplier development
SOC-15 Local hiring practices

SOC-5
Workforce diversity and inclusion

WHY THIS MATTERS
Support for diversity and inclusion at all levels of the company is an important aspect of your description of the composition of your workforce. This indicator enables you to describe your policies, programmes and procedures and to demonstrate the effectiveness of these on issues such as non-discrimination, nationality, ethnicity, sexual orientation and disability.

SCOPE
You should describe the policies, programmes or procedures you have in place to support non-discrimination and to address workforce diversity and inclusion at a global level, illustrated by case studies or examples of implementation at national levels such as parental leave policies and anti-harassment measures.

REPORTING ELEMENTS

CORE

C1 Describe your policies, programmes and procedures to promote workforce diversity and inclusion, and non-discrimination.
C2 Provide workforce composition data for gender and / or other diversity categories.
C3 Discuss workforce composition, particularly with reference to your management positions.

ADDITIONAL

A1 Provide case studies to illustrate how you implement policies, procedures and programmes at a corporate and local level.
A2 Provide information on other inclusive practices, such as equal pay for equal work.
A3 Provide data on the diversity and inclusion issues that are raised through your grievance mechanisms or engagement surveys.
A4 Describe how career management reflects the diversity of your workforce, for example promotion rates for different groups, or the progression of national employees versus expatriates.
Module 6
Social

SOC-6
Workforce engagement

WHY THIS MATTERS
Active engagement with your workforce is a recognized aspect of business success and a valuable means to identify any workforce concerns. This indicator demonstrates how you engage with workers to determine their satisfaction with issues such as your company’s employment practices, working conditions and any accommodation you provide.

SCOPE
For the purpose of this guidance, ‘engagement’ includes a range of approaches, including day-to-day interaction, satisfaction surveys, workforce representation systems and social media interaction.

When discussing the workforce, you should clarify the extent that employees, contractors and other subcontracted workforces are included.

You should describe key elements of your approach, including:
• your approach to worker engagement and dialogue, including any efforts to increase its effectiveness in bringing forward challenges and opportunities; and
• how you define and measure ‘satisfaction’ and how significant concerns, such as confidentiality and feedback, are considered.

REPORTING ELEMENTS

CORE

C1 Provide examples of how you engage with your workforce, including examples of approach, frequency, coverage, communication of results and action plans.

C2 Set out your approach to handling worker concerns and issues.

ADDITIONAL

A1 Provide quantitative data, with explanation, to illustrate the annual staff turnover of your direct workforce.

A2 Describe formal conversations with your workforce.

A3 Discuss significant issues, challenges and outcomes that arise from workforce surveys or other interactions.

A4 Provide case studies that illustrate your specific approaches to workforce engagement. For example, how you capture the views of workers, or how workers engage in dialogue with management at national or local levels, or how you engage with your local supply chains or specific groups inside your workforce.
**SOC-7**

**Workforce training and development**

**WHY THIS MATTERS**

Initiatives on workforce training and development are an integral part of being a good quality employer. This indicator demonstrates how your company recruits and retains its people, supports diversity and inclusion, and encourages participation at all levels.

**SCOPE**

This indicator applies to activities that strengthen your company’s human capital, through training and development, to enhance skills, efficiency, knowledge and mobility to meet job requirements and career goals and ambitions.

You should describe programmes and policies that support training and development.

This can also include any training that supports people at the end of their careers, or when downsizing or closing facilities.

You can provide evidence by quantifying the scale and extent of training programmes using measures such as:

- average hours of training per year per employee and by category of worker;
- average training investment per year; and
- percentage of workers receiving training in the reporting period.

**REPORTING ELEMENTS**

**CORE**

**C1** Describe the key elements of your approach to training and development.

**C2** Illustrate how you implement training and development programmes, e.g. hours of training, training investment, number of staff trained.

**ADDITIONAL**

**A1** Provide case studies to demonstrate implementation and progress. These might include examples of opportunities for international work experience, support for continued professional education, mentoring initiatives and approaches to managing career endings.

**A2** Discuss the results of your training and development programmes, such as positive changes in behaviours and attitudes.
SOC-8
Workforce non-retaliation and grievance mechanisms

WHY THIS MATTERS
It is important for members of your workforce to have access to grievance mechanisms, which they can use confidentially and without fear of retaliation. This indicator provides information on how you protect your workers’ ability to raise workplace grievances and / or to identify non-compliance and ethical incidents without fear of reprisal.

SCOPE
Information provided under this indicator should cover:
• A description of your policies, systems and mechanisms that aim to prevent non-retaliation or discrimination and address grievances, including non-retaliation against whistleblowers. This can include a description of who is able to access the mechanism, i.e. whether it is open to employees only or your entire workforce.
• Information on the availability, accessibility and use of your workforce grievance systems, which might be illustrated by quantitative data or examples of issues raised.

REPORTING ELEMENTS
CORE
C1 Describe your policies, approach and / or mechanisms that aim to secure non-retaliation, non-discrimination and confidentiality when addressing grievances. This might extend to access to third-party independent grievance mechanisms.

ADDITIONAL
A1 Provide information, with supporting data if desired, on the management and resolution of workforce grievances. Quantitative data may include the approximate proportion of workers covered by the system, the number of issues raised and the extent to which workers are aware – and trust – the system.
A2 Provide quantitative data to illustrate use of grievance mechanisms within your company.
A3 Provide case studies to demonstrate how you build confidence in your mechanisms, including how you communicate and promote their use and reliability.
A4 Describe assurance of non-retaliation and grievance mechanisms for short-term or contract workers.
COMMUNITY ENGAGEMENT

Key points to address

A. Your systematic approach to understanding and addressing any impact your company might have on the communities where you operate and your processes for local community engagement.

B. The range of the communities where you operate and address the distinct ways in which at risk or vulnerable groups, such as children and Indigenous Peoples, might be affected by your activities and relationships. You should aim to provide a balanced picture of the challenges and benefits.

C. References to international standards, guides or practices that your company has adopted such as the IFC Performance Standards. Material challenges and opportunities for the local community should be discussed. For example, this might cover conflict-affected areas, influx management, environmental impacts on people, cultural rights, privacy, health, education, protection of human rights defenders and resettlement practices.

D. Your mechanisms to address and, where appropriate, remedy community grievances. We encourage you to outline processes for systematically receiving, investigating and responding to community complaints and concerns at an operational level, and how any adverse social and environmental impacts will be addressed.

To support your narrative, informed by these key points, you should report on any or all of the following indicators, based on your material issues.
SOC-9
Local community impacts and engagement

WHY THIS MATTERS
Active engagement with the community in the areas where you operate is an integral part of your social license to operate. This indicator enables you to describe your policies, strategies and procedures for how you engage with local communities, and to set out the efforts you make to prevent, mitigate or resolve adverse effects on local people.

SCOPE
For this indicator, the terms ‘affected communities’ and ‘affected stakeholders’ includes individuals, administrations, businesses and other representatives of civil society within a local community.

The term ‘affected communities’ is defined within the 2012 IFC Policy and Performance Standards on Social and Environmental Sustainability [5]. ‘Local community’ includes individuals or groups of people who live or work sufficiently nearby to be potentially impacted (positively or negatively) by the company’s operations, including their environmental and cultural resources, and is not restricted to ‘fence-line’ neighbours of a facility but can include those living at a distance who are still likely to be affected by those operations.

You should set out:

- How you engage with affected communities, as well any local community impact assessment and mitigation work that you carry out. This can include descriptions of:
  - stakeholder engagement strategies and processes that target different social groups, such as women or minorities;
  - impact assessment processes and how you embed them into early phase project planning to inform strategy and location, design and implementation; or how you embed them in planning decommissioning, downsizing or the sale of operations;
  - the potential impact on communities of the transition to a low-carbon future, including risks and opportunities. This might cover the effects of downsizing existing activities, or scaling up alternative energy activities;
  - processes for periodic and proactive public disclosure of information on your activities and how you manage their impact;
  - the existence and effectiveness of your community grievance mechanisms;
  - monitoring and follow-up procedures, throughout a project or asset’s lifecycle. This can include measures you take to support the resilience of the local economy when operations have ceased, such as re-training members of the workforce; and
  - the positive benefits of your operations and engagement. For example, new infrastructure and jobs, or improved livelihoods and wellbeing.

In relation to major projects or assets, you can include case studies that illustrate how you put your approaches into practice. They may demonstrate the results of any stakeholder engagement plans or management of local community impacts, together with examples of issues and lessons learned from monitoring and evaluation.
Case studies can also describe how you have responded to stakeholder issues and the extent of local community support for your subsequent decisions.

### REPORTING ELEMENTS

#### CORE

| C1 | Discuss your approach to engagement with relevant stakeholders, including communities, civil society (including human rights defenders), other companies and / or governments. |
| C2 | Describe your policies, programmes or procedures for: |
| C2.1 | assessing and addressing local community impacts, including archeological, historic and cultural sites, and how these considerations are embedded into early phase planning and site / route selection; |
| C2.2 | engaging with affected stakeholders and responding to their grievances and concerns; |
| C2.3 | monitoring the effectiveness of the steps you take to prevent, mitigate and resolve adverse impacts; and |
| C2.4 | public disclosure of information on your activities and management of impacts. |

| C3 | Provide case studies that illustrate the effectiveness and results of your engagement with stakeholders and / or how you have managed any impact on local communities, their environmental and cultural resources. |

#### ADDITIONAL

| A1 | Report quantitative measures, such as: |
| A1.1 | the number and / or percentage of sites with grievance mechanisms or similar conflict resolution procedures; and |
| A1.2 | data on the types of concerns raised via engagement or grievance mechanisms, supported by qualitative information on how you have addressed concerns, including elevation to corporate management, where appropriate. |

| A2 | Describe your efforts to assess and understand community perceptions of your activities and their impact. For example, self-appraisal, use of reliable and unbiased third-party research or surveys developed in collaboration with the local community. |

### INDICATORS

#### HUMAN RIGHTS MANAGEMENT

- **SOC-1** Human rights due diligence
- **SOC-2** Suppliers and human rights
- **SOC-3** Security and human rights

#### LABOUR PRACTICES

- **SOC-4** Site-based labour practices and worker accommodation
- **SOC-5** Workforce diversity and inclusion
- **SOC-6** Workforce engagement
- **SOC-7** Workforce training and development
- **SOC-8** Workforce non-retaliation and grievance mechanisms

#### COMMUNITY ENGAGEMENT

- **SOC-9** Local community impacts and engagement
- **SOC-10** Engagement with Indigenous Peoples
- **SOC-11** Land acquisition and involuntary resettlement
- **SOC-12** Community grievance mechanisms
- **SOC-13** Social investment

#### LOCAL CONTENT

- **SOC-14** Local procurement and supplier development
- **SOC-15** Local hiring practices
SOC-10
Engagement with Indigenous Peoples

WHY THIS MATTERS
Indigenous Peoples may be a specific stakeholder group who are particularly vulnerable and who may be affected by your activities. This indicator enables you to describe the policies, programmes and procedures you use to engage Indigenous Peoples and address their concerns and expectations.

SCOPE
You should explain how you use the term ‘Indigenous Peoples’ in your reporting. While there is no universally accepted definition, the following characteristics are partly and/or fully attributable to Indigenous Peoples:

- self-identification as indigenous;
- occupation and use of a specific territory prior to the arrival of other groups;
- collective attachment to specific lands and cultural heritage;
- a common experience of marginalization and discrimination;
- a strong link to territories and surrounding natural resources;
- distinct cultural, economic, social and/or political/belief systems;
- a distinct language; and
- a determination to preserve, develop and transmit to future generations their ancestral territories and identity as peoples, in accordance with their own cultural patterns, social institutions and legal systems.

In describing your approach to engaging with Indigenous Peoples, you can include processes and mechanisms that relate to:

- identification, avoidance, minimization and mitigation of potential impacts on indigenous communities, their livelihoods, cultural heritage and the local environment;
- information disclosure, consultation, informed participation and mutually acceptable solutions with consent – referring to the concept and practices of ‘free, prior and informed consent’ (FPIC);
- skills training provided to those participating in engagement and consultation;
- access to culturally appropriate grievance mechanisms; and
- identification and joint implementation of development benefits, including access to jobs and economic opportunities.

If appropriate, you might also refer to Indigenous Peoples when reporting on your human rights due diligence processes (see SOC-1, SOC-9, SOC-14 and SOC-15).
**REPORTING ELEMENTS**

**CORE**

Describe your policies, programmes, procedures and practices used to:

- identify and address your impacts on Indigenous Peoples;
- train your staff on engagement and consultation with Indigenous Peoples;
- engage with Indigenous Peoples to seek a formal agreement or FPIC where needed and to address their grievances, concerns and expectations;
- collaborate on opportunities that create mutual benefits; and
- increase indigenous participation through employment and business opportunities.

**ADDITIONAL**

A1 Provide case studies and examples that demonstrate participation and involvement of Indigenous Peoples. For example, your approach to consultation, challenges and results or agreements that you have entered into with Indigenous Peoples.

A2 Describe the types of issues raised by Indigenous Peoples in specific countries and the actions you have taken to address them, such as in planning and decision making, as well as identifying and mitigating potential adverse impacts from your operations and supply chains.
SOC-11
Land acquisition and involuntary resettlement

WHY THIS MATTERS
In exceptional circumstances, oil and gas activities may involve involuntary resettlement of people and/or their economic activities. This indicator enables you to describe your policies, programmes and procedures related to land acquisition and involuntary resettlement and to provide examples of your efforts to avoid or limit involuntary resettlement, any restrictions on surface and subsurface land and soil use and, where applicable, how you provide fair and transparent compensation.

SCOPE
You should describe your approach to avoiding, mitigating and/or providing compensation for involuntary resettlement and land acquisition as well as addressing any associated potential or actual human rights impacts.

When describing your policies, programmes or procedures you can include information on several related processes, such as:

• project design to minimize or avoid resettlement;
• community consultation and engagement;
• resettlement planning and implementation, including efforts to address the needs of at risk or vulnerable groups;
• compensation, livelihood restoration, community development and benefits for affected people;
• grievance mechanisms and their effectiveness; and
• monitoring and evaluation processes.

You may also list and quantify cases of involuntary resettlement during the reporting period. This can include the number of households resettled in each case and an explanation of how livelihoods were affected and restored in the process.
### REPORTING ELEMENTS

#### CORE

**C1** Describe your policies, programmes and procedures for involuntary resettlement, including engagement processes and practices with affected communities, including any international standards you have used.

**C2** Describe your policies, programmes and procedures for land acquisition, including relationship with compulsory purchase / eminent domain when in the public interest.

#### ADDITIONAL

**A1** List, quantify and / or describe cases of involuntary resettlement required by your activities (where governments permit disclosure).

**A2** Provide qualitative case studies that illustrate how you implemented the process described under C1 / 2. For example:

- any challenges or grievances you encountered and how you resolved them;
- how you calculated fair compensation and / or provided livelihood restoration;
- why involuntary resettlement was unavoidable;
- the provision for any land returned at abandonment / closure;
- if the acquisition affected Indigenous Peoples, explain your approach to implementing FPIC principles; and
- how you addressed any related actual or potential adverse human rights impacts such as on the right to education, health or an adequate standard of living.
SOC-12
Community grievance mechanisms

WHY THIS MATTERS
Community, or operational level, grievance mechanisms provide a channel for members of the community or other stakeholders to raise concerns or complaints without fear of harm, about how your activities affect them and whether they have been addressed in a prompt, fair and consistent manner. They provide a mechanism for your company to identify negative impacts, enable you to address them, and respond early and directly to concerns or complaints. This indicator sets out your processes and actions to respond to the concerns of external stakeholders, including processes in place for confidentiality and non-retaliation.

SCOPE
A community grievance mechanism allows individuals and groups to request information and raise perceived or actual concerns about operational impacts such as noise, damage to property or the environment, the impacts of influx (i.e. workers, jobseekers and entrepreneurs), security practices, sexual harassment, safety, and other human rights related issues.

You can demonstrate the availability and use of your operational-level grievance mechanisms by providing qualitative or quantitative data against the effectiveness criteria of the UNGPs (legitimacy, accessibility, equity, predictability, transparency, rights-based, a source of continuous learning and based on engagement and dialogue).

You can demonstrate your willingness to engage with external stakeholders by providing transparent information on how to access your grievance mechanism, the number of cases raised, their nature and the actions you took to respond to them. For example, you can disclose how many grievances were related to human rights and other social issues.

BASIS
The qualitative aspects of this indicator are reportable at a global and local level. In addition, case studies can show how you designed and communicated your systems, outlining the steps you have taken to build community confidence in them. These might include quantitative information on how you have addressed grievances, such as the number of cases resolved, or any compensation provided. For quantitative examples, we recommend you determine, based on geographical spread and the nature of your relationships, the most appropriate balance between local reporting and consolidated reporting at a group level.
INDICATORS

HUMAN RIGHTS MANAGEMENT
SOC-1 Human rights due diligence
SOC-2 Suppliers and human rights
SOC-3 Security and human rights

LABOUR PRACTICES
SOC-4 Site-based labour practices and worker accommodation
SOC-5 Workforce diversity and inclusion
SOC-6 Workforce engagement
SOC-7 Workforce training and development
SOC-8 Workforce non-retaliation and grievance mechanisms

COMMUNITY ENGAGEMENT
SOC-9 Local community impacts and engagement
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SOC-12 Community grievance mechanisms
SOC-13 Social investment

LOCAL CONTENT
SOC-14 Local procurement and supplier development
SOC-15 Local hiring practices

REPORTING ELEMENTS

CORE
C1 Describe your community and stakeholder grievance mechanisms.
C2 Describe your policies, approach and / or mechanisms for receiving, responding to and resolving external grievances, covering your efforts to manage confidentiality and avoid retaliation.

ADDITIONAL
A1 Provide information and / or quantitative data about how you manage and resolve individual or community grievances.
A2 Use case studies to describe how you support stakeholder confidence and trust in your mechanisms, including promotion of use.
A3 Provide information about the most common topics of community grievances, either in specific locations or globally.
SOC-13

Social investment

WHY THIS MATTERS

The decisions that companies make about social investment are often the result of consultation and engagement to help them understand and meet community needs and aspirations. This indicator provides opportunity to describe your strategies, programmes and procedures relating to social investment and its impact on the communities in which you operate.

SCOPE

Social investment generally includes company-financed investments and donations to community programmes. It includes contributions that create shared value and inspire community development through the provision of expertise, access to facilities, training, and other non-financial resources.

You should describe your overarching social investment strategy, which might include descriptions of corporate objectives, links to local / regional / national development plans and decision-making criteria. You can include details on whether initiatives are community-owned and driven, third-party or company-facilitated.

When describing the effectiveness of your social investments, you can include descriptions of:

• processes and methods for assessing and evaluating social investment effectiveness;
• outcomes, effects and lessons learned;
• how your social investments have triggered additional community funding, other long-term partnerships and / or other institutional capacity-development activities; and
• how your social investments link to the UN SDGs [11], or other international standards which guide your approach to investment.

BASIS

The indicator has qualitative and quantitative aspects, is reportable at a global level, and may be supported by local case studies. Quantitative data should be consolidated within your reporting boundary.

You should define what your company considers to be social investment for reporting purposes. When reporting financial data, the basis for reporting total social investment spend should be explained. For example, you can specify whether you include elements such as employee giving, marketing projects and leveraged funding.

A company’s social investment is separate from any compensatory investment it might make for the environmental and social impact of its activities, such as those described in indicator SOC-11. Furthermore, social investment cannot offset the need to remedy adverse effects a company might have caused or contributed to in relation to human rights. It is also important that social investment itself is carried out with respect for human rights.
REPORTING ELEMENTS

CORE

C1 Describe your social investment strategies, programmes and procedures.

C2 Report your company’s total social investment expenditure.

ADDITIONAL

A1 Provide an assessment of the quality and effectiveness of your social investment strategy, including results and impacts.

A2 Set out social investment expenditure broken down by region or country.

A3 Provide social investment expenditure broken down by voluntary and contractually obligated spend.

A4 Report the percentage of annual pre-tax profits towards contributions to host communities.

A5 Provide case studies to illustrate how you have implemented your social investment strategy and any lessons learned. For example:

- how significant parts of the local community perceive they are benefiting from your investment, including the extent to which livelihoods and economic opportunities are developing;
- whether your social investments are fostering improved community relations or creating tensions; and
- how your contributions are creating shared value and community development through the provision of expertise, access to facilities, training or other non-financial resources.
LOCAL CONTENT

Key points to address

A. Your approach to supporting local content, taking account of the fact that legislation or specific agreements with many host countries include local content requirements. Outlining your strategy gives you the opportunity to provide your definition of local content, as well as the challenges and benefits it presents: for example, lower operating costs and closer alignment with government development goals. Discussion of benefits can include approaches that measure multiplier effects that seek to capture indirect and induced economic impacts.

B. Why these issues are important, and any business benefits your strategy offers. This can help you create a more locally focused narrative about locations where your programmes help to develop local supply chain capacity. For example, you might describe who you are trying to serve and how, as well as the purpose of your efforts, such as hiring and developing local staff, reducing local unemployment, or accelerating the transfer of skills and technologies.

C. An overview of the scale, scope and geographical spread of your local supply chain in terms of activities, goods and services provided by local suppliers and contractors, and the scale of spending on local procurement as a total and as a proportion of total procurement spend. This can include information on the number and location of your local suppliers and contractors and the balance between local and global suppliers, and your selection criteria.

D. How you work with local suppliers to help them avoid or minimize any adverse social and environmental impacts caused by their activities and promote benefits and good practice.

E. Your policies and processes for monitoring, assessing and managing risks throughout your local supply chain, as well as encouraging your local suppliers to follow the human rights principles your company has adopted. Policies could cover supplier screening and assessment, procurement and contracting, monitoring, audit and termination processes, adoption and mutual recognition of management systems, and methods for engagement and grievance identification and resolution.

To support your narrative, informed by these key points, you should report on any or all of the following indicators, based on your material issues.
SOC-14
Local procurement and supplier development

WHY THIS MATTERS

Given how much industry activity is dependent on suppliers and contractors, the way in which a company sources locally and supports suppliers is critical to the development of regional supply chains, as well as supporting a stable local economy and sharing global work practices with local companies. The indicator focuses on the actions you take to increase the participation of local suppliers and contractors in your supply chain and create wider economic benefits.

SCOPE

Your account of local procurement activity may include:

- descriptions of your corporate policy, procurement strategy or other measures related to the management of your supply chain;
- your local content strategy and management;
- an explanation of what constitutes 'local'. While precise definitions may be unique to each host community, you could reference factors such as locally owned businesses, or businesses with a certain percentage of local employees; and
- your general approach to systematic implementation, including stakeholder engagement, analysis, workforce and supplier development, tendering and contractual mechanisms, as well as how you monitor progress.

You may report expenditure on locally sourced goods and services within selected host countries as a percentage of total national procurement budgets.

You might also discuss how your local capacity assessments and engagement with stakeholders has helped you anticipate the range of goods and services you need to deliver a project. You might refer to your own or independent assessments on local ability to supply goods and services.

You should describe how you help local suppliers and contractors to competitively meet the needs of your company and businesses more generally.

This can include efforts to help local suppliers build their capabilities to meet company standards, for example, through health and safety skills training and compliance with respect for human rights including labour standards. You may describe activities or investments that particularly assist supplier development or initiatives. For example, initiatives that aim to help small and medium-sized enterprises, or organizations owned by women or other marginalized groups.
## Module 6
### Social

## REPORTING ELEMENTS

### CORE

| C1   | Describe your strategies, programmes and procedures that are designed to improve the ability of local suppliers and contractors to support operations and projects, such as actions that help local suppliers meet company and international standards. |

### ADDITIONAL

| A1   | Provide your expenditure on locally sourced goods and services. |
| A2   | Use case studies to illustrate how your local procurement policies, programmes and procedures are implemented locally, including results and lessons learned. |
| A3   | List countries/regions where you have carried out local capacity assessments. |
| A4   | Quantify the number (or percentage) of your organizational entities that are covered by formal agreements or legislation within host countries regarding local content. |
| A5   | Describe how your procurement process helps or encourages your first level of suppliers and contractors to source locally. |
| A6   | Describe further activities designed to assist supplier development, such as engagement in collaborative groups (e.g. with other companies or chambers of commerce) to promote local enterprise and economic development. |
| A7   | Demonstrate how your activities can lead to indirect job creation and economic development, for example providing case studies/examples of local business development that are a result of the economic activity and opportunities created by a project, even if not directly meeting current company needs. |
| A8   | Provide case studies that discuss the socio-economic effects of your local procurement activities on the host community/country. This may be linked to your reporting of indicator SOC-9. |

## INDICATORS

### HUMAN RIGHTS MANAGEMENT

| SOC-1 | Human rights due diligence |
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| SOC-3 | Security and human rights |

### LABOUR PRACTICES

| SOC-4 | Site-based labour practices and worker accommodation |
| SOC-5 | Workforce diversity and inclusion |
| SOC-6 | Workforce engagement |
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### COMMUNITY ENGAGEMENT

| SOC-9 | Local community impacts and engagement |
| SOC-10 | Engagement with Indigenous Peoples |
| SOC-11 | Land acquisition and involuntary resettlement |
| SOC-12 | Community grievance mechanisms |
| SOC-13 | Social investment |

### LOCAL CONTENT

| SOC-14 | Local procurement and supplier development |
| SOC-15 | Local hiring practices |
SOC-15
Local hiring practices

WHY THIS MATTERS
Oil and gas companies face multiple external expectations on increasing local employment opportunities, as this represents one aspect of a company’s local economic impact. Some of this information may be required by host country governments, who may set ‘nationalization’ targets outlining the proportion of national employees required at different levels of management. By describing your strategies, programmes and procedures to provide employment opportunities to residents or nationals of host countries and communities, this indicator demonstrates the reach and effectiveness of your local employment strategy in relevant locations.

SCOPE
You should describe the nature and effectiveness of your processes and strategy for providing employment opportunities to residents or nationals of host countries. This should be broken down by country, region, communities, business units, where relevant. It should also include descriptions of:

• processes related to staff hiring, appraisal, training, development and progression;
• what the term ‘local’ means to your company, noting that this can be unique to host communities and sometimes lead to tensions and a sense of unfairness if mishandled;
• specific education programmes to enhance current and future local employability;
• measures to address any adverse impacts your local hiring practices may have, or any impacts on workers’ human rights. For example, how you manage local worker expectations and influx of jobseekers, avoid exacerbating pre-existing community tensions and manage the risk of employing workers who are taken away from other responsibilities to their families; and
• annual statistical data on local hiring.
REPORTING ELEMENTS

CORE

C1 Describe your strategies, programmes and procedures aimed at providing employment opportunities to residents or nationals of host countries.

ADDITIONAL

A1 Provide overall number and / or percentage of expatriate (international) employees in your total workforce, in target countries or regions.

A2 Provide information on how your local employment strategies promote diversity and inclusion at the local level, including management roles (see SOC-5).

A3 Include information and / or quantitative data on local employees who are trained in other (non-local) assets of the company.

A4 Describe your in-country programmes designed to create jobs at a local level, supported by quantitative data.

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SOC-15 Local hiring practices
References, links and other sources

References with links


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