



COMMUNITY ENGAGEMENT METHODOLOGY GUIDE



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Purpose of the guide

All MOL companies operate in environments and locations within which we are affecting various members of the community (henceforth: stakeholders¹ or communities), and these stakeholders affect MOL. This effect on communities can be positive (providing decent work and wages, paying taxes, investing in the community so it prospers with the company, etc.) and can be both negative (harmful emissions, environmental damage, human rights violations, unethical, unsafe work environment, etc.).

Companies in the oil and gas industry are under especially high stakeholder scrutiny due to the nature of the business because site-level operations can run considerable health, safety and environmental risks. Consequently, MOL Group faces the challenging and – if done appropriately – rewarding task of obtaining a „license to operate“² in the communities where it is operating.

Structured community engagement is a process with supporting guidelines that allow: identification, anticipation and, where possible, control of the effects of stakeholder actions and reactions. If appropriately managed, community engagement will allow mitigation and containment of stakeholder-related risks and the capturing of opportunities that have the potential to create win-win situations for both the company and the communities.

The present Community Engagement Guide has been designed to give guidance to site-level managers on how to plan and implement successful community engagement activities, the results of which should become integral parts of the general action planning process.

In the guide, the engagement cycle and tools are based on international standards and best practices. The main source of inspiration, which is also the foundation of the Community

Engagement Group Principle and the MOL Group Sustainable Development Assurance process, is the AA1000SES:2015 Stakeholder Engagement Standard. Other sources were also used in the iteration of the internal guide (a list of these and more resources is provided at the end of the guide). The guide will principally lead through the Community Engagement cycle (Figure 1 below), and provide both basic (used in “business as usual” situations) and specific engagement tools (used in specific situations – for instance, entering new markets, new countries, etc.) to execute each stage of the cycle. Trends and best-practice examples are introduced in the appendix of the guide and are built around relevant engagement tools.

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¹ Stakeholders encompass a wide range of potential groups, including internal (employees, management, owners) and external (clients, suppliers, competitors, authorities, communities, NGOs, etc.) interested parties. In this document only specific stakeholder groups are considered relevant for Community Engagement initiatives. Please see Step 1 for exhaustive list of stakeholders groups.

² “Refers to the level of acceptance or approval by local communities and stakeholders; it does not refer to a formal agreement, but to the real or current credibility, reliability, and acceptance of companies and projects” – Fraser Institute – www.miningfacts.org

STEP 7
MONITOR ENGAGEMENT
AWARENESS AND SATISFACTION
INDICATORS

STEP 8
PREPARE COMMUNITY
ENGAGEMENT REPORT



STEP 1
IDENTIFY COMMUNITY ISSUES
AND STAKEHOLDERS

STEP 2
MAINTAIN STAKEHOLDER
TRACKER DATABASE

STEP 3
CLASSIFY AND MATCH
COMMUNITY ISSUES AND
STAKEHOLDERS

STEP 6
IMPLEMENT THE ENGAGEMENT
ACTIONS

STEP 4
DEFINE COMMUNITY
ENGAGEMENT INDICATORS

STEP 5
PREPARE COMMUNITY
ENGAGEMENT PLAN

1. PHASE

Identify and classify



STEP 1

IDENTIFY COMMUNITY ISSUES AND STAKEHOLDERS

WHY TO IDENTIFY:

The first step in the Community Engagement process is to identify community issues and stakeholders, their interests and the ways in which those interests affect the company's operations and its projects' viability. Issue and Stakeholder identification provides a starting point in building relationships both for successful community engagement and also for successful project development.

WHEN TO IDENTIFY:

In the case of existing operations, the issue and stakeholder list should be revised at least once a year. In the case of a new project, the issue and stakeholder list should be completed first at the Assessment stage and then should be revised whenever there are any changes in project design, scope, social environment or activity until the closure phase.

NOTE!

FURTHER WAYS OF IDENTIFYING ISSUES:

- ▶ INTERNAL INTERVIEWS
- ▶ STAKEHOLDER SURVEYS ON ISSUES
- ▶ BRAND PERCEPTION STUDIES
- ▶ MEDIA MONITORING
- ▶ MEDIA VALUE STUDIES
- ▶ ROUNDTABLE MEETING WITH LOCAL REPRESENTATIVES
- ▶ PUBLIC HEARINGS
- ▶ PUBLIC FORUMS
- ▶ EMPLOYEE SURVEYS
- ▶ ISSUES RAISED THROUGH THE GRIEVANCE HANDLING MECHANISMS AND ETHICS MANAGEMENT SYSTEM (EMS)
- ▶ ISSUES RAISED THROUGH CUSTOMER CARE PORTALS

1.1. IDENTIFY COMMUNITY ISSUES

When it comes to community engagement, the scope of possible issues may be economic, environmental or social in nature.

HOW TO IDENTIFY:

1. Conduct a group brainstorm to identify possible issues. Start with the stakeholder perspective, and then cover the company perspective.

2. Group issues into short- and long-term categories.

3. Identify which issues are considered relevant. We recommend that any issues that might affect project results (such as timing, budget, contractual terms, permits) should be considered as significant.

TOOL 1 LIST OF ISSUES

SIGNIFICANT ISSUES MAY INCLUDE:

- ▶ impact on health, safety and general living conditions of the local communities
- ▶ any disproportionate negative impact must be avoided
- ▶ impact on the environment through effluents, waste, water management
- ▶ impact on climate change and air quality
- ▶ impact on cultural heritage, traditional landscapes
- ▶ impact on human rights of the local communities and other stakeholders
- ▶ impact on biodiversity
- ▶ impact on our company's reputation in any way

IN CASE OF A NEW PROJECT, THE SPECIFIC ASPECTS BELOW SHALL ALSO BE TAKEN INTO ACCOUNT:

- ▶ resettlement of local communities – involuntary resettlement (physical and economic) must be avoided in all reasonable cases
- ▶ presence of and impact on indigenous people – prior and informed consent of such groups must be gained



1.2. IDENTIFY STAKEHOLDERS

Stakeholders are people, groups or other legal entities that have direct or indirect stakes in an organisation because they can affect or be affected by that organisation's actions, performance, objectives and policies. They may be internal stakeholders (those participating in the company's operations, such as employees, the management or the owners) or external stakeholders (those not participating in the company's operations, like local communities, local media or the environment). Identifying stakeholders is important, because they may yield influence on a specific issue and hence may help or obstruct the company in achieving its business objectives.

HOW TO IDENTIFY:

1. List all stakeholders and be as specific as possible. Identify individuals both on the operational and senior levels. Plot all possible stakeholders, not just those with whom you have already established contact – even if their impact is unknown or their position is negative toward your company. It is important to deal with the strongest opinion leaders, but it is also essential to ensure that the broader local community be engaged. If seemingly "powerless" sectors of society are left out of the consultation processes, the project can fail due to a lack of comprehension of the broader context and concerns under which it is being implemented. Ensure

NOTE!

LIST OF QUESTIONS TO CONSIDER WHEN BRAINSTORMING

- ▶ WHO WILL BENEFIT FROM THE PROJECT OR THE COMPANY'S OPERATIONS?
- ▶ WHO WILL BE AFFECTED BY NEGATIVE IMPACTS OF THE PROJECT OR THE COMPANY'S OPERATIONS?
- ▶ WHOSE CO-OPERATION, EXPERTISE OR INFLUENCE WOULD BE HELPFUL TO THE SUCCESS OF THE PROJECT OR THE COMPANY'S OPERATIONS?
- ▶ WHO WILL BE RESPONSIBLE FOR IMPLEMENTING MEASURES TO MITIGATE THE NEGATIVE IMPACTS?
- ▶ WHO ARE THE MOST VULNERABLE, LEAST VISIBLE AND VOICELESS FOR WHOM SPECIAL CONSULTATION EFFORTS MAY HAVE TO BE MADE?
- ▶ WHO SUPPORTS OR OPPOSES THE CHANGES THAT THE PROJECT WILL BRING?
- ▶ WHOSE OPPOSITION MIGHT AFFECT THE SUCCESS OF THE PROJECT?
- ▶ WHO MIGHT HAVE RESOURCES TO CONTRIBUTE?
- ▶ WHO WILL MAKE DECISIONS?

involvement of women and vulnerable and/or marginalized stakeholders, not just influential members of society, in the list, even if they do not have influence or cannot raise public attention.

2. Once you have listed the direct stakeholders, consider expanding the list. Ask the stakeholders you already know to suggest others with an interest in the project or the company.

3. Create a list that is as detailed as possible with specific contact persons in stakeholder groups, referencing the name of the specific person or organization. In the case of organizations, if possible, list

the name or the title of the person who is a key decision maker.

4. Once all stakeholders are listed, add information about who is in contact with these stakeholders from the company, any data about the history of the company's relationship with such stakeholders as well as the key influencing agents the stakeholder listens to.

The Stakeholder Tracker Database for the Company/Site presented in Step 2 is a valuable source of information.

TOOL 2 LIST OF STAKEHOLDERS

Here you find a list of many potential stakeholders to help you in assembling your operations' lists. (Please note that there may be overlaps between the groups, it is up to you to choose how you group your stakeholders.)

COMMUNITIES

- ▶ Nearest neighbours
- ▶ The local community near your operation (refinery, filling station, pipelines, wells, offices, etc.)
- ▶ The local community near your head office
- ▶ Communities you may pass through on a regular basis (e.g. linear project elements)
- ▶ Regional centres for your local communities

NON-GOVERNMENTAL ORGANIZATIONS AND COMMUNITY BASED ORGANIZATIONS

- ▶ Local groups
- ▶ Regional groups
- ▶ State groups
- ▶ National groups
- ▶ Cultural groups
- ▶ Environmental groups
- ▶ Recreational groups
- ▶ Sports groups
- ▶ International groups with an interest in your project, the location or the type of activity you are conducting
- ▶ Others

OTHER CIVIC ORGANIZATIONS

- ▶ Trade or labour unions
- ▶ Educational organizations
- ▶ Charitable organizations
- ▶ Organizations serving children
- ▶ Organizations serving the elderly
- ▶ Professional and trade associations
- ▶ Places of worship and religious organizations
- Others

OTHER ADVOCACY GROUPS

- ▶ Individual activists
- ▶ Health and safety groups
- ▶ Human rights groups
- ▶ Social justice groups
- ▶ Political groups
- ▶ Others

POTENTIALLY VULNERABLE PEOPLE/GROUPS

- ▶ Women
- ▶ Elderly/ill/incarcerated/disabled
- ▶ Indigenous People
- ▶ Racial/ethnic minorities/oppressed groups
- ▶ Children/schools/orphanages or other youth groups
- ▶ Child-headed households
- ▶ Others

GOVERNMENT OFFICIALS

- ▶ Local officials (elected and appointed)
- ▶ Regional officials
- ▶ State officials
- ▶ National officials
- ▶ Opposition officials
- ▶ Administrative representatives from each of the ministries based in your local area or region

REGULATORS

- ▶ Local agencies
- ▶ Regional agencies
- ▶ State agencies
- ▶ National agencies
- ▶ International organizations
- ▶ Others

STEP 2

MAINTAIN A STAKEHOLDER TRACKER DATABASE

WHY TO USE:

The Stakeholder Tracker Database is used to build up a database on our actions regarding relevant issues and our perceptions about the stakeholders and the actual outcomes, results, upcoming meetings and consultations. This enables the company to build up the history of an engagement campaign and also have ready-made data at a higher (e.g. group) level.

WHEN TO USE:

The Stakeholder Tracker Database shall be updated optimally right after the relevant engagement action, but at least annually.

HOW TO USE:

Keep a record of consultation activities, including messages from and to stakeholders. Lists of contacted stakeholders, records of the dates and nature of the contact and feedback should be systematically documented and filed in a Stakeholder Tracker Database.

TOOL 3 STAKEHOLDER TRACKER DATABASE

Stakeholders (on order of the relevancy)	Position on the issue	Engagement actions / messages communicated to the stakeholders	Average satisfaction index	Next step (e.g. involvement in any engagement campaign)	Deadline of next step	Notes (e.g. history of relationship with the company)

STEP 3

CLASSIFY AND MATCH COMMUNITY ISSUES AND STAKEHOLDERS

WHY TO CLASSIFY:

The Community Issue/Stakeholder Map helps in grouping issues and stakeholders in order to prioritize them later in the Matching Matrix.

Key issues and their stakeholders within the community, or concerns that may impact the company or its business goals must be identified and analysed continuously during the operation of the site, and in the case of projects throughout the whole project cycle with emphasis on the *project development* and *project abandonment* phases.

WHEN TO CLASSIFY:

A Community Issue/Stakeholder Map shall be updated after each Issue and Stakeholder Identification. Revise the analysis systematically at least once a year.



TOOL 4 ISSUE CLASSIFICATION MAP

A	B	C	D	E	F	G	H
Site/Project	Issue	Grievance (Y/N)	Materiality (1-6)	Strategic relevance (1-6)	Sustainable Development (1-6)	Probability of negative effect (1-6)	Total Relevance (1-6) H=(D+E+F+G)/4
	Issue 1						
Site/Project	Issue 2						
	Issue n						

Scale: 1 – less relevant 6 – most relevant

If an issue reaches 3 or more in any of the evaluation criteria or in total relevance, the issue needs to be added to the Community Engagement Plan, at least at the "inform" level.
If an issue reaches 6 either on the scales of Materiality, Strategic Relevance and/or Sustainability, then the Total Relevance for the issue is minimum 5.

3.1. CLASSIFY COMMUNITY ISSUE(S)

HOW TO CLASSIFY:

Classify issues based on their strategic importance to the Company; take into account the following aspects:

- ▶ Financial materiality: issues that are of a material nature to the Company
- ▶ Strategic relevance: issues that are of strategic relevance to the organisation
- ▶ Sustainable development materiality: issues covering economic, environmental and social considerations³
- ▶ Possible negative impacts on our company's reputation of any kind.

3.2 CLASSIFY STAKEHOLDER(S)

HOW TO CLASSIFY:

- ▶ Dependency – groups or individuals who are directly or indirectly dependent on the organisation's performance, or on whom the organisation is dependent in order to operate
- ▶ Responsibility – groups or individuals to whom the organisation has, or in the future may have, legal, commercial, operational or ethical/moral responsibilities
- ▶ Tension – groups or individuals who need immediate attention from the organisation with regard to financial, wider economic, social or environmental issues
- ▶ Influence – groups or individuals who can have an impact on the organisation's or a stakeholder's strategic or operational decision-making
- ▶ Diverse perspectives – groups or individuals whose different views can lead to a new understanding of the situation.

3.3. COMMUNITY ISSUE/STAKEHOLDER MATCHING MATRIX

3.3.1 Prepare Community Issue / Stakeholder Matching Matrix

HOW TO USE IT:

The Community Issue/Stakeholder Matching Matrix helps in calculating the total relevance of issues by combining the classification of issues with the relevance of stakeholders. The matrix therefore summarizes information that is required to plot the Community Issue/Stakeholder Matching Matrix, which forms the basis of the Community Engagement Plan.

WHEN TO USE IT:

For each identified issue, to classify affected stakeholders (the value of each issue grows as additional stakeholders are added).

TOOL 5 STAKEHOLDER CLASSIFICATION MAP

A	B	C	D	E	F	G	H
Site/Project	Stakeholder classification map	Stakeholder	Dependency (1-6)	Responsibility (1-6)	Tension (1-6)	Influence (1-6)	Diverse (1-6)
Site/Project	Stakeholder group 1	Stakeholder 1					
	Stakeholder group 2	Stakeholder 2					
		...					
	Stakeholder group n	Stakeholder n					

Scale: 1 – less relevant, to 6 – most relevant

If a stakeholder reaches 3 or more in any of the evaluation criteria or in total relevance, the stakeholder group needs to be added to the Community Engagement Plan, at least at the "inform" level. If a stakeholder reaches 6 on the scale of an individual criterion, then the Total Relevance of the stakeholder is minimum 5.

³ Check if SD&HSE action plans are available on your level – if not on the OpCo/Flagship level, there will be an action plan to relate to. MOL Group SD Plan 2020 is also an important reference: <https://molgroup.info/en/sustainability/sustainability-and-mol/strategic-sd-initiatives>

TOOL 6 COMMUNITY ISSUE / STAKEHOLDER MATCHING MATRIX

A	B	C	D	E	F
Site/Project	Issue	Issue relevancy	Stakeholder group/ Stakeholder	Stakeholder relevancy	Total relevancy
Site / Project	Issue 1	C	Stakeholder 1	E1	F=C*sumE
			Stakeholder 2	E2	
			...	E3	
			Stakeholder n	EN	
Issue 2					
Issue n					

3.3.2 Prepare Stakeholder Engagement Matrix

WHY TO USE:

The Stakeholder Engagement Matrix serves to develop a comprehensive, well-thought engagement plan. It supports the decision on what level of engagement should be undertaken with each group of stakeholders – and to support the evaluation on how successful that level of engagement might be. Data in the Stakeholder classification map is the key input for the Engagement Matrix.

WHEN TO USE IT:

The Engagement Matrix shall be revised systematically at least once a year. In the case of projects the list shall be put together first at the Assessment stage. The Matrix shall be revised whenever there are any changes in project design, scope, social environment or activity, until the closure phase.

HOW TO USE:

1. Use the Stakeholder classification map (Tool 5) and the Stakeholder Engagement Matrix (Tool 7) to identify appropriate consultation methods for each stakeholder or group based upon their level of interest and impact on the operation/project. Make sure that you include both formal and informal types of engagement.

2. When defining engagement modes, it is useful to evaluate all modes in sequence: start with the one of highest involvement (collaborate) and consider whether it is necessary or feasible. If the answer to one of these criteria is "no", continue down the list until you find a necessary and feasible engagement mode for the specific issue/stakeholder pairs.

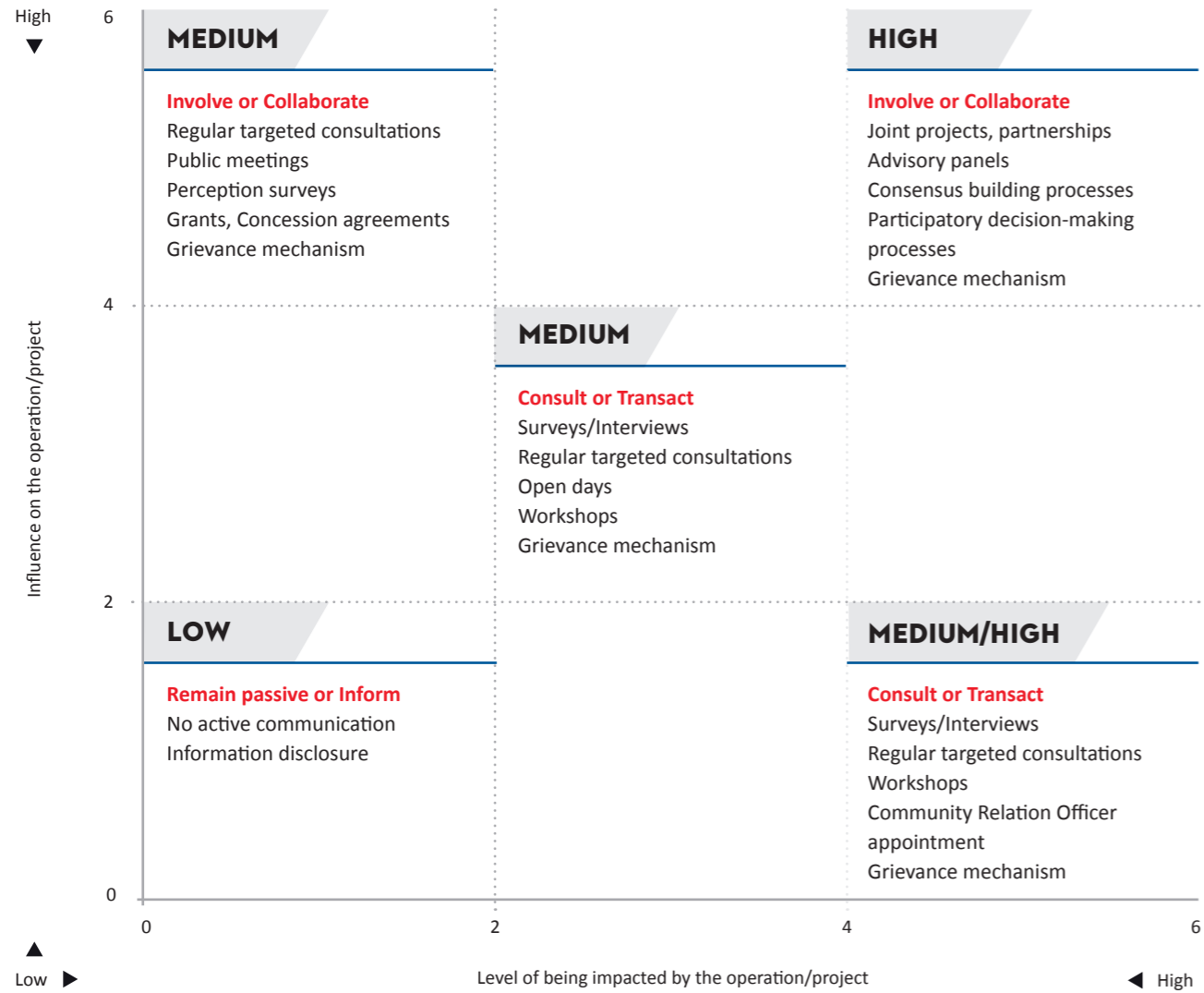
3. Validate preliminary consultation methods with stakeholders by, for example, conducting surveys and/or interviews. Stakeholders' needs and expectations on the required interaction should be matched with the engagement plan's interactions towards them.

NOTE!

ENGAGEMENT SHOULD BE BOTH FORMAL AND INFORMAL AND MAY INVOLVE A NUMBER OF THE ACTIVITIES LISTED BELOW:

- ▶ INFORMATION DISCLOSURE
- ▶ PUBLIC MEETINGS, INTERVIEWS WITH SPECIFIC STAKEHOLDERS
- ▶ APPOINTED COMMUNITY RELATIONS OFFICERS
- ▶ GRIEVANCE MECHANISM, NEWSLETTERS, OPEN DAYS
- ▶ ANNUAL/QUARTERLY TARGETED CONSULTATION
- ▶ PERCEPTION SURVEYS, ETC.
- ▶ ISSUES RAISED THROUGH CUSTOMER CARE PORTALS

TOOL 7 STAKEHOLDER ENGAGEMENT MATRIX



TOOL 8 MODES / TYPES OF ENGAGEMENT

Engagement Matrix Category	Level of engagement	Engagement method	Communication	Nature of relationship	General examples	MOL Group example
Low	Inform	Inform or educate stakeholders	One-way: company to stakeholder with no or limited invitation to reply	Short- or long-term relationship with stakeholder. „We will keep you informed“	Bulletins and letters, brochures, reports and websites. Speeches, conference and public presentations. Open house and facility tours. Roadshows and public displays. Press releases, press conferences, media advertising, lobbying.	SD report; www.mol.hu
Medium	Consult	Obtain information and feedback from stakeholders; decisions made internally	Limited two way: company asks questions and stakeholders answer them	Short- or long-term involvement. „We will keep you informed, listen to your concerns, consider your insights and provide feedback on our decisions.“	Surveys. Focus groups. One-on-one meetings. Public meetings and workshops. Standing stakeholder advisory forums. On-line feedback and discussion.	“Social Impact Assessment projects; Image surveys; Refinery open days, etc.”
Medium/High	Transact	Work together in a contractual relationship where one partner directs the objectives and provides funding	Limited two-way: setting and monitoring performance standards according to terms of contracts	Relationship terms laid down by contractual agreement. „We will do what we said we would“ or „we will provide you the resources to enable you to do what we agreed“	Concession agreements; Grants; Multi-stakeholder forums. Advisory panels. Consensus building processes.	Contracts with local individuals for minor; Concession agreements
High	Involve	Work directly with stakeholders to ensure that their concerns are fully understood and considered during decision-making	Two-way or multi-way between Company and stakeholders. Learning takes place on both sides. Stakeholders and Company take action individually.	May be one-off or long-term engagement. „We will work with you to ensure that your concerns are understood, to develop alternative proposals and to provide feedback about how stakeholder views influenced the decision-making process.“	Participatory decision-making processes.	Green Belt Programme
High	Collaborate	Partner with, or convene a network of stakeholders to develop mutually agreed solutions and joint plan of actions	Two-way or multi-way between Company and stakeholders. Learning, negotiation and decision-making on both sides. Stakeholders work together to take action.	Long term. „We will look to you for direct advice and participation in finding and implementing solutions to shared challenges.“	Joint projects, voluntary two-party or multi-stakeholder initiatives. Partnerships.	New Europe Foundation; or State Collaboration Agreements e.g.: in Pakistan on infrastructure development

Low-level engagement, such as “Inform”, may be considered adequate to solve or address minor challenges to stakeholder and corporate behaviour and strategy. Engaging at a higher level can potentially enable bigger changes and transformation to take place and the solving of more systematic and deep-rooted challenges in managing corporate impact or sustainability issues.

TIP

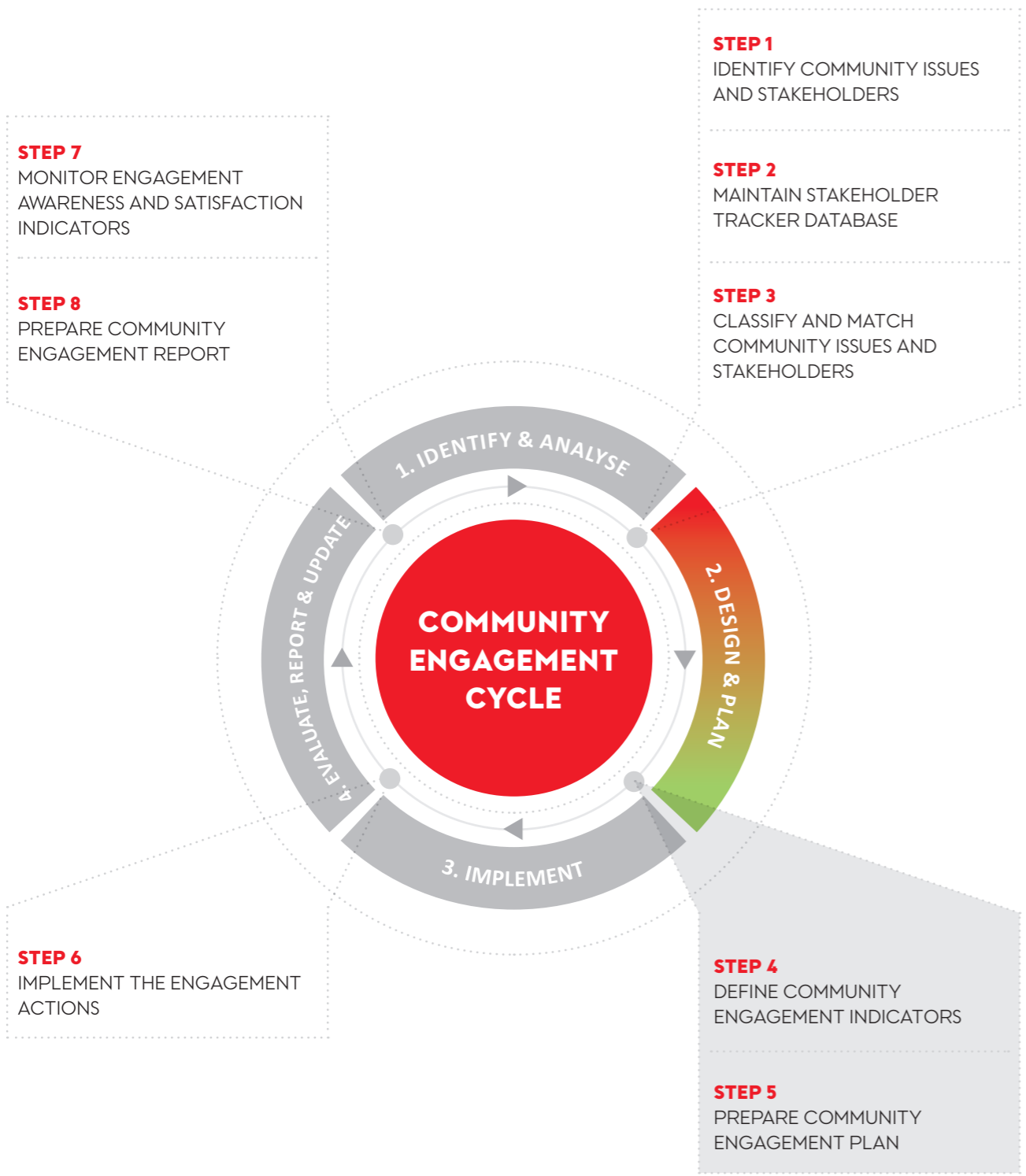
ATTITUDES OF THE SPECIFIC STAKEHOLDERS CAN ALSO BE MARKED IN THE MATRIX E.G.:

- ▶ RED FOR NEGATIVE TOWARDS THE OPERATION
- ▶ YELLOW FOR CONDITIONALLY SUPPORTIVE
- ▶ GREY FOR NEUTRAL AND
- ▶ GREEN FOR POSITIVE VIEWPOINTS ON THE COMPANY OPERATION.

The most effort shall be devoted to engage stakeholders marked with red and placed at the top right corner of the matrix.

If there is a possibility that the community itself can have an effect on the negative minority, then concentrate on those who are positive or indecisive to create the engagement outcome you want, and let very negative stakeholders be overwhelmed or influenced by the positive community itself.





2. PHASE Design & plan



STEP 4

DEFINE COMMUNITY ENGAGEMENT INDICATORS

WHY TO USE:

Indicator Development is designed to enable a set of objectively verifiable indicators to measure performance of community development programs.

WHEN TO USE:

Indicators should be defined when Community Engagement initiatives are planned, in the case of projects at the Assess phase or whenever circumstances change.

HOW TO USE:

1. Define Key Performance Indicators (KPIs) that can be used to measure the performance of specific community engagement actions by using Tool 8, the Community Engagement Indicators Checklist. Consider relevant input, output and impact indicators and make sure to use the identified objectives for the projects and their related indicators.
2. Validate indicators with chosen group of stakeholders. For optimum results, if applicable, invite people from the community with knowledge and interest in the programs for which the indicators are to be developed.
3. Prepare a list of indicators for each program. Make sure to use both quantitative and qualitative indicators.
4. Define a baseline for each indicator chosen: collect data from internal and external sources.
5. Decide and write definitions of the descriptors for the scoring scale for each indicator. Ideally, this should be determined and mutually agreed on by the project manager/co-ordinator with the key primary stakeholders.

- ▶ The descriptors for the 1–5 scale are to be designed so that score 3 means that the objective was met.
- ▶ The descriptors for scale points 1 and 2 should describe evaluations that fall short of meeting the objective, with 1 being the lowest achievement.
- ▶ The descriptors for points 4 and 5 on the scale should indicate results that exceed the objective, with a score of 5 being the highest.

NOTE!

EFFECTIVE PERFORMANCE MEASUREMENT NEEDS TO USE APPROPRIATE UNITS FOR MEASURING CHANGE IN ORDER TO DISTINGUISH BETWEEN INPUTS, OUTPUTS AND IMPACTS. IT IS OPTIMAL IF IT CAN ASSESS BOTH QUALITATIVE AND QUANTITATIVE PARAMETERS OF CHANGE.

INPUT INDICATORS: MEASURE INPUTS, E.G. MONEY, TIME, OR OTHER RESOURCES.

OUTPUT INDICATORS: MEASURE THE DIRECT RESULTS OF COMMUNITY ENGAGEMENT, E.G. THE NUMBER OF COMMUNITY STAKEHOLDERS CONSULTED, THE NUMBER OF PEOPLE WHO TOOK PART IN THE TRAINING PROGRAMME, SCHOOL COMPLETION RATES, ETC.

IMPACT INDICATORS: MEASURE LONGER-TERM CHANGES THAT ARE THE DESIRED RETURN ON INVESTMENT OF THE PROJECT; FOR EXAMPLE MEASURABLE CHANGE IN THE COMMUNITY'S QUALITY OF LIFE, HEALTH OR ECONOMIC WELL-BEING (IF THE ENGAGEMENT IS ABOUT SOCIAL INVESTMENT – IF IT HAS A DIFFERENT AIM, THEN MEASURE THE IMPACT OF THAT). (REFERENCE: LBG.)

TOOL9 COMMUNITY ENGAGEMENT INDICATORS CHECKLIST

QUANTITATIVE INDICATORS MAY INCLUDE:

- The number of people involved
- Growth rates
- Yields
- Prices
- Level of stakeholder group participation
- Level of stakeholder satisfaction, opinion
- Update of activity inputs, e.g. loans, school enrolment, children vaccinated, etc.
- Adoption of activity outputs, e.g. technologies, manuals, newsletters, guidelines, etc.

QUALITATIVE INDICATORS MAY INCLUDE:

- Attitude changes
- Emergence of leadership
- Ability to self-monitor
- Improvements in solidarity
- Behavioural changes

STEP 5

PREPARE A COMMUNITY ENGAGEMENT PLAN

WHY TO USE:

The Community Engagement Plan is designed to ensure that an engagement action is planned for each issue and relevant stakeholder.

WHEN TO USE:

The Community Engagement Plan should be prepared in alignment with the deadlines set for the annual business planning process. In the case of projects that have not been identified during the annual planning process, a separate Individual Community Engagement Plan is to be prepared, aligned with the requirements of the relevant Project management regulation before finishing the Assessment phase.

HOW TO USE:

1. Include all relevant issues and stakeholders from the list of Community Issues/Stakeholder Mapping Matrix.
2. Develop the message and select the form of engagement with the help of the Stakeholder Engagement Matrix and fill in the following details:
 - Resource needs (both OPEX/CAPEX)
 - Responsible for engagement actions
 - Deadline (for each action)
 - Grievance relevance.
3. Ensure that resources are available for carrying out the engagement actions effectively in line with the annual Business planning and/or Project planning processes.
4. Include all defined KPIs selected from the Community Engagement Indicators Checklist.
5. Involve the Corporate Communications team to consider all possible scenarios for communication avenues and platforms and to prepare (both internal-external, reactive-proactive, negative-positive).



TOOL 10 COMMUNITY ENGAGEMENT PLAN

COMMUNITY ENGAGEMENT PLAN FOR THE UPCOMING YEAR

Issue (in order of the relevancy)	Stakeholder	Grievance (Y/N)*	No of grievances	Ratio of open / closed grievances	Operational days lost due to community engagement issues	Selected form of engagement	Planned action	Resource need according to previous year actual (th EUR)	Resource need according to Plan (th EUR)	Actually used resources (th EUR)	Reason if difference is more than 5%	Responsible***	Deadline	Status	KPIs (measures)****	Plan	Actual	Notes/ Lessons Learned
Issue 1	Stakeholder 1			not applicable – relevant for the report				The budget** shall be planned in accordance with the size of the business and the severity of the issues. In case of planned Corporate Giving the total sum shall be given – details are to be described in the Annual Corporate Giving Plan of the Company.		not applicable – relevant for the report		For strategic organisational/ business issues the responsible is the affected Business/ Functional organization according to its roles and responsibilities regulated in the S-DTR of the Company. For strategic and tactical communication issues the responsible is the local Corporate Communication organization or if it does not exist – Group Corporate Communications.						not applicable – relevant for the report
	Stakeholder 2																	
	Stakeholder 3																	
	Stakeholder 4																	
	Stakeholder 5																	
	Stakeholder n																	
Issue 2	Stakeholder 1			not applicable – relevant for the report														not applicable – relevant for the report
	Stakeholder 2																	
	Stakeholder 3																	
	Stakeholder n																	
Issue n	Stakeholder 1			not applicable – relevant for the report														not applicable – relevant for the report
	Stakeholder 2																	
	Stakeholder n																	

More detailed issue breakdown for most important issues can be elaborated in the plan and can be made on local level.

NOTE!

*** GRIEVANCE:**

AN ISSUE, CONCERN, PROBLEM OR CLAIM (PERCEIVED OR ACTUAL) THAT AN INDIVIDUAL OR COMMUNITY GROUP WANTS A COMPANY OR CONTRACTOR TO ADDRESS AND RESOLVE – EXCLUDING LEGAL OBLIGATION RELATED COMPENSATIONS, INDEMNIFICATIONS.

**** BUDGET:**

THE BUDGET SHALL BE PLANNED IN ACCORDANCE WITH THE SIZE OF THE BUSINESS AND THE SEVERITY OF THE ISSUES. IN THE CASE OF PLANNED CORPORATE GIVING, THE TOTAL SUM SHALL BE GIVEN – DETAILS ARE TO BE DESCRIBED IN THE ANNUAL CORPORATE GIVING PLAN OF THE COMPANY.

***** RESPONSIBLE:**

FOR STRATEGIC ORGANISATIONAL/BUSINESS ISSUES, THE AFFECTED BUSINESS/ FUNCTIONAL ORGANIZATION IS RESPONSIBLE ACCORDING TO ITS ROLES AND RESPONSIBILITIES AS REGULATED IN THE S-DTR OF THE COMPANY. FOR STRATEGIC AND TACTICAL COMMUNICATION ISSUES, THE LOCAL CORPORATE COMMUNICATION ORGANIZATION (OR IF IT DOES NOT EXIST, GROUP CORPORATE COMMUNICATIONS) IS RESPONSIBLE.

****** KPIS:**

DEFINE KPIS FOR EACH ACTION

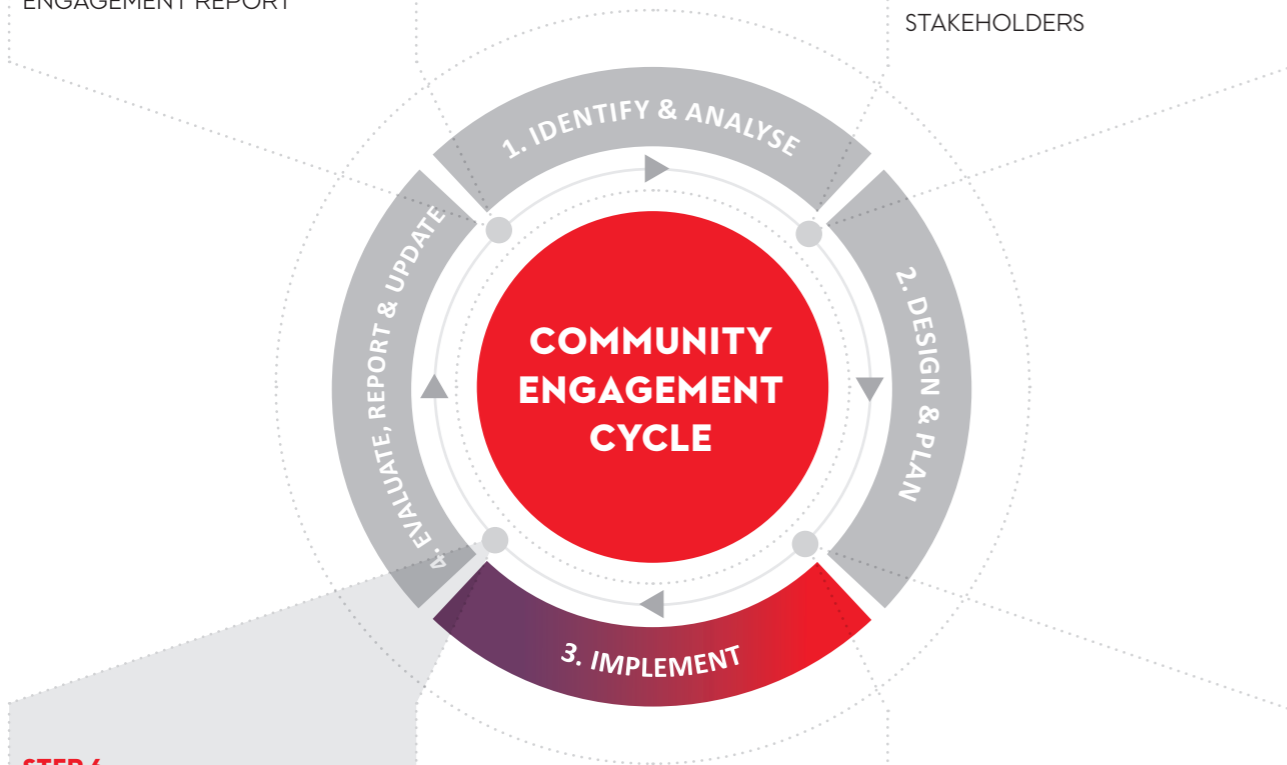
STEP 7
MONITOR ENGAGEMENT
AWARENESS AND SATISFACTION
INDICATORS

STEP 8
PREPARE COMMUNITY
ENGAGEMENT REPORT

STEP 1
IDENTIFY COMMUNITY ISSUES
AND STAKEHOLDERS

STEP 2
MAINTAIN STAKEHOLDER
TRACKER DATABASE

STEP 3
CLASSIFY AND MATCH
COMMUNITY ISSUES AND
STAKEHOLDERS



STEP 6
IMPLEMENT THE ENGAGEMENT
ACTIONS

STEP 4
DEFINE COMMUNITY
ENGAGEMENT INDICATORS

STEP 5
PREPARE COMMUNITY
ENGAGEMENT PLAN



STEP 6

IMPLEMENT THE ENGAGEMENT ACTIONS

HOW TO IMPLEMENT:

In order to provide help in organizing good-quality engagement actions mainly regarding effective planning, anticipating and managing potential negative outcomes and enabling focus on areas for opportunity and positive relationship building, the relevant checklist for implementing the engagement action should be followed:

NOTE!

GENERAL GROUND RULES FOR ENGAGEMENT:

- ▶ HONOUR EACH PARTY'S RIGHT TO "PASS" IF HE OR SHE IS NOT READY OR WILLING TO SHARE INFORMATION.
- ▶ ALLOW EVERYBODY TO EXPRESS THEIR OPINIONS COMPLETELY.
- ▶ MAKE SURE THAT THE OPPORTUNITIES FOR INPUT ARE EVENLY DISTRIBUTED.
- ▶ RESPECT ALL CONFIDENTIALITY OR ANONYMITY REQUESTS THAT THE GROUP HAS AGREED TO HONOUR.
- ▶ ADOPT A SOLUTION-ORIENTED APPROACH.
- ▶ STAY FOCUSED ON THE ISSUE THAT IS THE SUBJECT OF THE ENGAGEMENT.
- ▶ AVOID ASSIGNING INTENTIONS, BELIEFS OR MOTIVES TO OTHERS (E.G. ASKING OTHERS QUESTIONS INSTEAD OF STATING UNTESTED ASSUMPTIONS ABOUT THEM) AND PROVIDE FEEDBACK TO STAKEHOLDERS ABOUT THEIR CONCERNS
- ▶ KNOW THE STAKEHOLDER'S BACKGROUND AND LATEST POSITION ON THE ISSUE.
- ▶ RESPECT PROTOCOL:
 - Is language an issue? Be prepared with interpreters.
 - Always translate documents into the local language.
 - Can you propose a meeting agenda? If so, make sure you send this in advance.
- ▶ INTRODUCE YOUR COMPANY AND THE REASONS FOR THE MEETING.
- ▶ TRANSMIT YOUR KEY MESSAGES.
- ▶ LISTEN!
- ▶ ASK THE STAKEHOLDER FOR ADVICE ON POSSIBLE NEXT STEPS.
- ▶ AGREE ON FOLLOW-UP ACTIONS – DEPENDING ON THE COMPLEXITY OF THE MEETING, SEND A LIST OF AGREED FOLLOW-UP POINTS IMMEDIATELY AFTER THE MEETING.
- ▶ PREPARE A POSITION PAPER AND OTHER BRIEFING MATERIALS.
- ▶ BE CONCISE: ONE PAGE WITH TECHNICAL DETAILS IN AN APPENDIX
- ▶ EXTEND INVITATIONS TO VISIT YOUR FACILITIES AND FOR OTHER RELATED EVENT HAPPENINGS.



TOOL 11 CHECKLIST FOR IMPLEMENTING THE ENGAGEMENT ACTION

Checklist for implementing the engagement action

Check point

1. IDENTIFY AND PREPARE FOR ENGAGEMENT RISKS

The responsible for the engagement action should identify engagement risks that may include:

- conflicts between participating stakeholders
- unwillingness to engage
- stakeholder fatigue
- balancing weak versus strong stakeholders

2. BRIEF STAKEHOLDERS ABOUT ENGAGEMENT

Note: The brief should be sent to named individuals rather than to an organisation well in advance for the action. The information included in the brief should contain:

- the purpose and scope of the engagement
- the engagement process and timelines
- what kind of contribution is expected from the invited stakeholders
- what kind of benefits are the participants receive
- logistical and practical information about the engagement
- the nature of the issues, the risks and opportunities associated with them
- how the issues are currently managed within the organisation
- what policies and systems are already in place
- what the organisation can and wants to do about the issues

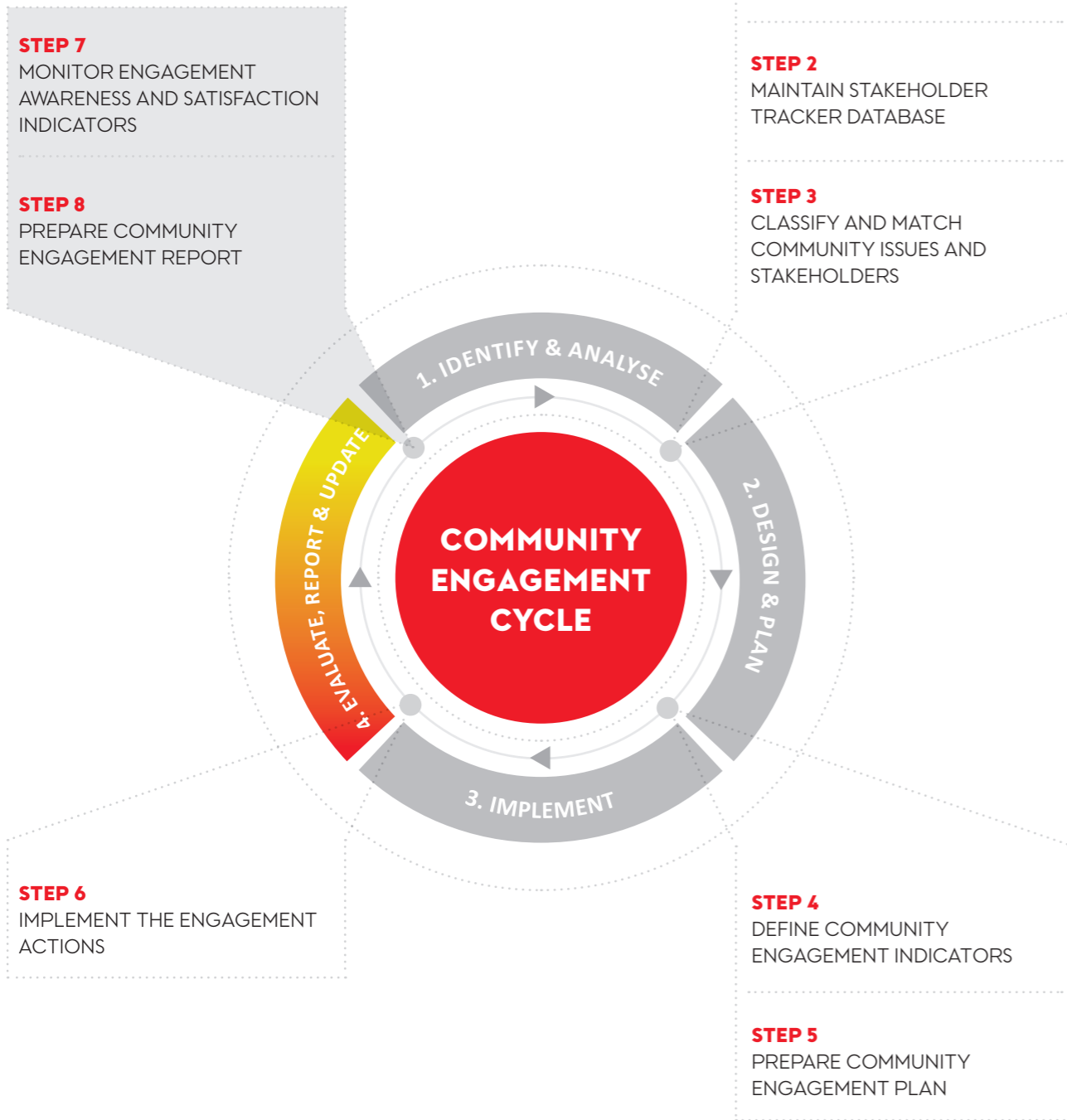
3. DOCUMENT THE ENGAGEMENT AND ITS OUTPUTS

Note: The Stakeholder Tracker Database shall also be updated with the information. The documentation should capture:

- the purpose and aims of the engagement
- the methods used
- who participated and who did not
- the time frame
- a summary of stakeholder concerns, expectations and perceptions
- a summary of key discussions and interventions
- outputs (e.g. queries, proposals, recommendations, agreed decisions and actions)

NOTE!

THE CHECKLIST IS NOT RELEVANT FOR THE ENGAGEMENT MODE "REMAIN PASSIVE"



4. PHASE

Evaluate, report & update



STEP 7

MONITOR ENGAGEMENT AWARENESS AND SATISFACTION INDICATORS

WHY TO USE:

Conducting a survey is a tool used to determine different levels of stakeholder satisfaction with company activities. Its results can be used as an easy-to-understand means of reporting feedback. It shows the degree to which program outputs or outcomes are achieved.

The use of this tool with different stakeholder groups can identify areas where the perceived performance of the engagement program differs between the parties. The results can also be used to set benchmarks that can be tracked over time.

WHEN TO USE:

This can be performed right after the engagement action or, in the case of projects, at any stage from the assessment phase to post-closure of the site (but at least annually).

HOW TO USE:

1. The satisfaction survey shall be prepared containing all the relevant questions regarding the specific Engagement, taking into account inputs come from Stakeholder tracking. The questions shall be rated on a 1-5 scale in which the descriptors for scale points 1 and 2 should describe evaluations that fall short of meeting the objective, with 1 being the lowest achievement, while 4 and 5 on the scale should indicate results that exceed the objective, with a score of 5 being the highest.

2. Communicate the results both internally and externally. Results of questions about stakeholder satisfaction with engagement programs can be useful for reporting to managers about the perceived success of a community engagement program. They can also form part of external reports such as the company's sustainability report.



TOOL 12 SURVEY TO MONITOR ENGAGEMENT AWARENESS AND SATISFACTION INDICATORS

POSSIBLE QUESTIONS TO BE ASKED:

What do you think about the ... industry? Please rate the following statements on a scale from 1 to 5:

- It gives work and livelihood to many people
- It contributes to the improvement of people's quality of life through its products
- Its products do not pollute the environment, but rather protect it
- Tax payment of the sector is a considerable amount between the revenues of the state and local governments
- Through its corporate donation and support programs, it has a positive impact on the lives of surrounding settlements

What are the adverse effects of the... industry in your opinion? Please rate the following statements on a scale from 1 to 5:

- Water pollution
- Air pollution
- Damage to the environment caused by ... production
- Hazard of operating accidents
- Environmental damage caused by the transport of ... products
- Growth of diseases when using ... products
- Creation of Hazardous Substances
- Tax evasion
- Economic inefficiencies
- Low wages
- Mistreatment of employees

Can you mention other harmful effects?

How safe do you think the ... plants are?

How safe do you think the ... plants of the relevant Company are?

Please rate in a scale from 1 to 5, how typical the following statements are for the ... company?

- Has a long tradition
- Has a decisive/main role in the ...(country/industry)... market
- Capable for continuous innovation
- Keeps in mind the environmental aspects
- Sponsors sports and culture in the required extent
- Creates secure jobs and a secure livelihood
- Contributes to sustainable development
- Through foundation and other forms, take a serious social role in ... County/Region

Further questions regarding the Foundation of the relevant company and its image can also be asked. The same questions can be asked of different stakeholder groups, and these results can also be compared. The report can even be weighted according to the importance of each stakeholder.

STEP 8

PREPARE COMMUNITY ENGAGEMENT REPORT

WHY AND WHEN TO USE IT:

The quality of community engagement practices must be monitored, measured and assessed. Community engagement planning and following engagement activities must be assessed and re-defined periodically (at least annually, by end of the year when plan for the upcoming year is submitted and plan for the upcoming year is provided). The organisation must also continuously revise its overall engagement objective(s) and scope, as well as its engagement plans and related records.



THE TEMPLATE OF THE COMMUNITY ENGAGEMENT REPORT (TOOL 13) IS BASED ON THE COMMUNITY ENGAGEMENT PLAN (TOOL 9).

Issue (in order of the relevancy)	Stakeholder	Grievance (Y/N)	No of grievances	Ratio of open / closed grievances	Operational days lost due to community engagement issues	Selected form of engagement	Action	Resource need according to previous year actual (th EUR)	Resource need according to Plan (th EUR)	Actually used resources (th EUR)	Reason if difference is more than 5%	Responsible	Deadline	Status	KPIs (measures)	Plan	Actual	Notes/ Lessons Learned
Issue 1	Stakeholder 1							The budget shall be planned in accordance with the size of the business and the severity of the issues. In case of planned Corporate Giving the total sum shall be given – details are to be described in the Annual Corporate Giving Plan of the Company.				For strategic organisational/ business issues the responsible is the affected Business/ Functional organization according to its roles and responsibilities regulated in the S-DTR of the Company. For strategic and tactical communication issues the responsible is the local Corporate Communication organization or if it does not exist – Group Corporate Communications.						
	Stakeholder 2																	
	Stakeholder 3																	
	Stakeholder 4																	
	Stakeholder 5																	
	Stakeholder n																	
Issue 2	Stakeholder 1																	
	Stakeholder 2																	
	Stakeholder 3																	
	Stakeholder n																	
Issue n	Stakeholder 1																	
	Stakeholder 2																	
	Stakeholder n																	



Case Study

THE KEY SUSTAINABILITY AREAS IMPORTANT FOR THE COMPANY WERE:

The Company has signed a Production Sharing Contract with the Country thus has gained right to become an operator of relevant fields in the region. Since commencement, the Company has focused on being socially and environmentally responsible towards its host communities by embedding its sustainability objectives into everyday business operations.

- ▶ environmental protection,
- ▶ climate change,
- ▶ health and safety,
- ▶ supporting local communities,
- ▶ human capital, and
- ▶ economic sustainability.

In order to achieve these strategic objectives, the Company established internal processes for managing community impacts and conducting proactive stakeholder engagement. The below case study presents the activities the Company undertook to reach its goal of developing a good relationship between the company and communities thus getting and maintaining its social licence to operate.

Identify and classify

STEP 1

IDENTIFY COMMUNITY ISSUES AND STAKEHOLDERS

A) DURING DESKTOP STUDIES AND INTERVIEWS, THE BELOW ISSUES WERE IDENTIFIED:

Lack of infrastructure:

The presence of the industry has negatively impacted the source of water in the village and is the reason why many families have moved to other villages. The District also suffers from a shortage of hospitals, health personnel and medications.

The host communities surrounding the company's sites have high expectations with respect to infrastructure improvements in the way of better access to health care and education facilities, transport and roads, power, and fresh water supply.

Employment:

Residents from towns and villages complain about the way that companies select and hire people from other regions rather than employing workers and drivers from nearby towns.

Agriculture and land use:

The local population can no longer depend on agricultural production for a living for three main reasons:

- ▶ Lack of available land for agriculture due to an increasing population
- ▶ Water shortages following several droughts in recent years

- ▶ Lagging government system which supports agricultural reforms e.g. lack of proper market access, limited import tariffs, misallocation of subsidies (land compensation)

B) DURING DESKTOP STUDIES AND INTERVIEWS, THE BELOW STAKEHOLDERS WERE IDENTIFIED:

Village residents around operation areas – require the company to sponsor programs, e.g. bring barley to the farmers raising livestock; waste management programs; and transportation of students to and from the secondary school. According to respondents, road rehabilitation is also an area which should be considered seriously. Other concerns include security and the transportation of water and diesel to the village; village residents have to go to another village for healthcare.

District Mayor – would like to increase water supply and the production/commercialization of agriculture products.

Local Directorate of Agriculture – the Directorate is limited in its financial capacity to support the agriculture sector, and currently meets not more than 5-10% of the needs of the farmers/animal breeders.

Local Directorate of Education – drawing in more qualified teachers due to the

lack in both the number and the quality of training for teachers; educational infrastructure also needs to be improved, which includes the condition and equipment of schools, as well as the transportation of students to and from other villages.

Local Directorate of Water – water shortages impact many villages in the sub-districts and the solutions are either costly or temporary.

Local Directorate of Health – low numbers of available doctors, assistants and nurses.

Women's Union – the centre for the Council of Women is now unusable, and the union is therefore in the process of remodelling/constructing a new one, which is currently on hold.

Youth and Cultural Centres – the building needs to be completed in order to make full use of it.

Local Primary School – requests improvement of infrastructure for students.

STEP 2

MAINTAIN A STAKEHOLDER TRACKER DATABASE

TOOL 3 STAKEHOLDER TRACKER DATABASE

Stakeholders (on order of the relevancy)	Position on the issue	Engagement actions / messages communicated to the stakeholders	Average satisfaction index	Next step (e.g. involvement in any engagement campaign)	Deadline of next step	Notes (e.g. history of relationship with the company)
Village residents	Conditional					Will be filled in/updated after planning, implementing and measuring the effectiveness of the specific actions
District Mayor	Neutral					
Local Directorate of Agriculture	Positive					
Local Directorate of Education	Neutral					
Local Directorate of Water	Conditional					
Local Directorate of Health	Negative					
Women's Union	Positive					
Local Primary School	Positive					

STEP 3

CLASSIFY AND MATCH COMMUNITY ISSUES AND STAKEHOLDERS

TOOL 4 COMMUNITY ISSUE CLASSIFICATION MAP

A	B	C	D	E	F	G	H
Site/Project	Issue	Grievance (Y/N)	Materiality (1-6)	Strategic relevance (1-6)	Sustainable Development (1-6)	Probability of negative effect (1-6)	Total Relevance (1-6) H=(D+E+F+G)/4
Case study site	Lack of infrastructure	N	6	6	3	4	4.8
	Employment	Y	2	5	4	4	3.8
	Agriculture and land use	N	2	4	5	3	3.5

TOOL 5 STAKEHOLDER CLASSIFICATION MAP

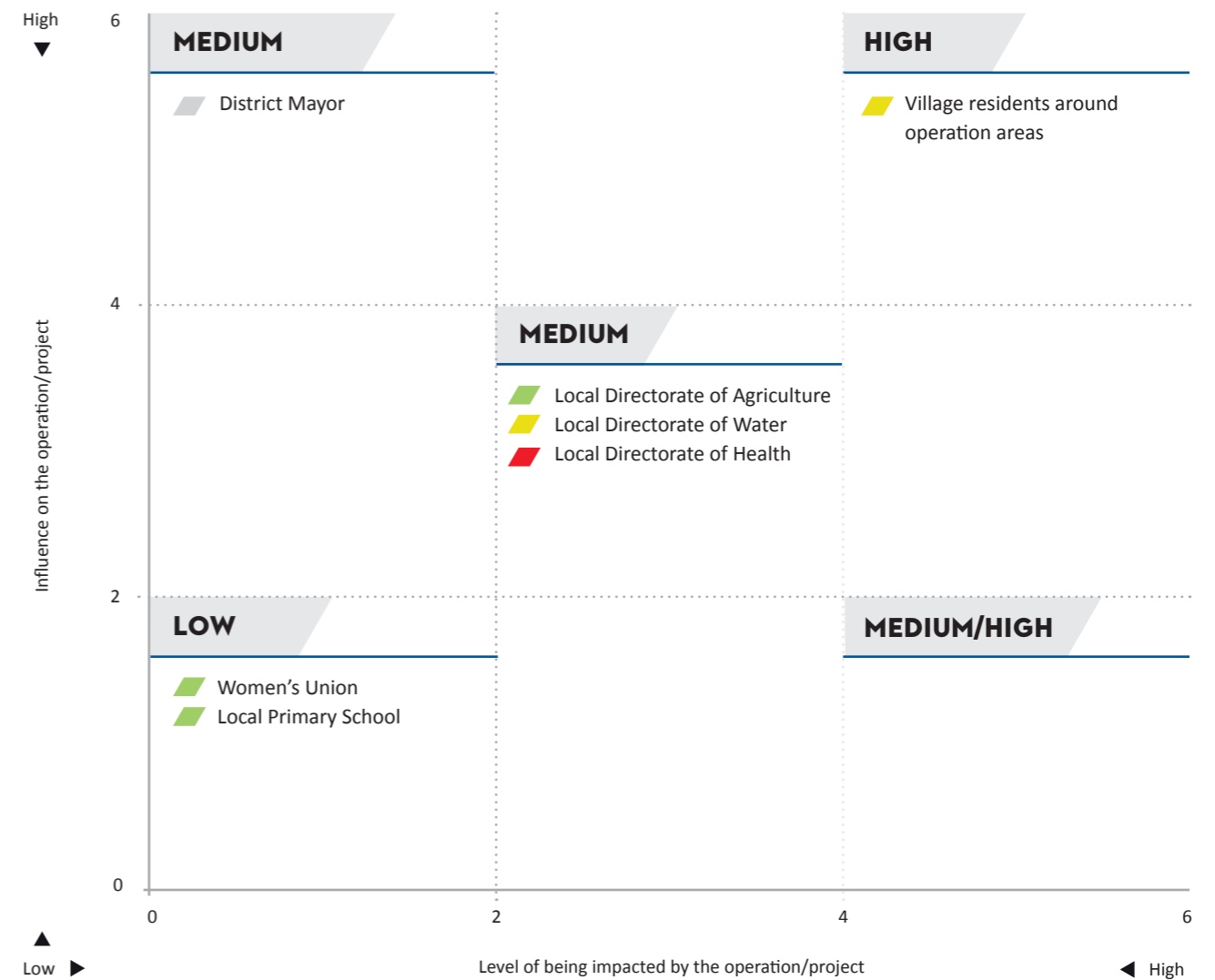
A	B	C	D	E	F	G	H	I
Site/Project	Stakeholder classification map	Stakeholder	Dependency (1-6)	Responsibility (1-6)	Tension (1-6)	Influence (1-6)	Diverse (1-6)	Total Relevance of the Stakeholder I=(D+E+F+G+H)/5
Case study site	Local Communities	Village residents around operation areas	6	6	6	4	6	5.6
		District Mayor	4	4	4	6	2	4.0
	Government/ Authorities	Local Directorate of Agriculture	4	4	4	4	4	4.0
		Local Directorate of Education	2	1	2	2	5	2.4
		Local Directorate of Water	2	4	2	4	4	3.2
		Local Directorate of Health	2	2	2	3	4	2.6
	NGOs	Women's Union	2	2	2	2	3	2.2
	Education institutes	Local Primary School	2	2	2	2	5	2.6

TOOL 6 COMMUNITY ISSUE / STAKEHOLDER MATCHING MATRIX

A	B	C	D	E	F
Site/Project	Issue	Issue relevancy	Stakeholder group/ Stakeholder	Stakeholder relevancy	Total relevancy
Case study site	Lack of infrastructure	4.8	Village residents	5.6	96
			District Mayor	4	
			Local Directorate of Education	2.4	
			Local Directorate of Water	3.2	
			Women's Union	2.2	
			Local Primary School	2.6	
	Employment	3.8	Village residents	5.6	55
			District Mayor	4	
			Local Directorate of Education	2.4	
			Local Directorate of Health	2.6	
			Village residents	5.6	
			District Mayor	4	
	Agriculture and land use	3.5	District Mayor	4	48
			Local Directorate of Agriculture	4	

TOOL 7 STAKEHOLDER ENGAGEMENT MATRIX

■ Negative towards the operation
 ■ Conditionally supportive
 ■ Neutral
 ■ Positive viewpoints



STEP 4

DEFINE COMMUNITY ENGAGEMENT INDICATORS

**INFRASTRUCTURE EXAMPLE:
WATER**

The past droughts in the region, and the resulting limited access to water has led to the erosion of livelihoods, migration to the cities, a weakening of livelihood systems, decreases in summer and winter crop production, increased unemployment, and water-induced diseases.

Essentially, the drought and shortages of water resources not only have severe effects on agriculture, but also have negative impacts on:

- ▶ Social well-being: water is needed to meet the basic requirements of human and animal life, to preserve the environment, and to maintain acceptable personal and hygienic levels and standards;
- ▶ The economic activities in production of commodities and provision of services that cannot be accomplished or sustained without the availability of water;
- ▶ Sanitation: sanitation problems are due to untreated sewage disposal, which leads to water pollution; and
- ▶ Salinity: the low level of water has increased saltiness in many of the agricultural areas around rivers and streams. The above mentioned negative effects will continue unless serious actions are taken to minimize and mitigate effects of water shortages and reduce the rate of increase in water consumption.

The over-exploitation of groundwater wells affected their quality and many of these underground sources are unusable due to high salinity and pollution. Several and serious measures should be taken to mitigate the effect of global warming on water resources, and to develop non-conventional sources of water that can be exploited in the future, such as water reclamation and reuse, and the use of surplus winter runoffs.

In addition to conservation measures, institutional reforms, capacity building, and intense public awareness are definitely needed.

Indicators:

- ▶ Amount of water from company drilled water wells
- ▶ Amount of reused water
- ▶ Number of rooftops with water-collecting roof catchments
- ▶ Result of awareness-raising actions

**EMPLOYMENT**

The company shall ensure that it:

- ▶ hires local staff for all positions for which there are qualified candidates in the region
- ▶ hires local trainees directly associated with any expatriate positions
- ▶ creates an apprenticeship and competency development program for all roles
- ▶ undertakes all technical work in the region to permit mentoring of local trainees
- ▶ uses experienced expatriates as mentors to focus on technical knowledge transfer
- ▶ hires expatriates who are suited to mentoring local trainees
- ▶ provides foundation training for local recruits to prepare them for employment
- ▶ works with Universities to assist them in better preparing students for an Oil & Gas career

The second component is local supplier development, which requires joint partnership and responsibility with the host country. It is well understood that the company cannot achieve this goal individually. The premise is a free market business environment and the establishment of industry partnerships as well as educational and development opportunities.

**Promoting local business growth requires that the company commits to:**

- ▶ engaging with local enterprises to educate them about service & supply opportunities resulting from the operator's operational activities
- ▶ assisting local enterprises in building their capacity to bid for Operators' tenders
- ▶ procuring materials and services from within the region where available
- ▶ structuring purchases and service requirements in such a manner as to better enable local suppliers to compete
- ▶ identifying where there are considerable cost savings to be achieved and targeting the development of local supply sources

Indicators:

- ▶ Ratio of local employees
- ▶ Number of trained local employees
- ▶ Ratio of local suppliers (both from number and amount of spending point of view)
- ▶ Number of students studying Oil & Gas-relevant subjects

AGRICULTURE AND LAND USE

Today's animal breeders and farmers are working other jobs to secure their livelihood, and their children are not as interested in preserving this way of life and rather seek office jobs and government wages. As a result, the output and productivity of small-scale farming has suffered in the last two decades.

The oil for food program and monthly food basket has hindered agriculture development and discouraged farmers from commercially growing crops and livestock.

The project will allow farmers to shift from subsistence animal husbandry to viable and sustainable income-generating production that is mindful of environmental concerns.

The project is comprised of several components, namely:

- ▶ rehabilitation of livestock infrastructure
- ▶ provision of essential equipment and materials
- ▶ capacity building
- ▶ establishment of a cooperative
- ▶ access to financing

The training and material distribution, as well as the infrastructure construction, will enable farmers to shift from subsistence farming toward

sustained small-scale commercial farming, with the independence and financial security these bring. Individual farmers are trained to collaborate and form a co-operative that leverages both the scale of their activities and their knowledge, in order to improve the marketability and profitability of their products. The expected outcome is to sustain rural livelihoods, build resilience against climate change, and improve food security while preserving the natural environment.

Indicators:

- ▶ Numbers of trainers and farmers trained
- ▶ Impact on livestock production and household performance (income, nutrition, food security)
- ▶ Improved access to and increased demand for quality services
- ▶ Increased willingness and ability among small-scale farmers to pay for services
- ▶ Actively engaging with local suppliers to develop their health and safety capability

STEP 5

PREPARE COMMUNITY ENGAGEMENT PLAN

TOOL 10 COMMUNITY ENGAGEMENT PLAN

COMMUNITY ENGAGEMENT REPORT FOR THE CURRENT YEAR

Issue (in order of the relevancy)	Stakeholder	Grievance (Y/N)*	No of grievances	Ratio of open / closed grievances	Operational days lost due to community engagement issues	Selected form of engagement	Planned action	Resource need according to previous year actual (th EUR)	Resource need according to Plan (th EUR)	Actually used resources (th EUR)	Reason if difference is more than 5%	Responsible	Deadline	Status	KPIs (measures)	Plan	Actual	Notes/ Lessons Learned
Lack of infrastructure	Village residents	Y	38	not applicable – relevant for the report		Consult	Townhall meeting	The budget shall be planned in accordance with the size of the business and the severity of the issues. In case of planned Corporate Giving the total sum shall be given – details are to be described in the Annual Corporate Giving Plan of the Company.		not applicable – relevant for the report		For strategic organisational/ business issues the responsible is the affected Business/ Functional organization according to its roles and responsibilities regulated in the S-DTR of the Company. For strategic and tactical communication issues the responsible is the local Corporate Communication organization or if it does not exist – Group Corporate Communications.	End of plan year May	Not started	Number of participants (p) Average level of satisfaction (%)	150 70	not applicable – relevant for the report	
						Involve/ Collaborate	Develop non-conventional sources of water that can be exploited in the future such as water reclamation and reuse, and the use of surplus winter runoffs						End of plan year September	Not started	Number of rooftops with water collecting roof catchments (pcs) Yearly amount of reused water (m³) Result of awareness raising actions (%)	50 5000 70		
	District Mayor	N	N/a.			Involve/ Collaborate	Implement road projects and relocating electric line to the outside of the pipe yard together with the village electric department						End of plan year October	Not started	Length of paved road (km)	10		
	Local Directorate of Education	N	N/a.			Consult/ Transact	Improve infrastructure of schools were essential and quick impact projects that increased the rate of student enrollment and motivated teachers to attend classes						End of plan year July	Not started	No of schools renovated (pcs)	4		
	Local Directorate of Water	N	N/a.			Consult/ Transact	Digging of water wells and build necessary infrastructure for combined usage with the villages						End of plan year December	Not started	Yearly amount of water from company drilled water wells (m³)	10000		
	Directorate of Health	N	N/a.			Consult/ Transact	Construction of a new health center which will be shared with surrounding villages						End of next year	Not started	New health centre (% of project implementation)	50		
	Local Primary School	N	N/a.			Consult/ Transact	Purchase of computers, furniture and roofing materials for schools in relevant villages along with the youth center; carry out school renovations						End of next year	Not started	No of schools renovated (pcs)	4		
Employment	Village residents	N	N/a.			Involve/ Collaborate	Hire local staff for all positions for which there are qualified candidates in the region						End of plan year December	Not started	Ratio of local employees (%)	10		
	District Mayor	N	N/a.			Involve/ Collaborate	Assist local enterprises in building their capacity to bid for Operators' tenders; Procure materials and services from within the region where available						End of next year	Not started	Number of trained suppliers (pcs) Ratio of material and service procured from local suppliers (%)	50 10		
	Local Directorate of Education	N	N/a.			Consult/ Transact	Work with Universities to assist them in better preparing students for an oil & gas career;						End of plan year December	Not started	Number of student studying Oil & Gas relevant subjects (pcs)	20		
	Local Directorate of Health	N	N/a.			Consult/ Transact	Actively engaging with local suppliers to develop their health and safety capability						End of next year	Not started	Result of awareness raising actions (%)	70		
Agriculture and land use	Village residents	N	N/a.			Involve/ Collaborate	Provision of essential equipment and materials						End of next year	Not started	Numbers of trainers and farmers trained (pcs) Number of farmers provided with essential equipment (pcs) Increased willingness and ability among small-scale farmers to pay for services (%)	50 30 15		
	District Mayor	N	N/a.			Consult/ Transact	Rehabilitation of livestock infrastructure; capacity building						End of next year	Not started	Average increase of livestock production and household performance (income, nutrition, food security) (%)	15		
	Local Directorate of Agriculture	N	N/a.			Consult/ Transact	Establishment of a cooperative and access to financing						End of next year	Not started	Small-scale farmers participating in local financing programme (pcs)	10		

STEP 6

IMPLEMENT THE ENGAGEMENT ACTIONS

ENGAGEMENT MEETING ETIQUETTE OF THE COMPANY

Meetings should be rescheduled if at least one of the leaders of the communities cannot be present. In case the District Mayor cannot attend, he can send a proxy on his behalf. Otherwise, he will receive the meeting minutes afterwards.

A dedicated company staff member should take detailed notes during the meetings and keep a documented record of attendees, meeting points of discussions, action plan, and assigned tasks and responsibilities. The meeting minutes serve not only as evidence that the meeting occurred, but also as written documentation in the company's Community Relations team files for future reference, or in case of grievances and misunderstandings.

Any follow up action points should be reflected in the next meeting's agenda and discussed accordingly at first, before moving on with the current agenda.

Each scheduled meeting should allow for sufficient preparation time. On one hand, the District Mayor, in coordination with the appointed leaders of a specific community, should evaluate government-planned activities in all directorates (education, agriculture, water, roads and bridges, health, municipality, etc.) in order to cover all relevant thematic areas. Village community leaders can conduct informal discussions with local residents together or separately to understand their priorities and main concerns. All suggested ideas should be written down and noted.



STEP 7

MONITOR ENGAGEMENT AWARENESS AND SATISFACTION INDICATORS

After carrying out the programmes, 60 people were asked to rate the program (15 people from each of the four categories of stakeholders).

One of the goals of the stakeholder engagement program was defined as developing a good relationship between the company and communities. The question to evaluate was:

– Is the engagement program developing a good relationship between the company and local communities?

The survey used a 1-5 scale where:

- ▶ The descriptors for the 1–5 scale are designed so that score 3 means that the objective was met.

- ▶ The descriptors for scale points 1 and 2 described evaluations that fall short of meeting the objective, with 1 being the lowest achievement.

- ▶ The descriptors for points 4 and 5 on the scale indicated results that exceeded the objective, with a score of 5 being the highest.

A score of 3 was described as: The engagement process is developing the basis for a sound and fruitful relationship between the parties.

The result of digested answers is demonstrated below:

TOOL 12 SURVEY TO MONITOR ENGAGEMENT AWARENESS AND SATISFACTION INDICATORS

Score	Goal: Engagement program leads to a mutually beneficial relationship between company and local stakeholders. Question: Is the engagement program developing a good relationship between the company and local communities?	Score (n:60)			
		Company	Local government	NGOs	Communities
1	The engagement program is poor with the level of contact between the parties being low and ineffective.	0	0	3	2
2	The engagement program is s generally well managed, contacts are friendly but are not advanced in establishing a sound relationship.	1	1	7	5
3	The engagement process is developing the basis for a sound and fruitful relationship between the parties.	6	8	5	5
4	The engagement process has evolved into a solid relationship, based on mutual trust, open exchange of issues, ideas and common interests.	7	5	0	3
5	The relationship between the parties has been formalized and is recognized as very important by both parties.	1	1	0	0

In the graphic representation it is more visible that most scores are around the middle, which means the program has attained its goal for building a good relationship.

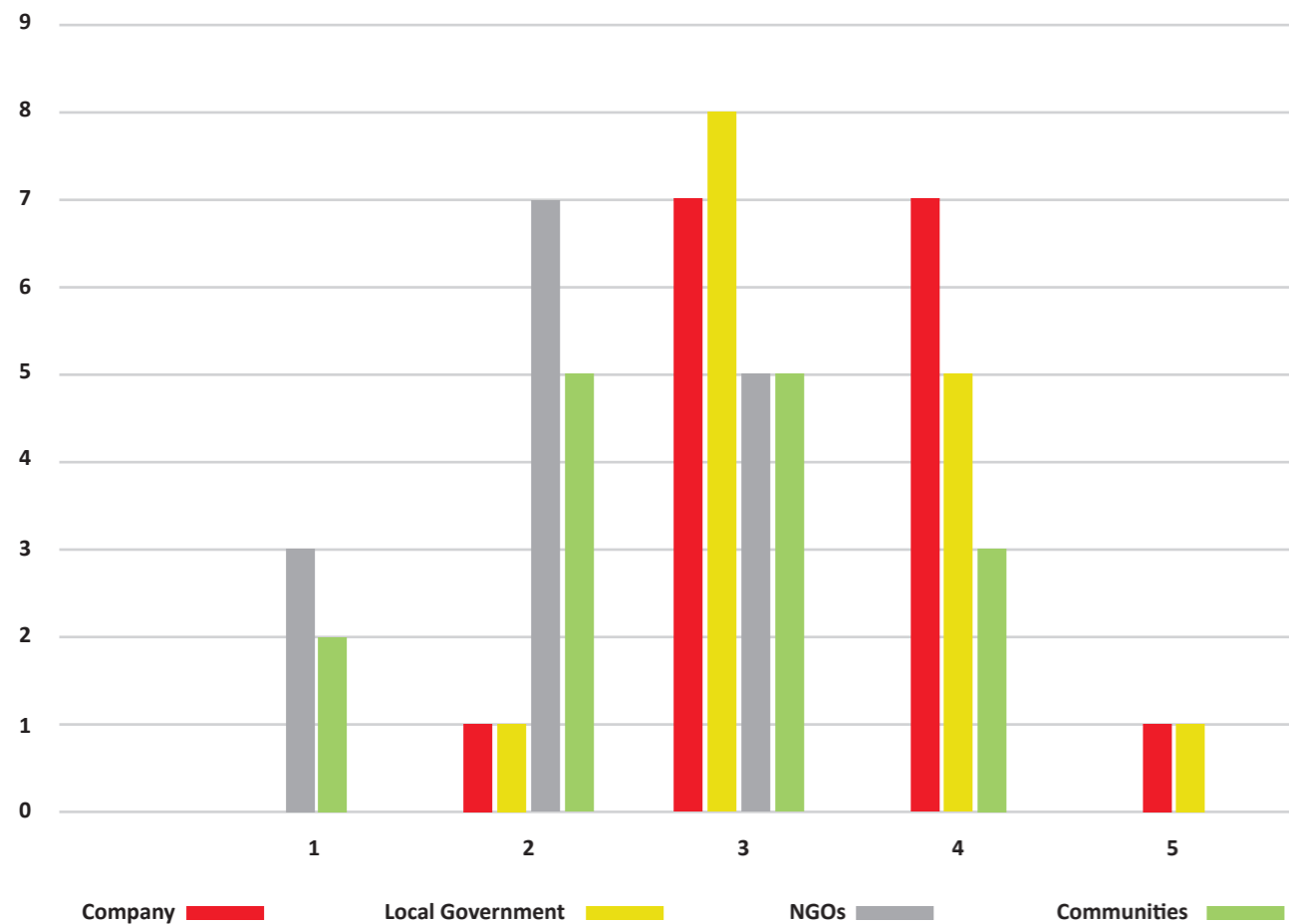
STEP 10

COMMUNITY ENGAGEMENT REPORT

FIGURE EXAMPLE FOR VISUALISATION OF RESULTS

BASED ON TOOL 12

SATISFACTION WITH THE ENGAGEMENT PROGRAMME



The company evaluates its programs and level of investment on a yearly basis. The yearly contributions are prepared according to needs assessed as requested by the local community and the local authority head (District Mayor), and evaluated against the company's principles of corporate giving. The projects in this year, due to limited resources, have focused on infrastructure improvements and rehabilitation of public institutions, roads, and distribution networks. The projects have created opportunities for local people and enhanced the quality of life for beneficiaries.



INFRASTRUCTURE

The company has initiated a collaboration with village residents for installing roof catchments for water collection in three villages with a joint action informing people about the importance of sanitation. Plus the company has drilled two water wells in village 1 and built necessary infrastructure for combined usage with villages 2 and 3.

The company initiated an asphalt road-construction project, which connects surrounding villages beside the well sites. Road projects included a paved road inside village 2.

The company has purchased a mini-bus for the village 4 kindergarten school, and has also supplied 15 kerosene heaters to the schools.

A project designing a new health facility for the surrounding village is also started; the plans are prepared and the necessary authorization processes have been carried out.

The company has purchased a pre-fabricated container for the main hospital in city 1 to treat patients requiring quarantine.

The company has built a park and play facility for village 1 residents as well as the expansions of youth and sport centres in city 1.

EDUCATION

The company has renovated a primary school and a secondary school in village 1. It has also distributed stationery and book bags to 800 students attending the surrounding villages' primary schools. Additionally, it has commenced the construction of a new "6-class school" in the most populated village.

EMPLOYMENT

A company-sponsored engineering event was held at one of the country's technical universities. The competition was designed for select engineering students across all universities in the region to showcase their current projects. The goal was to build a culture of competition that drives innovation through ideation and entrepreneurship and that ultimately encourages students to propose commercially viable ideas for real-world problems. The objective was also to provide a meaningful learning experience for students who are interested in pursuing an entrepreneurial opportunity or need an outlet for their creativity.

The company supported scholars in economics by giving them the opportunity to conduct field work, research, surveys and socio-economic studies, evaluate business prospects and propose small business ideas and revitalization projects.

Local supplier development has also been started by engaging with local enterprises to educate them about service & supply opportunities resulting from the operator's operational activities.

Regarding employing the local workforce, although some of the employees are local hires with equal qualifications to expats, the company faces issues with finding qualified local technicians. The issue is that most locals find the work on the rig to be too difficult and prefer to be hired as drivers or kitchen staff.

AGRICULTURE AND LAND USE

Due to the agreement with the local Mayor, these programmes are rescheduled for next year.

TOOL 13 COMMUNITY ENGAGEMENT REPORT

COMMUNITY ENGAGEMENT REPORT FOR THE CURRENT YEAR

Issue (in order of the relevancy)	Stakeholder	Grievance (Y/N)	No of grievances	Ratio of open / closed grievances	Operational days lost due to community engagement issues	Selected form of engagement	Planned action	Resource need according to previous year actual (th EUR)	Resource need according to Plan	Actually used resources	Reason if difference is more than 5%	Responsible	Deadline	Status	KPIs (measures)	Plan	Actual	Notes/Lessons Learned
Lack of infrastructure	Village residents	Y	52	69%	2	Consult	Townhall meeting					For strategic organisational/ business issues the responsible is the affected Business/ Functional organization according to its roles and responsibilities regulated in the S-DTR of the Company. For strategic and tactical communication issues the responsible is the local Corporate Communication organization or if it does not exist - Group Corporate Communications.	End of plan year May	Finished	Number of participants (p) Average level of satisfaction (%)	150 70	134 75	Inhabitants of village 2 witnessed two unexpected releases of H2S within a 24-hour time period without prior notification. Residents responded by going to the well site 2 and blocked its operation. Staff time dedicated to the management of the issue was also significant.
						End of plan year September	Finished						Number of rooftops with water collecting roof catchments (pcs) Yearly amount of reused water (m³) Result of awareness raising actions (%)	50 5000 70	35 - 50			
	District Mayor	N	N/A	Involve/ Collaborate	Implement road projects and relocating electric line to the outside of the pipe yard together with the village electric department	End of plan year October	Finished						Length of paved road (km)	10	8,5			
				Transact	Not planned - building a park and play facility for village 1 residents	End of plan year	Not in the business plan						Park and play facility (% of project implementation)	100	100			
	Local Directorate of Education	N		Consult/ Transact	Improve infrastructure of schools were essential and quick impact projects that increased the rate of student enrollment and motivated teachers to attend classes	End of plan year July	Ongoing						No of schools renovated (pcs)	4	3			
	Local Directorate of Water	N		Consult/ Transact	Digging of water wells and build necessary infrastructure for combined usage with the villages	End of plan year December	Finished						Yearly amount of water from company drilled water wells (m³)	10000	10000			
	Directorate of Health	N		Consult/ Transact	Construction of a new health center which will be shared with surrounding villages	End of next year	Ongoing						New health centre (% of project implementation)	50	35			
	Local Primary School	N		Consult/ Transact	Purchase of computers, furniture and roofing materials for schools in relevant villages along with the youth center; carry out school renovations	End of next year	Ongoing						No of schools renovated (pcs)	4	3			
Employment	Village residents	Y		40	90%	1	Involve/ Collaborate	Hire local staff for all positions for which there are qualified candidates in the region	End of plan year December	Ongoing	Ratio of local employees (%)	10	5	Although some of the employees are local hires with equal qualifications to expats, the company faces issues with finding qualified local technicians. The issue is that most locals find the work on the rig to be too difficult and prefer to be hired as drivers or kitchen staff.				
							District Mayor	N	Involve/ Collaborate	Assist local enterprises in building their capacity to bid for Operators' tenders; Procure materials and services from within the region where available	End of next year	Ongoing	Number of trained suppliers (pcs) Ratio of material and service procured from local suppliers (%)	50 10	42 3			
	Local Directorate of Education	N	Consult/ Transact	Work with Universities to assist them in better preparing students for an oil & gas career	End of plan year December	Ongoing	Number of student studying Oil & Gas relevant subjects (pcs)	20	8									
	Local Directorate of Health	N	Consult/ Transact	Actively engaging with local suppliers to develop their health and safety capability	End of next year	Ongoing	Result of awareness raising actions (%)	70	60									
Agriculture and land use	Village residents	N	N/A	Involve/ Collaborate	Provision of essential equipment and materials	End of next year	Ongoing	Numbers of trainers and farmers trained (pcs) Number of farmers provided with essential equipment (pcs) Increased willingness and ability among small-scale farmers to pay for services (%)	50 30 15	N/A								
				District Mayor	N	Consult/ Transact	Rehabilitation of livestock infrastructure; capacity building	End of next year	Ongoing	Average increase of livestock production and household performance (income, nutrition, food security) (%)	15							
	Local Directorate of Agriculture	N		Consult/ Transact	Establishment of a cooperative and access to financing	End of next year	Ongoing	Small-scale farmers participating in local financing programme (pcs)	10	Due to the agreement with the local Mayor programmes are rescheduled for the next year.								



Sources

- a.** International Council on Mining and Metals – *Community Development Toolkit*
- b.** International Finance Corporation – *Performance Standard 1 – Assessment and Management of Environmental and Social Risks and Impacts*
- c.** International Petroleum Industry Environmental Conservation Association (IPIECA) – *Community grievance mechanisms in the oil and gas industry*
- d.** AA1000 – *Stakeholder Engagement Standard*
- e.** Socio-Economic Assessment *Toolbox tool 6A: Developing a Social Management Plan*
- f.** Environmental Impact Assessment – <http://ec.europa.eu/environment/eia/eia-legalcontext.htm>
- g.** EIA Directive 2011/92/EU on *List of activities on the assessment of the effects of public and private projects on the environment*



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