

Community initiatives and local development

Context

Basis of the analysis

The special responsibilities of a major economic player

Ranking fourth among the world's oil and gas companies, first in the European and African refining and marketing sectors, and holding prominent positions in the chemicals industry, Total operates in sectors which, by their very nature, demand transparency and the highest ethical standards.

These activities, which are mainly conducted over the long term, involve large-scale projects; this gives the Group a unique responsibility regarding the development of its host communities in 130 countries around the world.

Of course, Total already contributes significantly to local development through the taxes and royalties it pays to host countries, the jobs created directly and indirectly by its activities, its purchases of local goods and services and its technology transfer and training initiatives on behalf of local employees.

As a member of the United Nations Global Compact, however, Total equates corporate responsibility with the need to control the overall impact of its presence and ensure that its activities deliver tangible benefits to the communities within its operating perimeter.



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Partnership for progress, worldwide

The Group has a longstanding commitment to play an enduring role in development in the areas surrounding its facilities, and to make meaningful contributions toward improving the standard of living of local populations. These are two of the prerequisites for making Total's projects and activities more acceptable to host countries and communities.

Naturally, although solutions for meeting these goals differ according to the local context, they are always governed by the same principle, in OECD and non-OECD countries alike: relations with communities in the vicinity of Group facilities must be conducted in a spirit of dialogue and respect.



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Multi-faceted initiatives to promote local development

Over the past several years, the Group has geared its local development activities to the development of human assets (health and education) and local capacities (training and economic development). Fostering the development of local institutions where they are found to be lacking has also emerged as a key to sound local governance – and a means to ensure the transfer and perpetuation of the Group's initiatives.

A number of programs actually embrace several themes simultaneously, in addition to the more recent priority of promoting access to quality energy services in the poorest communities.

This Road Map aims to describe the organization of Total's programs rather than the programs themselves, which are too numerous to be listed here. Some of them are described on the Group's website, www.total.com.



TOTAL

Total's **commitment**

In non-OECD countries

Identifying and remedying any negative impacts of the Group's activities

The oil and gas industry cannot close its eyes to the tremendous upheaval that its operations can trigger within its host communities. The discovery and exploitation of hydrocarbon resources can become as much a source of wealth as of political and socio-economic disruptions in developing countries. With two-thirds of its production carried out in non-OECD countries, Total deems that controlling the overall impact of its activities calls first for acknowledging this reality, then taking steps to offset any negative consequences.

Aware of the crucial stakes of improving the management of oil revenues, the Group adhered to the Extractive Industries Transparency Initiative (EITI), a pact promoting good governance in this area, as soon as it was introduced in 2002.

However, the fact remains that the mere news of a forthcoming project often creates high expectations, given the huge investments at stake. In addition to the exploration or development permit, therefore, Total strives to secure a true license to operate from host country authorities and local communities by winning their confidence through its systematic efforts to build cooperation with representative, legitimate partners. Taking this approach enables Total to focus its efforts on core issues and optimize value creation on behalf of all stakeholders.

Emphasizing local involvement in projects and investments

Achieving sustainable development that is shared by all stakeholders calls for increasing the economic benefits that accrue to the States and communities hosting the Group's activities. The practices of Total Exploration & Production in countries including Indonesia, Iran, Angola and Nigeria have been reviewed and shaped into a more formal approach that is used throughout the Group today: it consists of identifying the skills available locally, taking a more proactive approach to defining training and technology-transfer programs, and complying with a common set of guidelines applicable to the local content of each project.

Students sponsored by the Group for training in mechanics, followed by an internship in a Total service station



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Ensuring consistent compliance with its industrial, social and environmental standards, Total thus regularly commits to increasing its purchases of locally manufactured goods and services in its host communities. In partnership with the authorities and its subcontractors, the Group's aim is to help communities and the firms established there to secure a role in the marketplace, thereby promoting the formation of a local industrial base and giving a boost to local potential.

A partner and catalyst of development processes

Industry can no longer dictate development priorities or impose its own vision of what a community needs; nor is development a matter of simply pouring in huge sums of money. Today's initiatives must stem from a process driven by the communities themselves, with all stakeholders playing their parts.

By staying attentive to feedback from site neighbors, local authorities, associations and NGOs that are in touch with field realities, Group entities can support initiatives that show the greatest promise for developing individual, collective and institutional capacities.

As a partner and a facilitator, Total identifies players willing to take part in local development projects, such as international organizations and NGOs with a strong local base of operations. The Group contributes its know-how and mobilizes the funding needed to support projects over the long term.

A "motivator" paying a visit to a farmer who is expanding his operations thanks to micro-credits



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Through these projects, Total exceeds the bounds of its industrial mission with initiatives in the areas of health care and education. Programs can only be conceived in line with the government's policy objectives. The Group does not infringe upon the sovereign role of the State but targets its financial and logistical support at programs that enjoy indisputable legitimacy, promoted by recognized sponsors. Any failure to respect this framework could prolong "hand-out" situations that ultimately prevent host countries from becoming self-reliant.

Placing its priority on configurations in which individuals are empowered to define their own collective organization, the Group seeks especially to promote tools like Development Funds and micro-credits that establish or strengthen networks of local solidarity and social cohesion, as illustrated by projects that Total has supported in Nigeria, Indonesia and Venezuela.



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In OECD countries

Consolidating the local roots of its activities

Advancing dialogue; sharing information; finding better solutions for mitigating or preventing disamenities; controlling impacts on safety, health and the environment: these are the priorities that underpin Total's efforts to steadily improve the acceptability of its activities in its communities of operation.

Although the Group's commitment to stakeholder dialogue is not a recent development, the Common Ground® program initiated by Atofina and since then taken over by Atofina's two legacy entities, Arkema and Total's Chemicals Branch, maps out a grassroots relationship between each site and the neighboring communities. The most visible manifestation of this initiative is the development of site tours and open days.

Now that it has reorganized its Chemicals businesses, the Group is giving fresh impetus to the program and gradually extending it to all units of the Branch.

Promoting innovative tools for stakeholder outreach

Total representatives participate actively in bodies mandated by French law, such as the local information and consultation committees (CLIC) required for all communities that host at least one industrial site that falls under the risk classification of the European Seveso Directive. These committees focus on creating a forum for dialogue on the prevention of technological risks.

To broaden this dialogue and tailor it to local expectations, the Group also encourages the voluntary creation of organizations

such as Environmental Liaison Committees in the United Kingdom, Safety and Environment Committees in Belgium, Local Information and Exchange Committees in France and Community Advisory Panels in the United States.

In 2005, Total also established a novel type of partnership with the French association of Eco-Mayors, which counts 800 member municipalities affected by neighboring industrial facilities. Four pilot projects are already under way within this framework. Their aim is to arrive at a replicable methodology that will encourage industrial activities to be conducted taking the best interests of their environment into account. At Gonfreville, for example, the project consists of testing the advisory systems designed to give municipal authorities real-time information concerning all incidents, regardless of their nature. This effort, which applies to the Normandy Refinery as well as to the neighboring petrochemical plant, also illustrates the desire of Group entities to work in synergy with neighboring communities and all the other stakeholders.

Helping to revitalize regions affected by industrial restructuring

Total works with public entities and authorities to attenuate the impact of its industrial reorganizations through a number of job support resources. The Group's Regional Development Department¹ coordinates a number of programs aimed at supporting the establishment of substitute economic activities in the vicinity of facilities downsized or shut down due to restructuring; additional programs are deployed proactively in anticipation of plant closings.

¹ See the Road Map, "Regional development and corporate social responsibility"

Three avenues for progress

Enhancing the professionalism of community development projects

Community responsibility is now a core aspect of all the Group's internal processes and a component of the objectives assigned to management. As it becomes increasingly clear that the safety of people and infrastructure is closely correlated with the issue of sustainable development of communities, the need for responsibly-run corporate programs is ever more acute.

To consolidate its community investment approach, Total therefore intends to pursue the formalization of standards to be implemented consistent with guidance issued by international institutions and professional federations. Moreover, this move is consistent with an underlying trend, in which major energy projects are subjected to ever more stringent control requirements imposed by donors and lenders, and to greater demands for transparency expressed by host communities.

The Group complies with the Environmental and Societal Management System (ESMS) formalized by the World Bank and adopted by the Association of Oil and Gas Producers (OGP) and the International Association for Impact Assessment.

Beyond defining more formalized processes for sharing best practices, the Group is working to equip its managers with a standard set of in-house tools, to avoid the duplication of efforts. In addition to publishing a Local Community Guide, Total stepped up its action with the large-scale deployment of a tool called Stakeholder Relationship Management+ (SRM+) at its major facilities. With these resources, operating entities can now refer to a tried and tested methodology for carrying out an in-depth assessment of the issues; this in turn leads to the definition of a concrete action plan. The Refining & Marketing Branch has already rolled out SRM+ at about thirty facilities, taking an integrated "safety-environment-corporate social responsibility" approach that is intertwined with the management of its industrial infrastructure. Likewise for the plants of the Chemicals Branch classified as high-risk (Seveso II) facilities. Most of the major sites of the Exploration & Production Branch will be undertaking a similar process as well.

SRM+: a tool for ensuring the relevance of social initiatives

The deployment of the Stakeholder Relationship Management+ (SRM+) tool reflects Total's decision to shape a series of existing practices and methodologies – some of which have been in use for a long time – into a more structured, more coherent package. Tests conducted on sites representative of all the branches and most of the Group's sectors of activity have demonstrated the capacity of SRM+ to take a broad range of different social contexts into account – a requisite feature for a method used by a group of such international scope.

People in charge of projects thus can rely on this tool to conduct a baseline social assessment, carry out a detailed mapping of the stakeholders and issues relevant to its facilities, and define priorities based on each plant's degree of exposure to social issues and the expectations of stakeholders.

In some cases, site neighbors, local authorities and NGOs can be consulted directly to evaluate potential gaps between Group and stakeholder perceptions, thus providing a more objective basis for identifying the appropriate course of action.

Defining the relevant indicators of management and results

Just like any other type of project, social projects must be regularly evaluated to measure their actual repercussions on community life, report to stakeholders and, when necessary, work with the latter to make any needed adjustments.

To enhance the effectiveness of its initiatives, the Group is developing a battery of indicators that will quantify more accurately the appropriateness of the projects undertaken, and determine the degree of ownership and empowerment of local players.

As a follow-on to the Local Community Guide, Total developed a tool called SocPI² for its Exploration & Production subsidiaries in order to help them select the most appropriate indicators (i.e., local integration, social engineering and contribution to human development) for each context.

For non-OECD countries, some of these indicators correspond to the United Nations Millennium Development Goals.

Disseminating a culture of responsibility on a broader scale

One of the Group's strengths lies in its employees' acute awareness of, and sensitivity to, the cultures of their host countries. This requirement of respect and responsibility takes on special importance at a time when the social dimension is emerging as a core issue of economic and industrial life.

For Total, social and community responsibility cannot be mandated by a specific department. It must be exercised from day to day – starting with the operational staff who work in direct contact with stakeholders. For this reason, the Group is stepping up its training effort in the area of corporate social responsibility, notably through seminars on "Ethical, environmental and community responsibility," organized by Total University. In addition, the Group is pursuing a determined policy of augmenting the international diversity of its management team – another means of fine-tuning its approach to supporting communities and human development.



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² Societal Performance Indicators