



Human Rights Training Toolkit

for the oil and gas industry

The area of human rights law, particularly relating to the business community, is developing and evolving. Some areas are less well-defined and established. The purpose of this Training Toolkit is to provide information on human rights and how human rights issues can arise or be relevant to business across a diversity of operating environments.

This Toolkit has been developed at IPIECA's request with the assistance of a third party. It is a useful resource document rather than a document representing standards or the views of IPIECA or its individual members. The Toolkit is descriptive rather than prescriptive and is not meant to represent consensus among the widely held views held by member companies.

Introduction

[Placeholder slide for:]

- [Company / training specific information]





Background

Definition

Connection to business

Interested stakeholders

Action to date

Universal human rights

- Basic values of dignity and equality of all individuals
- Key instrument
 - UN Universal Declaration of Human Rights (UDHR):

“All human beings are born free and equal in dignity and rights”



Human rights categories

- Civil and political
- Economic, social and cultural



Responsibilities

- Individual governments **protect** and promote respect for human rights
- Governments enforce human rights protection
- All of society (**including business**) has a role in **respecting** and **promoting** human rights



Connection to business

- Growing international interest in relationship between business and human rights
- Globalization – impacts and implications on people
- Voluntary Principles – emergence of voluntary standards or soft law measures
- UN Special Representative – clarifying roles and responsibilities of business



Positive drivers for business

Why do [should] businesses want to respect and promote human rights?

- It's ethically the right thing to do
- It helps companies to build a positive reputation with communities, investors, shareholders, governments, media.
- It improves the business climate
- It helps to secure the local 'social licence to operate'
- It may help to access new business in-country or elsewhere
- New and current employees prefer companies that respect human rights



Negative drivers for business (1)



What are the potential risks of ignoring human rights issues?

- Legal: litigation and ensuing penalties
- Reputation: long term damage to company's image
- Political: damage to relationships with host and home governments
- Operational: increased security risks for personnel, community members and property; disruption to operations; delays on completion of new projects
- Financial: impacts from operations disruptions of late project completions; inability to secure funding for new projects; potential share price impacts



Negative drivers for business (2)



- Allegations of ‘complicity’ can lead to legal proceedings as well as reputation damage
- Example: your company is accused of using security providers that are proved to have infringed human rights, or suppliers that use child or forced labour or infringe upon their employees’ rights



UN Special Representative on Business and Human Rights



- In 2006 then UN Secretary General Kofi Annan appointed Professor John Ruggie for 3 years
- Mandate: clarify the role of business in human rights
- He and his team have held widespread international stakeholder consultations
- In 2008 the Human Rights Council extended Professor Ruggie's mandate by a further 3 years to June 2011
- He convened a Global Leadership Group of eminent advisers to provide strategic guidance (but no requirement to endorse his recommendations)
- Report released in spring 2008

UN Special Representative on Business and Human Rights



- The spring 2008 UNHRC endorsed report states that:
 - States have a duty to **protect** human rights
 - Companies have a duty to **respect** human rights
 - The public need **access to remedy** in cases of abuse
 - **‘Sphere of influence’** is too vague to be meaningful.
 - Concepts of **‘complicity’** are not uniform or static, but a company can be held accountable for knowingly and substantially contributing to human rights abuses
- Aim of 2008-11 mandate: create recommendations for practical ways forward for all stakeholders
- For companies the focus will be on **due diligence**

Stakeholders engaged with business on human rights issues

- Shareholders
- Employees
- Customers and consumers
- Suppliers and business partners
- Competitors
- Advocacy organizations
- Development organizations
- Local and indigenous communities
- Host and home governments
- Media
- International organizations
- Lenders and international financial institutions



Other key agreements and bodies

- UN Declaration of Human Rights
- International Labour Organization (ILO)
- OECD Guidelines on Multinational Enterprises
- UN High Commission (and Commissioner) of Human Rights
- UN Global Compact



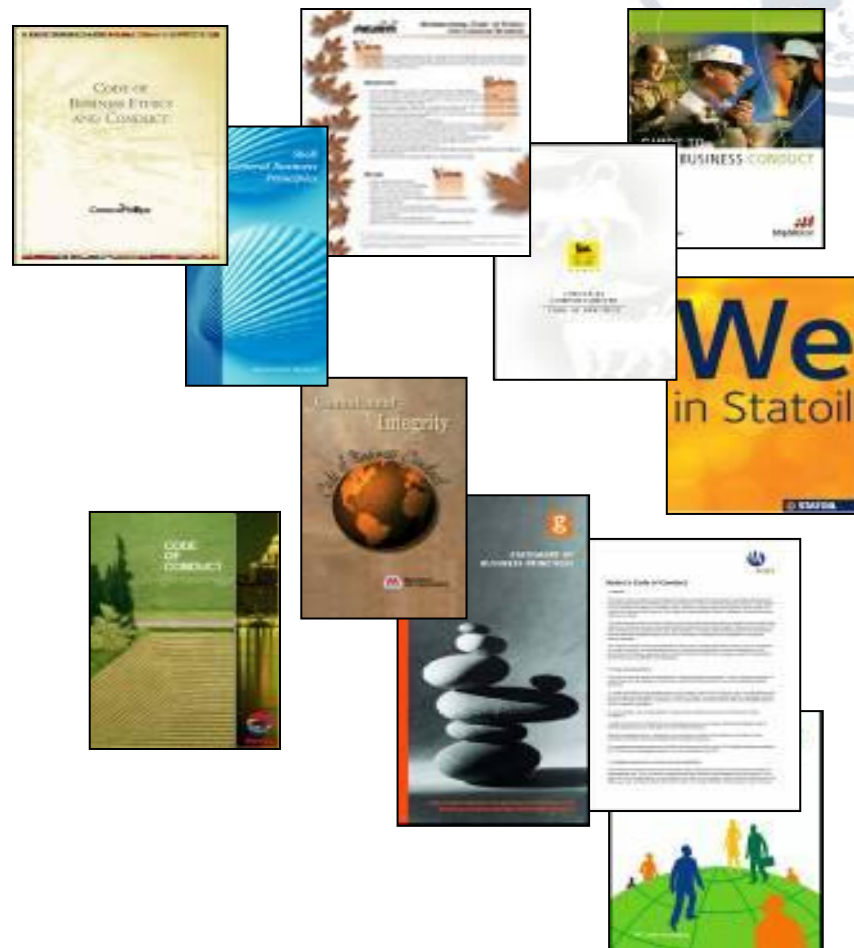
IFC Performance Standards



- IFC Environmental and Social Performance Standards increasingly used by companies to anticipate and mitigate impacts
- IFC publishes supporting Guidance Notes, several of which relate to human rights:
 - Social and environmental assessment and management systems
 - Labor and working conditions
 - Community health, safety and security
 - Land acquisition and involuntary resettlement
 - Indigenous peoples
 - Cultural heritage
- Together with UN Global Compact and IBLF, a draft Human Rights Impact Assessment tool has been published

Action to date

- Corporations in general
 - Company specific codes of conduct developed and implemented
 - Increased outreach to engage in dialogue with local / national NGO's
- Oil and gas sector
 - Voluntary standards and principles



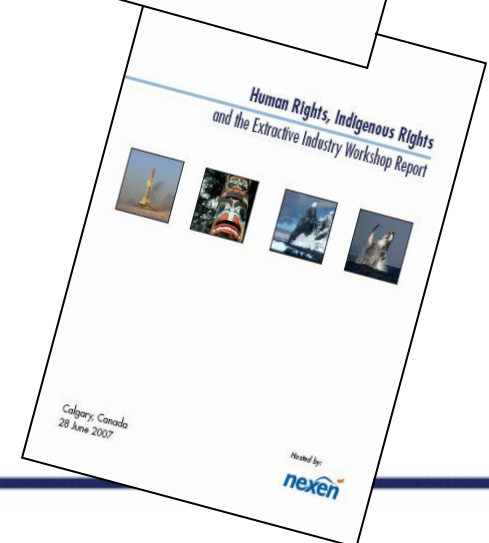
IPIECA human rights work



- Task force set up in 2003
- Member companies discussing experiences, challenges, good practice
- Practical deliverables include:
 - Development of this Toolkit
 - Human rights regional workshop series
 - Human rights and Ethics Report
 - Guide to Operating in Areas of Conflict

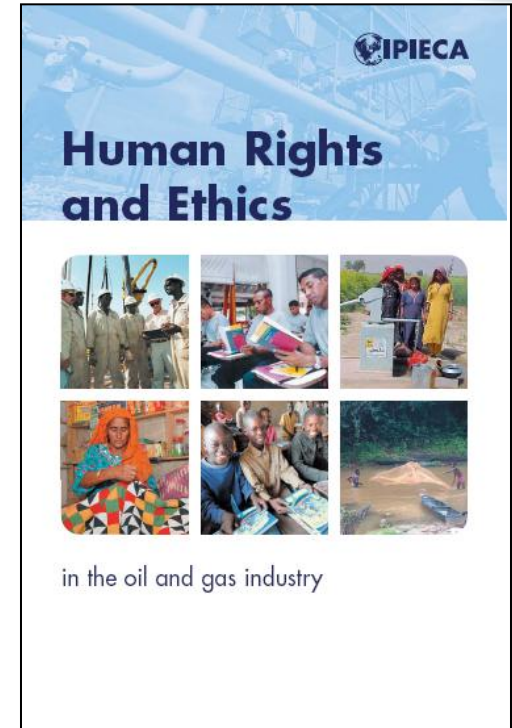
Human Rights Workshop Series

- Objectives
 - To raise awareness of human rights issues for the oil and gas industry
 - To publicize the toolkit
- Regional human rights workshops series:
 - London 2006
 - Kuala Lumpur 2006
 - Calgary 2007
 - Buenos Aires 2008 with ARPEL
 - South Africa 2009 with WPC
- Possible future workshop
 - 2010 workshop location to be determined
- Good practice note to summarise key findings from workshop series



Human Rights and Ethics mini-report

- Summarizes the background context for business and human rights
 - The international response including the UN Special Representative on Business and Human Rights
 - Human Rights challenges for the oil and gas industry
- Summarizes IPIECA activities on human rights and ethics
- Highlights IPIECA member company efforts
 - Case Studies
 - Industry-led partnership initiatives



Company-specific human rights practices



[Placeholder slide for:]

- Description of your company's human rights policies or code of conduct
- Provision of an overview or “map” demonstrating the ways in which the company's commitment to human rights is reflected in its internal departments, policies, and programs
- Flowchart of corporate structure regarding responsibility for human rights internally



Key Risk Areas for Oil and Gas Industry

Transparency

Security

Risk assessment and management

Transparency to fight corruption



- Bribery and corruption can negatively impact human rights if it leads to diversion of resource revenues from broad societal needs.
- Payments to government (e.g. taxes, royalties, signature bonuses) are a key area of focus for oil and gas industry.
- Transparency combats corruption
 - [insert Company guidelines]
 - National laws
 - International initiatives and voluntary standards



Extractive Industries Transparency Initiative (EITI)



- EITI, a voluntary global standard, aims to strengthen governance in producer countries by improving transparency and accountability in the extractives sector.
- EITI supports verification and publication of company payments and government revenues from oil, gas and mining.
- Launched in 2003; a multistakeholder coalition of governments, companies, civil society groups, investors and international organizations.
- Implementation of EITI is the responsibility of individual countries.

Voluntary Principles on Security and Human Rights

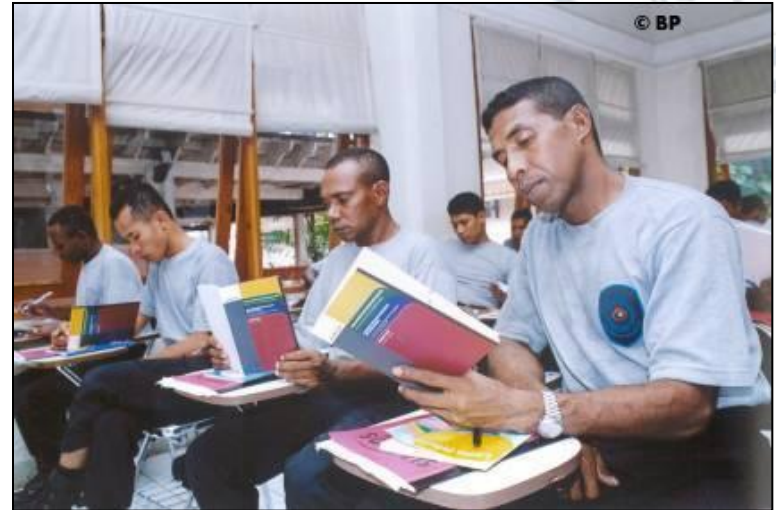
VOLUNTARY
PRINCIPLES
ON SECURITY & HUMAN RIGHTS

- International initiative to promote respect for human rights in managing security
- Three different participants
 - Governments
 - Corporations
 - Non-Governmental Organizations
- IPIECA has observer status at the Voluntary Principles Plenary
- A number of IPIECA member companies participate and/or implement the Voluntary Principles (VPs)



What do the VPs do?

- Provide guidelines to companies on maintaining the security of their operations within a framework that ensures respect for human rights
- They are a response to international criticism that security arrangements could lead to human rights risks for communities
- They focus on respect for civil and political rights, such as liberty, security, freedom from arbitrary arrest and detention, cruel, inhumane or degrading treatment.
- They have three key components:
 - **Risk assessment**
 - **Interactions with host government security**
 - **Interactions with private security**



Implementing the Voluntary Principles



- Comprehensive risk assessment
- Incorporation into project documents
- Building internal awareness
- Training security providers
- Building relationships with security providers
- Consulting with local communities
- Recruiting security guards from local communities
- Monitoring of security arrangements
- Reporting process of alleged Human Rights violation

Company policy/action on VPs

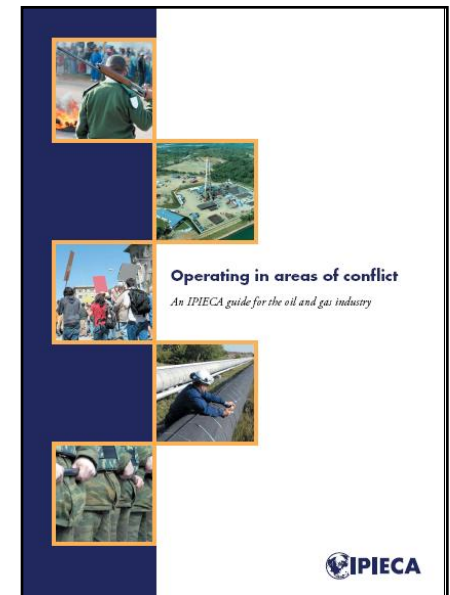


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- How your company implements the VPs
- Any specific policy, training, etc.
- Regional information

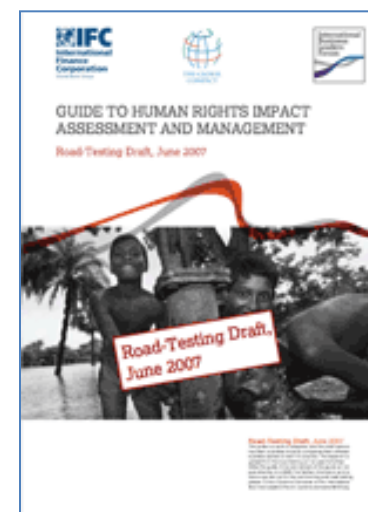
Operating in areas of conflict

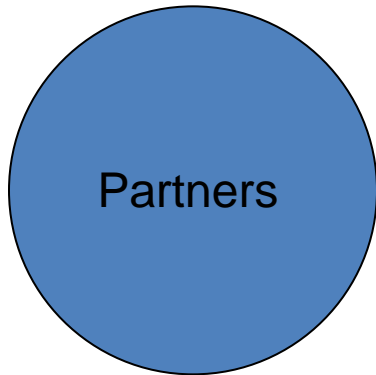
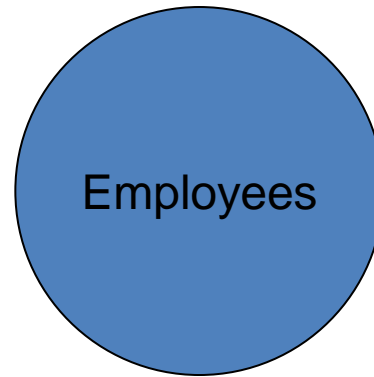
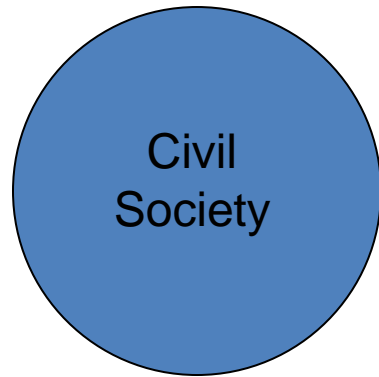
- Conflict can be directly related to industry presence, or to the wider socio-political country context
- Risk assessment and management approaches are recommended to identify, prevent and resolve conflict
 - Three-step risk assessment approach:
 - Traditional risk assessment
 - Conflict analysis
 - Conflict impact assessment
 - Risk management strategies:
 - Do no harm
 - Do something
 - Do something ++



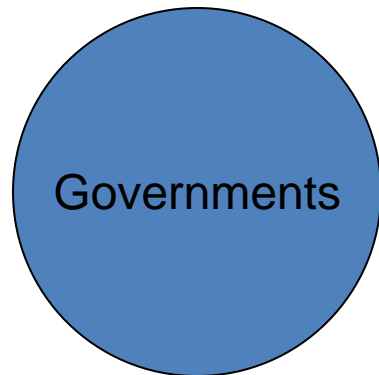
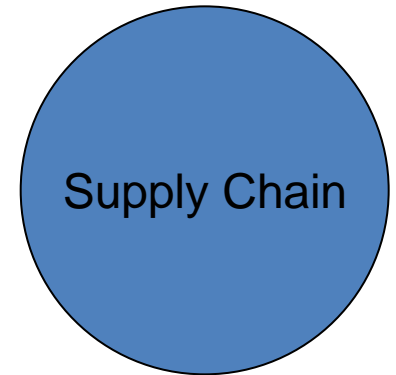
Human Rights Impact Assessments

- HRIAs may be integrated into existing risk assessments and they can help embed human rights in company core activities, thus reducing risk for communities and for the company
 - They provide recommendations to ensure that local employees and external actors, e.g. public and private security forces, behave appropriately
 - External HRIA tools include Danish Institute for Human Rights, and IBLF/IFC/UNGC Guide to HR Impact Assessment and Management
 - They outline step by step processes for implementing an HRIA





Relationship with stakeholders



Employee rights overview



- ILO Declaration on “Fundamental Principles and Rights at Work” 4 key issues:
 - Forced labour
 - No employment of underage workers
 - Non-discrimination
 - Freedom of association and collective bargaining
- Employment Terms
- Workplace Conditions

Forced labour

- The company should not use any forced or compulsory labour, including prison labour and convicts, indentured labour, or those working against their will.



No employment of underage workers

- The company should not use any underage workers to perform jobs in violation of domestic laws or international norms.



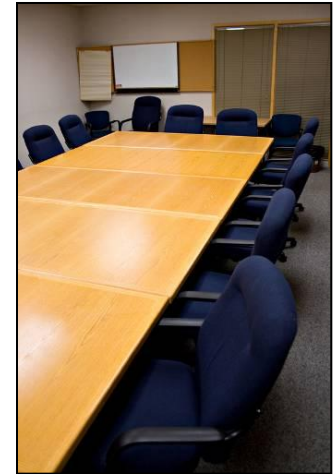
Non-discrimination and equal opportunity

- Different treatment of employees should not be due to personal characteristics unrelated to job performance, including race, nationality, ethnicity, gender, religion, or age.



Freedom of association and collective bargaining

- The company should recognise and respect the right of employees to form labour unions and bargain collectively, where such rights are recognized by local law.
- Whether or not formal unions are established on work sites, measures should be taken to allow workers to organize, preferably in a recognized organization, to have a forum for discussing terms of employment, and for filing and correcting grievances.
- If trade unions are not allowed in the country, the company should establish alternative measures to allow employees to raise work-related problems.
- Allow the negotiating unit to be as independent as possible, and to take care to avoid both the substance and the appearance of creating a 'company union' that can be seen to be under the employer's control.



Employment terms

- Wages and benefits
- Termination of employment



Workplace conditions

- Hours of work
- Harassment and abuse
- Freedom of expression
- Workplace health and safety
- Other working conditions



Supply chain overview



Supply chain issues



- Potential legal and reputation risk due to misconduct of some suppliers.

Company-specific supply chain management system



[Placeholder slide for:]

- Description of your company's supply chain management system

- Corruption and security

Community issues overview

- Social impact assessments
- Community consultations
- Indigenous peoples
- Involuntary resettlement and compensation
- Social investment
- Local content
- Free Prior and Informed Consultation/Consent is a growing issue



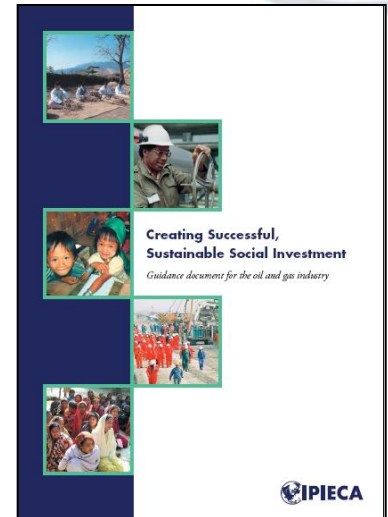
Mitigating community impact

- Social impact assessment
- Health impact assessment
- Community consultations



Social investment (SI)

- *‘Voluntary contributions companies make to the communities and broader societies where they operate to benefit external stakeholders’* (Creating Successful, Sustainable Social Investment, IPIECA)
- Companies are moving away from philanthropy and are seeking to make SI sustainable over the longer term
- Recommendations for successful investment:
 - Understand the wider context, risks and opportunities
 - Ensure SI is strategic and linked to the business case
 - Engage stakeholders



Indigenous people

- Respect culture
- Recognition as distinct peoples
 - ILO Convention 169
 - UN Declaration on the Rights of Indigenous Peoples
 - World Bank Operational Policy and Bank Procedures on Indigenous Peoples



Photos from: Repsol YPF (top), Shell (bottom)

Land rights and involuntary resettlement

- Companies need to address involuntary resettlement, including compensating resettled populations
- Relates to the right of quality of life and right to own property



Local content

- Relates to rights to education and employment
- Local hires and development
- Use of local suppliers
- Local 'capacity building'



Free, Prior and Informed Consultation/Consent



- Early engagement with stakeholders (esp. indigenous peoples) with aim of obtaining broad-based acceptance of the project
- Free = no external pressures/interference
Prior = before major project decisions made
Informed = locals understand potential project impacts
Consultation = methodical approach to engagement
Consent = difficult concept because it depends upon the context
- Free Prior and Informed Consultation/Consent is not clearly established in international law. National requirements may differ, currently there is no international consensus on the standard of either 'consultation or consent' applied to the FPIC process.
 - Article 6(2) of the ILO Convention No. 169 refers to 'consultation' which closely corresponds with IFC Performance Standards whilst the UN Declaration refers to 'consent'.
- [Suggestion to add company position on FPIC]

Relationships with governments

- Companies can engage governments on human rights issues in a variety of ways
- [Suggestion to add examples]

Relationships with commercial partners



[Placeholder slide for:]

- Your company's expectation regarding influencing partners to respect and promote human rights.

Working with NGOs and other organizations

- Companies recognize that their operations may impact Stakeholders
- Identifying the following early in the project will help companies reduce the risks of negative impacts:
 - Potential risks and impacts
 - Critical stakeholders affected and map their issues
 - Opportunities to manage/mitigate risks and impacts
- Public – private partnerships
 - Many companies now recognise they cannot manage risks and achieve sustainable development goals alone
 - NGO partners can bring credibility, in-depth local knowledge and different perspectives to projects and provide expertise
- Recommendations for successful cross-sector collaboration:
 - A commitment to a mutually beneficial arrangement
 - Openness and transparency in the relationship
 - A sense of shared ownership and engagement
 - Willingness to build capacity across sector boundaries
 - Agreement on key principles e.g. impartiality, independence, confidentiality and public communication

Conclusion

[Placeholder slide for:]

- Summary and way forward



Resources

- See Section 4 in the Toolkit for further information on resources regarding human rights
- Visit the IPIECA website: www.ipieca.org