

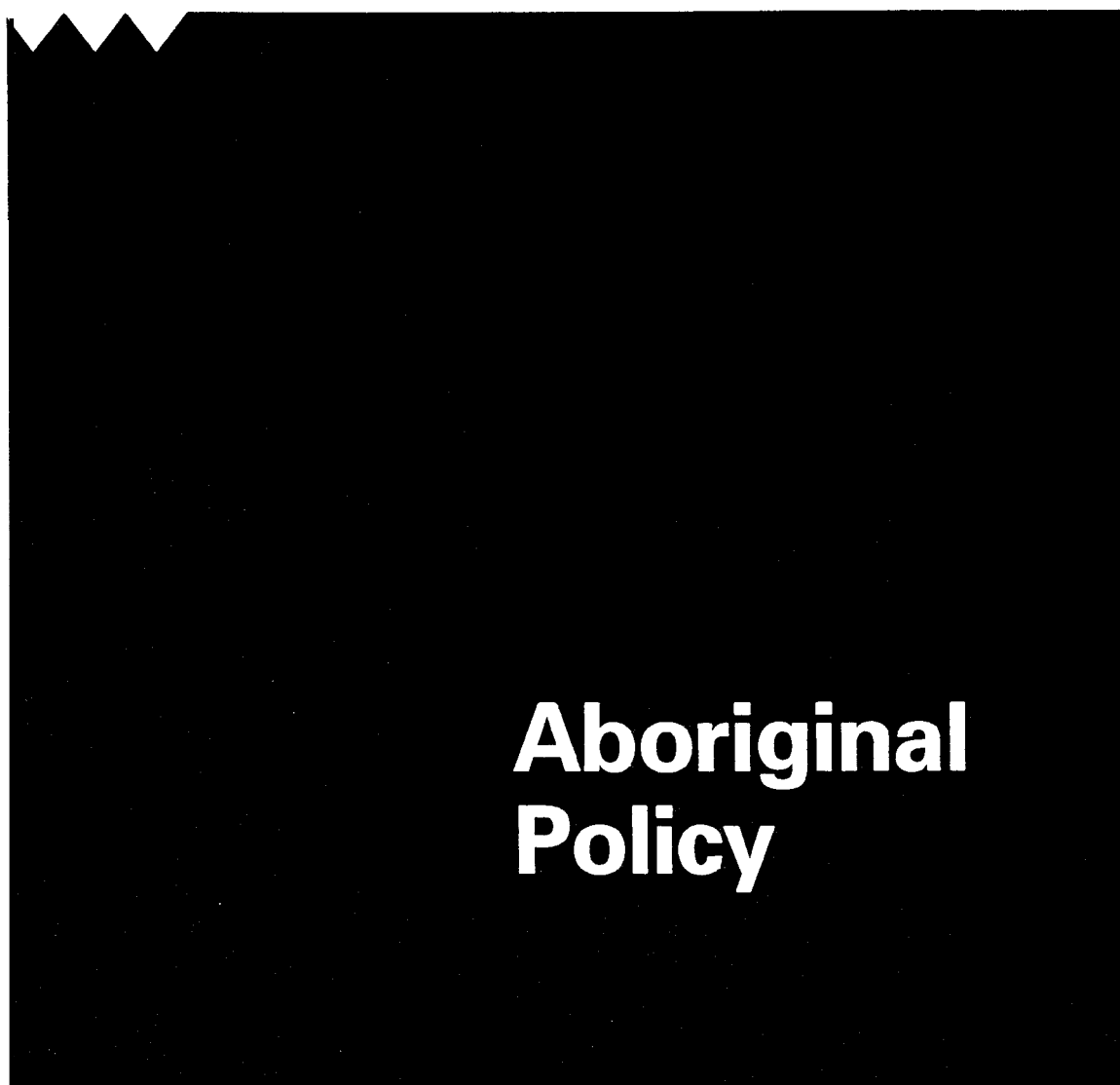


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# Aboriginal Policy



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Esso Resources Canada Limited



## INDEX

- Introduction
- Vision, Beliefs and Values, Operating Principles
- Aboriginal Policy Statement
- Employment Strategy
- Education and **Training** Strategy
- Business Development Strategy
- Organizational Structure
- Stewardship

## Introduction

Throughout Western and Northern Canada, Esso Resources Canada Limited carries out many business dealings with aboriginal people.

Many Esso field operating areas are located within or close to aboriginal communities or land used by these communities.

The most important of these for Esso Resources are:

- . Battle River (central Alberta)
- . Cold Lake (east central Alberta)
- . Norman Wells (N.W.T. )
- Beaufort Mackenzie Delta (N. W. T.)
- . Fort St. John (northeast British Columbia)
- Redwater/Wabasca (north-central Alberta)
- . Rainbow Lake (northwest Alberta)

In the future, the proposed Other Six Leases Operators (OSLO) project has the potential to significantly impact the Fort McMurray region.

In addition, offices in Calgary and Edmonton come in contact, but less directly, with the larger aboriginal community.

Esso's *Aboriginal Policy* is intended to:

- Ensure that Esso Resources and aboriginal communities neighboring our operating areas, together achieve the maximum benefit from opportunities associated with oil and gas development.
- Ensure consistent, equitable management of aboriginal issues throughout Esso Resources.
- Enable Esso Resources to benefit from the advantages of diversity in its workforce.
- Ensure that Esso Resources meets employment equity requirements with respect to aboriginal peoples.

Through the use of this policy and by working to understand the unique needs of the aboriginal communities in a climate of increasing awareness of aboriginal issues, Esso Resources will be better able to gain the broad support necessary to achieve its operating and business goals.



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## VISION, BELIEFS AND VALUES, OPERATING PRINCIPLES

### Vision:

All operations of Esso Resources applying an enlightened aboriginal policy to achieve benefits for both Esso and its neighboring aboriginal communities.

### Beliefs and Values

- We believe that aboriginal peoples face employment, education and business opportunity barriers that need to be overcome.
- We believe that aboriginal community stakeholder participation enhances business results.
- We respect, value and honour cultural and individual differences.
- We value the participation of aboriginal elders and elected community representatives.
- We believe in people, integrity and excellence.
- We value relationships in which all parties achieve desired results.
- We believe in and encourage open, honest, timely and effective communication and appropriate risk-taking.
- We believe that a viable economic base in the aboriginal community will help Esso achieve its business goals.

### Operating Principles

- We will conduct our business with respect for the natural environment.
- We will conduct our business in a legal, ethical, safe, cost-effective manner while recognizing and managing the impact on neighboring communities.
- We will show enlightened leadership in our dealings with aboriginal communities.

**Under no circumstances will any actions be undertaken in the execution of this policy that are in violation of Esso's Framework of Management Controls, or its Ethics Policy.**



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## Aboriginal Policy Statement

*Esso Resources Canada Limited's Aboriginal Policy recognizes the need for enlightened business practices in three key areas.*

### Employment

Aboriginal communities neighboring Esso's operating areas provide Esso with a unique opportunity to develop a stable local workforce. We will work with these communities to ensure that aboriginal people are given full and fair opportunity to participate in employment opportunities associated with resource development.

To this end, Esso will strive to achieve a workforce which is proportionately representative of the qualified employable aboriginal peoples within our operating areas.

### Education/Training

By working with neighboring aboriginal communities, Esso Resources will support the development of special training and academic programs which will enable aboriginal to meet Esso's employment and business requirements.

### Business Development

A viable economic base in the aboriginal communities neighboring Esso operating areas will help Esso achieve its business goals. In communities where resource development partnerships are welcomed and opportunities are available, Esso will assist aboriginals to participate in long-term business development.



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*Doug Baldwin*

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## IMPLEMENTATION

*The following pages* describe examples of strategies which *could* be used to assist in the implementation of *Esso's* Aboriginal Policy.



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## EMPLOYMENT

### Our Employment Policy

**Aboriginal communities neighboring Esso's operating areas provide Esso with a unique opportunity to develop a stable local workforce. We will work with these communities to ensure that aboriginal people are given full and fair opportunity to participate in employment opportunities associated with resource development.**

**To this end, Esso will strive to achieve a workforce which is proportionately representative of the qualified employable aboriginal peoples within our operating areas.**

### Strategy

- The purpose of this policy is to ensure that the benefits of a stable, committed workforce derive both to Esso and the local aboriginal community.
- The following is a discussion of strategies that may be used to achieve this employment policy goal:

#### **(a) Work Experience**

- The following federal, provincial, territorial, and company programs can be used to assist in developing qualified aboriginal employees:
  - Federal
    - "Pathway to Success"
      - Canadian Indian Resource Corporation (IRC)
      - Inuvialuit Land Administration
      - Inuvialuit Regional Council
      - Canada Employment and Immigration Centre (CEIC)
  - Provincial - SAIT, NAIT, colleges, Alberta Career Development and Employment, Native Employment Services Association - Alberta (NESA)
  - Territorial - Government of Northwest Territories - Memorandum of Shared Understanding and Commitment, Arctic College, Friendship Centres, Band Councils, Metis Local Boards, Development Impact Zone Group (DIZ), Arctic College Pathfinder Learning System, Regional Councils (Municipal Affairs), Tribal Councils (Land Claims)



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### Employment cent'd

- Company - Summer Student Programs
- Work Experience Programs
- Campus recruitment for summer and graduate field positions coordinated through corporate H.R.
- Implementation of the employment policy can be achieved in an operating area by informing the community of the job opportunities available in the organization or designated area and by providing pre-employment counseling. Esso and the Band Council or community representative should collaboratively review and select applicant(s) to ensure a reasonable chance of success.

There may be potential to access these programs through formal agreements between Esso, Federal and Provincial Governments, and Native Corporations (Syncrude model).

#### **(b) Career Days**

- Corporate initiatives such as open houses and career fairs at local schools and communities should be utilized whenever possible.

#### **(c) Educational Scholarships**

- Bring an awareness of the Esso Native scholarship program to the local level. Corporate H.R. have personnel with responsibilities that include coordinating these programs.

#### **(d) Role Models**

- Build into the Aboriginal Liaison job description a responsibility to promote cross-cultural awareness.

#### **(e) Employment Equity**

- State corporate policy focusing on goals within each area.
- The corporate policy empowers area management to fulfill our commitments/undertakings.
- Local contractors should be informed of our policy, and encouraged to meet this strategy (e.g., contractor labour force should reflect local workforce demographics).



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Employment cent'd

- A key success factor in achieving these strategies is working with Band Councils to determine the number of local qualified employable people, and also to identify individuals most likely to succeed in employment programs.

**Educational and career training programs such as the above should be used in preference to wage and employment subsidies.**

Expectation

- Significant progress within 10 years toward a diversified workforce that represents the qualified employable aboriginal population.

Examples

- . The Cold Lake Oil Sands area has made, and continues to make, a significant effort towards aboriginal employment. The positive results of the Cold Lake effort as of June, 1991, are:

Total Employee Population	400
Aboriginal Employees	18 (4.5%)

- . Agencies and recruitment avenues that have been instrumental in providing aboriginal candidates for Cold Lake positions are:

1) Canadian Council for Native Business	5%
2) Native Outreach	24%
3) Alberta Vocational College	5%
4) Lakeland College	5%
5) Other	61%

- . Other includes: former casual employees, those formerly employed through contractors, military retirements and company transfers.

- There are many examples of short-term employment adapted to specific stages of projects or operations. These exist, for example, in Beaufort, Wabasca, and the Ring Border area.



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## EDUCATION/TRAINING

### Our Education/Training Policy

**By working with neighboring aboriginal communities, Esso Resources will support the development of special training and academic programs which will enable aboriginal to meet Esso's employment and business requirements.**

### Strategy

- Many operations positions require post-secondary education. Many of the young aboriginal living close to our operations lack the necessary education to meet Esso's employment requirements.
- To address this barrier to employment, Esso will support the development of post-secondary programs to help aboriginal people to take advantage of petroleum industry opportunities.
- Examples of initiatives in this area include:
  - Educational awards
  - Apprenticeship programs
  - Summer student programs
  - Specialized programs with local educational institutions
  - Norman Wells Northern Development Program
- Past successes are only an indication of possible education/training initiatives. We also need to understand and more fully utilize the complete range of programs and methods that are available. Breakthrough thinking will be needed to identify site-specific initiatives that respond to local conditions.

### Expectation

- Education and training programs in place in neighboring communities to ensure a pool of qualified aboriginal personnel.

### Examples

#### Northern Development Program

- The best example of Esso's commitment and effort towards aboriginal employment through special training measures is Esso Resources' Northern Development Program in Norman Wells, NWT.
- The "Northern Development Program" planned in 1990 is now in progress.
- This program consists of seven positions which have been identified over and above the normal workforce requirement.



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Education/Training cent'd

- Six of the seven positions are training positions, to allow for up to two years of on-the-job training for a native northerner.
- During this period, these individuals will receive training, both classroom and on-the-job, to obtain the skills required in order to qualify for a permanent position in Norman Wells Production Operations.
- A Northern Coordinator was hired in June, 1990 to assist in the recruitment, counseling and followup of these trainees.

**Pathfinder Learning Program:**

- Esso Resources is a major sponsor of the Pathfinder Learning System, a computer-assisted learning system, which was installed in the Aklavik Community Learning Centre in 1990 by Arctic College. Esso has committed \$77,000 over three years to this program, which is 43% of the total cost.
- The program, which is very well received in the community, gives adults the opportunity to upgrade various subjects to a Grade 12 level.

**Inuvialuit Education Foundation:**

- Esso supports Inuvialuit scholarship programs through annual donations to the Inuvialuit Education Foundation.

**Maskwachees Cultural College:**

- Esso has been involved with a scholarship program at the Maskwachees Cultural College, Hobbema, since 1978 (sponsorship by Texaco Canada prior to 1989).
- Imperial Oil Ltd. will make a donation towards the Maskwachees Cultural College Building Trust Fund in 1991 for the amount of \$250,000.

## BUSINESS DEVELOPMENT

### Our Business Development Policy

**A viable economic base in the aboriginal communities neighboring Esso operations will help Esso achieve its business goals. In communities where resource development policies are welcomed and opportunities are available, Esso will assist aboriginal to participate in long-term business development.**

### Strategy

- . This strategy is focused on those communities that desire and support business development as a means of community development. Esso's Aboriginal Policy must be flexible enough to reflect the present-day realities and aspirations of the community.
- Resource-rich aboriginal communities have identified the following needs:
  - Direct and equitable participation in resource development
  - Information sharing (gain the knowledge to make the informed decision)
  - Use of Indian Oil and Gas Canada (IOGC) for administration, or for direct negotiations.
  - Assistance to develop the expertise to manage their own resources.
- We must recognize that this attitude towards involvement in decision-making is gaining wide acceptance in all aboriginal communities.
- **This policy will be carried out within Esso's Framework of Management Control. Violations of our corporate ethics in pursuit of this policy are not warranted.**

### **Business Development opportunities fall into two areas:**

1. Hiring of aboriginal businesses, either by Esso or by contractors.
2. Encouragement by Esso for aboriginal people to form their own businesses, either as a contractor or supplier to Esso, or as a supplier/marketer of Esso products.

- Following are suggestions for tactics which may be used by Esso operating areas to establish aboriginal business relationships:
  - (a) Work with the community's economic development officer/administrator to establish a local aboriginal business directory.



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## Business Development cent'd

- (b) Consider the potential for strategic alliances with qualified aboriginal or established aboriginal businesses.
- (c) Where practical, adopt special measures to the standard competitive bidding procedures, recognizing that each decision must pass a public/employee/contractor perception test. For example:
  - Consider providing longer term **supply/service** contracts to encourage business development or expansion.
  - TO encourage the startup of an aboriginal business, consider negotiated contracts versus sealed bids, subject to business needs and ethical standards, provided the terms of the contract are well understood. It is particularly appropriate, but not limited to, a remote area where there is a good match of aboriginal capability to the specific business need.
 

**The reasons for a negotiated contract, or single sourcing for an aboriginal contract, must be documented and approval must be received at the General Manager level.**
  - Provide sufficient lead time for business opportunities. Allow time for sufficient planning between Band Council and aboriginal businesses.
  - Advise the aboriginal businesses of the legal, safety and regulatory requirements. Consider providing funds and personpower for workshops to meet stringent **Esso** standards.
  - Advise aboriginal businesses of the logistics regarding bidding procedures. There maybe a lack of business knowledge or of service requirements. Consider providing the business a dry run situation to assist with estimating costs.
  - Where feasible and economically viable, break down bid sizes to smaller packages.
  - Conduct a **Bid Pre-qualification** process. This may be necessary to provide the knowledge and understanding necessary for the submission of a competitive bid.
  - Debrief unsuccessful bidders within the guidelines of good practices to help improve future bids.
  - Waive the bonding requirement where the risk is appropriate.



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### Business Development cent'd

- Use irrevocable letters of credit versus holdback.
  - (d) Work with government to provide appropriate training and development funding to support local aboriginal businesses.
  - (e) Strongly encourage Esso's contractors to follow these policies and procedures as they pertain to aboriginal business and employment. Consider adopting a non-monetary assessment in the form of "local benefit" to the selection process.
- **The aforementioned are provided as suggestions only. Any tactic used must meet Esso corporate ethics requirements.**
- . Our future business relationships with aboriginal communities should not be limited to our past practices alone. Forward thinking is critical for positive policy implementation.

### Expectation

- . Dependent upon Esso Resources' local business needs and the state of business development within the neighboring aboriginal community, we will strive to award contracts with a total value proportionate to the number of qualified aboriginal persons.

### Examples

- The following are examples of the 'more noteworthy achievements that exemplify Esso's commitment and efforts in this regard:
  - (a) Assisting the start-up and expansion of Pimee Well Servicing Ltd. (100% Aboriginal-owned) in Alberta by negotiation a long-term contract and providing management and technical expertise under a consulting agreement.
  - (b) Forming a joint venture with the Dene and Metis called Shehtah Drilling to provide drilling and well servicing to the Norman Wells oilfield in the Northwest Territories.
  - (c) Entering into a Cooperation Agreement with the Inuvialuit Regional Corporation. The agreement sets out certain principles and procedures relative to the employment and training of Inuvialuit, business opportunities, and the development of management and technical skills for Inuvialuit.
- This aboriginal policy is focused primarily on Esso's operating areas, and it is intended to be managed from the field. Thus, the responsibility for an effective aboriginal policy ultimately rests with the Area Manager.



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## ORGANIZATIONAL STRUCTURE

- Operating areas which have the potential for, or currently have a working relationship with aboriginal communities are: **Battle River, Cold Lake, Norman Wells, Ft. St. John, Rainbow Lake, and Redwater/Wabasca.**
- We propose that Area Managers operate the policy through an Area Aboriginal Liaison person on their staff. The development of these Area Aboriginal Liaison positions will help establish a continuous rapport between Esso operating areas and neighboring aboriginal communities. This person will represent the company in the aboriginal community and also help the company to become knowledgeable, current and responsive to local issues.

We believe that these positions will work best as a network, sharing experiences across our operation. It is important that continuity and longevity exist with the role; solid relationships cannot be built on a foundation of transience and staff turnover. To build a positive relationship, the Area Aboriginal Liaison person must have the authority to make decisions related to local aboriginal policy.

### Duties and Responsibilities of Area Aboriginal Liaison Staff

1. Develop and maintain a good working relationship with Elders, Chief(s), Band Council members, Metis Local Presidents, and Metis Local Board of Directors
2. By working closely with Area Manager, communicate relevant company information to neighboring communities.
3. Review, assess and ensure corporate response to enquiries concerning potential business opportunities.
4. Inform company associates of current issues and sensitivities of the local aboriginal community.
5. Be an integral player for company initiatives and communications with the local aboriginal community.
6. Together with Esso, aboriginal and other stakeholders, develop initiatives to increase employment within the designated operating areas.
7. Perform a consulting function with other corporate departments (e.g., Exploration, Community Affairs, Geophysical Data Acquisition, Surface Rights, etc.). These departments' business plans/decisions should be subject to influence and assistance.
8. Represent the corporation in its communications with aboriginal communities.



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### Organizational Structure (Cent'd.)

9. Perform the lead role in training sessions for area employees in understanding cross-cultural issues.
  10. Serve as an advisor to the Area Manager.
- Depending on the operating area, it is anticipated that the Aboriginal Liaison role could require up to a maximum one-third of an individual's time (e.g., Four Nations, Battle River). In some areas, such as Norman Wells and Battle River, this type of role has already been established. For other areas, we propose that the responsibilities of Aboriginal Liaison be added to an existing role. Ultimately, as the number of aboriginal employees increase within Esso's operating areas, the requirements for the Aboriginal Liaison role will decline.
  - Aboriginal Liaison staff will help ensure consistent execution of aboriginal business initiatives throughout Esso. Thus, any developments (exploration, resource development, operations) affecting the aboriginal community will be handled collaboratively with the Aboriginal Liaison. In this way, the operating areas neighboring aboriginal communities will have a recognized corporate representative and this person will ensure a consistent application of aboriginal policy.
  - Co-ordination among the network and an awareness of corporate objectives are necessary for the successful implementation of the policy. Network co-ordination can be achieved through periodic meetings of Area Aboriginal Liaison staff and through discussion at the Area Managers' meetings.
  - Area Aboriginal Liaison staff will work with the Government Affairs Department in Calgary to achieve corporate objectives related to aboriginal policy. They will also have a responsibility to keep Government Affairs informed of significant local issues and initiatives.



### Organizational **Structure (Cent' d.)**

Aboriginal affairs work will be a shared responsibility within the Calgary area. The Calgary network is as follows:

- **Esso** Government *Affairs* Department *will* provide:
  - Coordination amongst the corporate network in Calgary
  - Issues sensing and tracking to operating departments
  - Aboriginal policy interpretation and guidance
  - Government issues management and economic development support
- **Esso** Community *Affairs* Department *will* have *responsibility for*:
  - Sponsorship and donations
  - Community affairs
- **Esso** *Human* Resources Department *will* have *responsibility for*:
  - Recruitment
  - Education
  - Employment

Other departments, such as Exploration, Geophysical Data Acquisition, and Surface Rights will carry out their specific responsibilities in the context of achieving the goals of the aboriginal policy.

- As a first step in the implementation of this policy, it is recommended that a co-ordination meeting be held to:
  - Review the establishment of the network, and
    - Review the steps necessary to implement the policy across the corporation.

To gain immediate and maximum benefit from this policy, it also should be reviewed with aboriginal communities neighboring our operating areas.



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STEWARDSHIP

- The policy is a field-managed process.
- The policy is designed to be a part of ongoing operations - significant aboriginal items should be part of the agenda of Area Operations meetings.
- Field areas should steward the results achieved against the expectations.
- Corporate stewardship will be achieved in conjunction with the annual (fall) employment equity review.

