

Talisman Energy corporate responsibility report 2006

## Talisman by name, and (almost) by nature

By Aleksandra Dobkowski-Joy

**Talisman Energy comes out strong in its latest report, though it falters on climate change**

Talisman Energy has the hallmarks of a veteran reporter. Detailed, quantitative performance indicators with three-year trendlines and segmentation by country of operation? Check. Comprehensive stakeholder engagement, with both positive and negative commentary included in the report? Check. And the final touch: “in accordance” GRI reporting status with independent verification and United Nations Global Compact cross-referencing to boot.

None of these accomplishments comes easily, and Talisman deserves great credit for reaching this level of reporting excellence since its first report in 2000. The 2006 edition is thoughtful, balanced and accessible, neither overwhelming readers with unnecessary detail nor avoiding discussion of controversial topics.

Indeed, the company’s greatest strength is its willingness to confront unpleasant issues head-on. The company sets the scene with the title of its report, “Risky Business”, a theme explored by Jim Buckee, Talisman’s president and chief executive, in an introductory Q&A.

In a clear logical argument for in-depth reporting, Buckee states: “A well-run company manages all risks. A transparent company discloses those management efforts. I believe our stakeholders have a right to know how we manage our risks to ensure long-term value creation.” He then defines the specific risks Talisman faces as an oil and gas exploration and production company.

### Global challenges

Talisman does an exceptional job of laying out the operational challenges it faces in providing the world with its energy source of choice. The report points out that despite the ultimate unsustainability of fossil fuels, current global infrastructure and energy-use patterns dictate reliance on these resources for decades to come.

The company opens a window into the complexities it must manage on a day-to-day basis. Talisman’s latest reporting details company efforts to anticipate and minimise environmental degradation. It also covers negotiations with indigenous populations that must take into account local, regional and national laws. Overall the company reveals itself as level-headed and responsible.

The report provides an interesting perspective into instances where the company has been successful and where it has failed. On the positive side, Talisman has developed sophisticated

programmes to engage local populations in negotiations around exploration rights and resource payments. In Peru, the company paid for independent negotiation skills training for community members before discussions on compensation. Talisman is also a signatory to the Extractive Industries Transparency Initiative, which promotes disclosure of revenue payments to host governments in an effort to advance good governance.

On the negative side, seven people lost their lives while working for Talisman, the first fatalities to occur in several years. It does not try to conceal or diminish the grave nature of this failing, and describes in detail the circumstances of the deaths.

Talisman additionally reports on “life-threatening occupational injuries”. By speaking clearly about deaths and near misses, the company sends a clear message to employees and readers that safety is a priority. On a slightly lighter note, the description of its “Stop Drop” campaign to reduce injuries from dropped items reveals the company’s awareness that although safety may not be sexy, even simple, mundane actions can significantly improve performance.

The section on “Energy Efficiency and Emissions” begins with an impressive cataloguing of risks related to climate change: regulatory uncertainty, physical threats to infrastructure, and insurance exclusions, to name a few. Yet, despite these imposing risks, Talisman concludes: “At this point in time, the company does not consider these risks to be material in nature.”

This statement seems out of keeping with the rest of the report, and is certainly out of step with the chief executive’s call for transparency. If Talisman does not now perceive climate change to be a material risk, company stakeholders deserve, at the very least, an in-depth analysis of Talisman’s position and deliberative process. Talisman does discuss how it may be affected by future climate regulation, but stops short of outlining what circumstances may trigger reconsideration of the issue.

Another drawback of the report is the lack of targets, short or long term. Talisman provides a historic perspective for many of the indicators in the report, yet declines to paint how ambitious it aspires to be with regard to future performance. The company should remedy this shortcoming in its next report as (hopefully) part of its process to transition to the Global Reporting Initiative G3 Guidelines. ■



### Snapshot

**Follows GRI?** Yes, in accordance with 2002 Guidelines.

**Assured?** Yes, by independent third party.

**Goals?** Some

**Targets?** No

**Stakeholder input?**

Yes, direct quotes included in report.

**Seeks feedback?** Yes, tear-off response card attached to front cover.

**Key strengths:** Transparent detailing of risks and challenges. Content balance.  
**Chief weaknesses:** Lack of quantitative targets for featured performance indicators.

**Pleasant surprise:**

Forthright chief executive’s statement.

Aleksandra Dobkowski-Joy is a principal at Framework:CR. [adjoy@frameworkCR.com](mailto:adjoy@frameworkCR.com)  
[www.frameworkCR.com](http://www.frameworkCR.com)

### Useful links:

Talisman Energy Corporate Responsibility website  
[www.talisman-energy.com/responsibility](http://www.talisman-energy.com/responsibility)  
Extractive Industries Transparency Initiative (EITI)  
[www.eitransparency.org](http://www.eitransparency.org)