



Stakeholder Engagement

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Session Objectives

- Review the evolution of stakeholder engagement
- Explore relevance to the business
- Look at some of the things Chevron is doing
- Consider who is responsible
- Share guiding principles for stakeholder engagement practice
- Review steps in a stakeholder engagement process
- Share some war stories!

Stakeholder Engagement

■ What is stakeholder engagement?

- Engaging with parties who affect, are affected by or have a legitimate interest in our activities and business decisions
- Widely applied – at all stages in our business
- Requires genuine commitment to explore and understand issues
- Listening and learning to see the whole picture
- Adaptable and scalable

■ Who are stakeholders?

- Broadly defined
- Diverse
- Different interests, issues, desires, expectations
- May require different levels of engagement

The Stakeholder Engagement Context

■ Stakeholder engagement has evolved:

- Strategic
- Tool for identifying risks
- Dialogue – not one-way messaging
- Broader in scope as stakeholders are defined widely
- Means of identifying benefit enhancement – not just addressing potential opposition
- Means of:
 - ▶ informing business decision making
 - ▶ building sustainable partnerships
- Cornerstone of corporate responsibility
- Increasingly important in accessing business opportunities and finance (Equator Principles, World Bank, International Finance Corporation)

The Stakeholder Engagement Evolution

- This evolution due to:
 - External drivers affecting internal processes:
 - ▶ Changing societal expectations
 - ▶ Focus on transparency and accountability
 - ✦ Sarbanes Oxley
 - ✦ Extractives Industry Transparency Initiative
 - ▶ Growth of socially responsible investors
 - ✦ Over \$2.3 trillion in value in the US alone
 - ▶ Emergence of CR rating mechanisms
 - ✦ Dow Jones, FTSE4 Good, Goldman Sachs
 - Effects of non-traditional issues on our business
 - ▶ HIV/AIDS, poverty
 - Impact on reputation

What does this mean at Chevron?

- Stakeholder engagement is embedded in Chevron business processes
 - ESHIA – Environmental, Social & Health Impact Assessment – is a mandatory process for major projects
 - Calls for early stakeholder engagement and a full follow up and monitoring plan
- Corporate Responsibility report produced in accordance with GRI and API/IPIECA guidelines which require stakeholder engagement reporting
- Real Issues Campaign
 - Advertising and a web site that puts energy issues in front of the public and encourages debate

Responding to This Evolution

Chevron's approach

- Developing a consistent approach that will deliver:
 - Common understanding
 - Broad guidance
 - Best practice sharing
 - Training and tools to develop our internal competencies
 - ▶ Stakeholder engagement guide
 - ▶ Training module
 - ▶ Management matrix
 - Research into stakeholder opinion

The Business Relevance

Done well, stakeholder engagement helps us:

- Identify and mitigate risks to business and reputation
- Achieve better decision quality
- Understand the macro-environment
- Establish mutually beneficial, long term relationships
- Identify new trends, opportunities and partners
- Facilitating entry into new countries, markets, licenses
- Stimulate new and innovative thinking

Whose Responsibility?

- Everyone in the enterprise to varying degrees
- But the role of PGPA professionals is important:
 - Subject matter experts
 - Advisors
 - Facilitators
 - Practitioners
 - Trainers
 - Communicators

Stakeholder Engagement Guiding Principles

■ Inclusiveness

- Broad participation
- Different perspectives

■ Respect

- Appropriate priority and resources
- Linked to decision making
- Cultural differences understood and respected

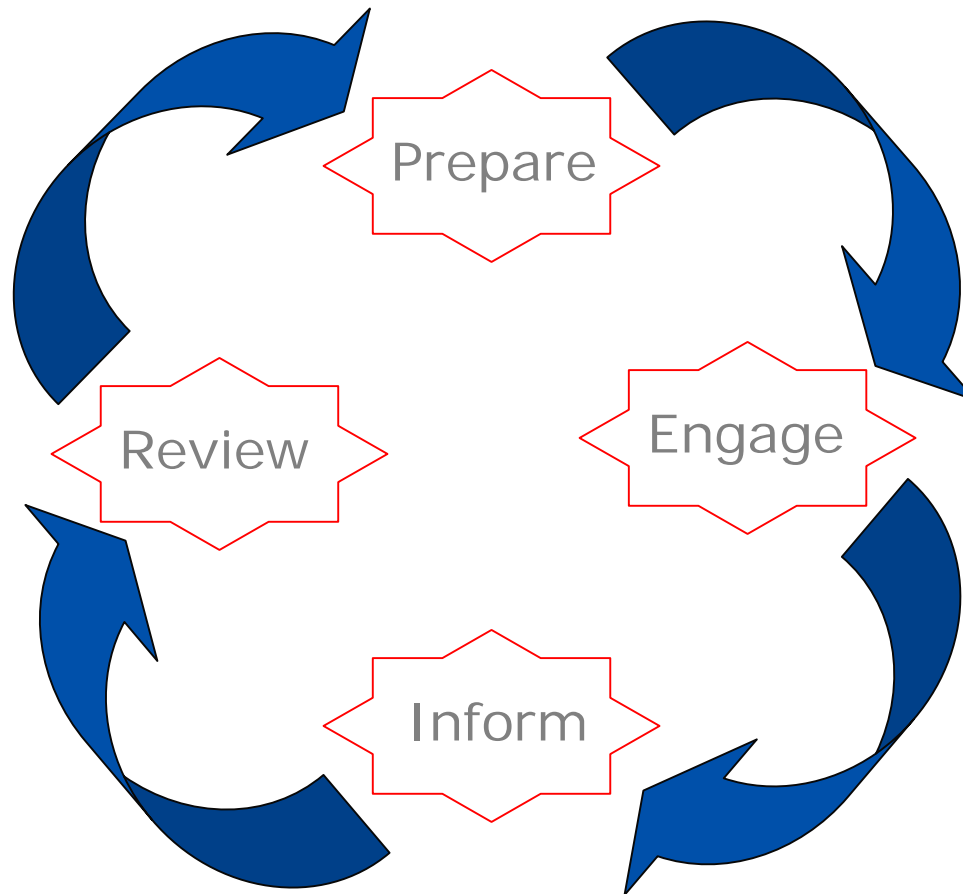
■ Transparency, Openness and Clarity

- Disclosure of information to the extent possible
- Managing expectations
- Clear and agreed agendas

■ Accountability

- Feedback on the findings and outcomes of engagement
- Upholding and following up on commitments

The Stakeholder Engagement Process



Prepare

- Set strategy
 - What are the project objectives?
 - How will stakeholder engagement support these?
- Internal alignment
 - Who are your internal stakeholders?
 - What roles do they play?
- Internal resources
 - Budgets, Skills, Training, Additional expertise
- Analyze stakeholders to identify and prioritize
 - Who they are, where, their interest, their knowledge?
 - Do they support, oppose?
 - What is their influence – on the activity, on each other?
 - What relationships exist among them?
- Identify and prioritize the issues
 - Are there many, are some clearly dominant?
 - What is in scope and out of scope?

Engage

- Develop the stakeholder engagement plan
 - Determine opportunities for engagement
 - Set the timeline
 - Raise awareness of industry and related issues, if required
 - Prepare appropriate communications methods and materials
 - Establish means for conflict resolution or mediation
 - Agree agenda and ground rules
 - Determine logistic requirements
- Execute the plan
 - Prepare appropriate communications methods and materials
 - Observe guiding principles
 - ▶ Inclusiveness, respect, transparency, accountability
 - Document all proceedings
 - Observe and respect the culture

Inform and Review

- Analyze results of engagement
 - Assess whether assumptions are validated
 - Factor data into decision making
 - Consider mitigation measures
- Feedback to stakeholders
 - Share consultation findings
 - Explain how views and concerns have been addressed – or, if not, why not
 - Agree to mitigation measures
 - Capture response to feedback
- Consider role of stakeholders in implementation plan
- Capture lessons learned
- Recycle as necessary