

This Special Feature on **CORPORATE SOCIAL RESPONSIBILITY** was prepared for OGEL by **Christine Batruch**, Vice President, Corporate Responsibility, Lundin Petroleum AB



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EDITORIAL

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Professor Thomas Wälde, CEPMLP, University of Dundee, twwalde@aol.com

This OGEL issue brings studies, articles, comments, discussion, bibliography and news from the oil, gas and energy law and regulation areas around the world.

Two sections merit particular attention:

First, OGEL 4 (2004) publishes, for the first time ever, a comprehensive special issue on "soft" regulation of oil, gas and energy activities focusing on **corporate social responsibility**, codes, guidelines, standards and authoritative and influential soft-law rules.

Lawyers and regulators in the field have to know the applicable law; but moreover, they now have to be familiar with the emerging, and sometimes difficult to identify, soft-law rules emerging from international organisations, professional associations, "civil society", industry self-regulation and other relevant sources of authority.

These have sometimes a direct legal effect - if incorporated or referred to in "hard" legal instruments such as laws, regulations, treaties and contracts. They also can have an indirect legal effect - such as when they define standards of liability or help to interpret open-ended formulations in international treaties, contracts of regulation. Lastly, they also define the expectations against which companies are measured - expectations that play a role in negotiations with governments, local communities, financing institutions, NGOs or that define the ambiguous concept of the "social license to operate".

I am most grateful to **Christine Batruch**, Vice President, Corporate Responsibility, Lundin Petroleum AB and **Ayesha Dias**, Consultant on Human Rights and Access to Justice (Bureau of Development Policy, UNDP, New York) and Course Director on Human Rights and Natural Resources Industry (CEPMLP), University of Dundee for taking on the responsibility for editing this special issue.

Furthermore, **Aminu Kabir**, research associate at CEPMLP/Dundee, has put together a collection of what we regard as the most important international soft-law instruments for companies in the oil, gas and energy world which are included in the special issue.

We acknowledge advice from *Willy Olsen*, former Executive Vice President of STATOIL on the selection. This list is not exhaustive and we would be most appreciative for references about what we have missed.

Marcos Orellana, with the Center for International Environmental Law (CIEL) in Washington DC and Geneva (one of the most respected and professional NGOs) has contributed an initial survey of the most relevant NGOs in the oil, gas and energy field. Again, we are keen to improve this list and are grateful for additional references.

We publish here as well the recent CIA report on oil intermediaries and corruption during the Saddam Hussein period in Iraq. OGEL takes no responsibility for the specific allegations in this report; we will be pleased to publish substantiated corrections or statements and await with great interest the report by the *Volcker Commission* on this subject.

SPECIAL FEATURE: CORPORATE SOCIAL RESPONSIBILITY

Introduction to OGEL's special CSR edition

Christine Batruch, Lundin Petroleum AB

Corporate Responsibility or Corporate Social Responsibility (i.e. "CSR"), which can be succinctly defined as the effort of business to pursue activities in a responsible manner taking into consideration the economic, social and environmental impacts of its activities, is not a new concept. Anyone with an interest in business, in particular in the oil and gas sector, has inevitably come across the notion of CSR, which originated sometime in the 1990s. Yet, since the outset, there have been differing views about what it means and how effective it is in practice.

Critics have argued that CSR is a public relations tool used by companies to forestall potential criticisms regarding their activities, particularly in remote and challenging areas. From this perspective CSR is seen to be a mere window dressing operation with no lasting positive impact. Companies claim to the contrary that as societies' expectations change, so do the priorities of companies, which see a tangible benefit to proactively integrate wider considerations in their commercial pursuit; their success becomes measured by their triple bottom line, economic, social and environmental, performance. There are those still who view CSR as a catalyst for the establishment of a new world order, based on the more active and responsible participation of the private sector in areas traditionally within the purview of governments, i.e. governance, rule of law, poverty alleviation, etc.

If the debate regarding the rationale and merits of CSR is far from over, as will be seen through the multiplicity of viewpoints expressed in the articles below, what seems undeniable today is that the discussion is shifting from questioning CSR's *raison d'être* to finding ways of reinforcing it and making its effects more visible, measurable and accountable, through legislation or voluntary initiatives.

The purpose of this special CSR edition is to give a voice to these different opinions, and, through this, offer our readers an understanding of the constitutive elements of CSR, its current challenges and future prospects.

In preparing this edition, we were concerned to adopt an inclusive approach, as generally predicated by CSR and thus have called upon an extensive network of experienced and knowledgeable individuals representing CSR's key stakeholders:

The business sector: current and former executives of two major oil and gas companies make a frank assessment of what CSR means in practice, its challenges and benefits, as well as prospects for the future. (O`Reilly, Ridley).

Intergovernmental organisations: the role that the UN and associated institutions (including the World Bank) have played and continue to play in bringing governments,

business and civil society together to move forward the CSR agenda through such initiatives as the Global Compact and the draft UN Norms for Business and Human Rights is thoroughly analysed from people within and without these organisations. (Bendell, Biggs, Dunning, Wälde, Ward, Wynhoven)

Non-governmental organisations: NGOs have played the dual role of watch dog of corporate conduct as well as contributor to joint initiatives that aim to strengthen CSR, such as the Voluntary Principles on Security, the Extractive Industry Transparency Initiative, etc. They discuss lessons learned and provide tools to enhance corporate CSR performance (Chandler, Ganesan, Goldwynn & Switzer, Shishtawy, TRACE et al.).

Legal practitioners: whether they represent business, government or local communities in CSR related issues, lawyers have a unique perspective to offer in the debate regarding voluntary versus regulatory approaches to CSR and provide insights on how specific issues have been addressed by companies and / or governments. (Singhania, Thorsen, Vojvodic)

Academics: this diverse group widens the scope of the debate by looking at CSR developments from an evolutionary and comparative perspective, pointing out some of the shortcomings in the CSR approach and making prescriptions to overcome them. (Arowolo, Chidinma, Frynas, Kovacevic, Nwete, Singh, Wälde)

While giving stakeholders the opportunity to present their views on CSR, we also sought to ensure that the key issues surrounding the CSR debate were addressed. This can be attested by the variety of the themes that have emerged and the differing positions taken by individual authors within those themes. These include:

The Relationship between Oil and Human Rights: one of the key issues discussed is the responsibility of companies for human rights violations perpetrated by security forces (usually state) near their areas of operations and the measures companies ought to put in place in order to avoid being seen as complicit. This is particularly relevant in view of emerging national and international efforts to legislate and / or prosecute in such instances. Reference is made here to the UN Draft Norms on Business and Human Rights as well as the US Anti-Tort Claims Act which is being relied upon to bring companies before the courts for alleged human rights violations perpetrated in a third country.

The impact of oil operations on human rights of local communities be they understood in its narrow sense or encompassing civic and social rights as well, is also discussed. (**Chandler**, Dias & Nwete, Ganesan, O`Reilly, **Thorsen**)

A Voluntary versus Regulatory Approach to CSR: two schools of thought present their views; there are those who believe that CSR is a matter for each company to develop according to its specific management style and corporate culture, while others advocate regulation as a means to level the playing field and render all companies equally accountable. (Chandler, **Dunning**, Ridley, **Vojvodic**, Wälde, Ward & Biggs)

Good Governance: both corporate and state governance are examined and the interconnection between the two, where sometimes one sector is seen as usurping the other's role, sometimes reinforcing it, either in a positive or a negative direction, (Arowolo, **Dias & Nwete**, Dunning, Frynas, Ganesan, Singhanian)

Stakeholder engagement: how much and with whom (i.e. local communities, governments, NGOs, etc.) should a company engage with while pursuing its commercial activities, what are the benefits and shortcoming of integrating external stakeholder views in one's activities? These are some of the issues canvassed under this heading. (Arowolo, Ridley, **Shishtawy**)

The CSR agenda: the issue is about how far should CSR go? Some argue that the traditional trioka of "economic, social and environmental concerns" of CSR should be broadened to take into consideration all aspects of society. From this perspective, business is required to take on what used to be state prerogatives or obligations, while civil society is made to participate more fully in the process as well. (Arowolo, **Frynas, Ward & Biggs**)

CSR in practice: this section looks at the problems faced by companies operating in challenging environments and how CSR can facilitate their task. (Chandler, **O`Reilly, Ridley**)

The Relationship between Oil and Development: at issue is the (negative) correlation between economic activity and development, and how oil and gas activities can have a positive or negative effect on development and local governance, depending on whether the proper CSR approach has been adopted. (Arowolo, Frynas, Ganesan, **Kovacevic, Nwete**, Ridley, **Singh**)

CSR Initiatives: initiatives taken to reinforce CSR, in particular those that bring together various stakeholders, i.e. business, governments and civil society demonstrate that CSR has become a societal concern, and is no longer within the sole purview of corporations. (**Bendell**, Chandler, **Ganesan, Wälde, Wynhoven**)

CSR Tools: there are various ways in which a company can implement a CSR approach, in this section a couple of guidebooks and toolkits are provided to facilitate this process and make it more accountable. (**Switzer & Goldwyn, Trace et al**)

In addition to this broad selection of articles, we have included a data base section which contains valuable information on CSR including a repertory on voluntary codes (**Kabir**), a repertory of NGOs active in the oil, gas and energy sector (Orellana) as well as a link to the Business and Human Rights Resource Centre (**Avery**). The section is complemented by proposed CSR legislation in Australia.

To conclude I would like to thank all those who have contributed to this special CSR edition of OGEL. First and foremost, all the authors who generously shared with us their stimulating and thought provoking ideas and suggestions. We are deeply indebted to you for that and for enhancing our understanding of this complex issue. Secondly, I would like to thank my co-editor, Ms Ayesha Dias, who not only joined me in tracking the right authors and reviewing contributions but also contributed an article of her own. Thirdly, I would like to

thank Chris Avery, of the Business and Human Rights Centre who actively supported us in our search for authors. My final thanks of course go to OGEL's chief editor, Prof. Thomas Wälde, at whose instigation this special edition was compiled.

We hope you get as much out of this publication as we did putting it together.

The Relationship between Oil and Human Rights

Oil and Human Rights

Sir Geoffrey Chandler

The second half of the twentieth century saw oil and natural gas become the dominant sources of world energy supply, making a major contribution to world economic growth. By the end of the century there had been a significant diversification of supply sources, but consumers continued - and will continue - to be crucially dependent on supplies from Third World countries, often little developed economically when oil was first found, and where oil remains the principal economic asset.

If for a resource-based industry there is no choice *where* to go - this being dictated by geology - there is a choice *whether* to do so and in the *manner* in which a venture is undertaken. Oil companies had in the past hoped that the efficient conduct of their business, secretiveness, and security through accommodation with the state apparatus would ensure their success. But the world has changed. The measure of success no longer relates simply to the provision of a competitive source of energy, however much this remains essential for the economic development of most countries, whether as producers or consumers: it depends also on the way in which that supply is provided.

Moreover in a world of widespread internal conflict, itself both the cause and effect of human rights violations, a more critical society has raised its expectations of the role and responsibilities of companies, aware of their capacity to do harm in the absence of appropriate policies and, with such policies, of the possibility of their being an influence for good.

Nearly 70 per cent of the world's oil and gas proven reserves today lie in countries with poor human rights records. The growth of oil wealth in many developing countries has fuelled the ability of governments to invest in armaments, to engage in the construction of buildings for prestige rather than utility, and to transform small-scale corruption into personal or political gain on a scale hitherto undreamt of at the cost of social equity and political stability. Where civil conflict is an element of the scene, the presence of foreign oil companies can provide both a target for and an accelerator of that conflict, involving companies inescapably in human rights issues, whether through the security arrangements that of necessity they have to make or through association with an oppressive government and the economic support they give it. This is a poor assurance for the future of the world's most important source of energy. The protection of human rights, previously seen as the preserve of governments, has therefore been increasingly recognised as vital to the success and survival of companies and something in which they have a legitimate part to play.

Traditionally governments and NGOs have defined human rights narrowly as political and civil rights. But company operations affect the whole spectrum of rights through their impact on labour conditions, on the physical environment and on the communities in which they operate. Companies cannot and should not be expected to take on or usurp the role of governments. But they should be expected to observe and protect the rights of their stakeholders within their legitimate sphere of influence and avoid connivance at or silent complicity with government abuses.

History has shown, however - from the abolition of the slave trade onwards - that companies follow rather than lead in response to the changing values of society. The issue of human rights has proved no different and was not easily to be put on the business agenda. In the absence of corporate forethought and despite earlier approaches from Amnesty International, it took reputational disaster, for Shell in Nigeria and BP in Colombia, to bring about change. These events are now too well known to require repetition.

They were the catalyst for a crucial change of approach by both companies, stimulating explicit recognition of corporate responsibility for human rights and acknowledgement of the applicability of the Universal Declaration of Human Rights (UDHR) to company operations. In March 1997 Shell's Statement of General Business Principles, first produced in 1976, was revised, after wide consultation with relevant NGOs, to include a responsibility to respect the human rights of employees and 'to express support for fundamental human rights in line with the legitimate role of business'. The following year BP similarly published a revised set of business policies incorporating explicit support for the principles of the UDHR.

The important lesson from this was that two of the world's largest transnational corporations now recognised that the defence of human rights and support for the UDHR were part of their direct legitimate responsibilities. What could be done and what should be done by companies in the context of human rights was now abundantly clear. For most companies, however, there was no such acceptance. In particular there appeared a divide between European and United States companies. Statoil and Norsk Hydro, for example, followed the lead given by Shell and BP, and growing pressure from public opinion and NGOs brought a gradual response from other European companies. In the United States, American companies, operating in a different social and commercial environment and coming under less public pressure, were unresponsive.

Their negative attitude was exemplified by membership of USA*Engage, a coalition formed to oppose United States governmental sanctions on oppressive regimes, but which could be interpreted, in the absence of corporate policies on human rights, as being preparedness to connive at human rights violations in the interest of commercial gain.

External initiatives, most notably the OECD Guidelines for Multinational Enterprises and the United Nations Global Compact, both calling for the observance of human rights in general terms, have helped to raise the profile of the issues involved and encourage company adherence to a comprehensive set of principles. While the authority of the UN Secretary General has brought a growing number of companies from a broad geographical base into the Global Compact, these remain a small percentage of the total.

Moreover, until a commitment to human rights is embedded in a company's core business operating principles, such expressions of support must be treated as public relations or mere rhetoric.

If companies are to have credibility, they need to apply the commitment throughout their operations, build in internal assurance mechanisms and key performance indicators, and accept external auditing and public reporting of their impacts on all their stakeholders. They will require in managers a sensitivity, understanding and willingness to participate beyond the technical requirements of the job and a corporate framework of principles which both allows and encourages the exercise of these capabilities.

It is unrealistic to ask companies to abstain from commercial opportunity even in situations of political volatility. The question nonetheless remains whether or not companies should embark on a new venture in an area where there is conflict or gross violation of human rights. To do so without appropriate policies is clearly irresponsible. To do so if a company cannot follow the policies it has laid down for itself would be unprincipled. To do so without a prior human rights assessment, relating both to the inception and potential success of the venture, is to invite legitimate censure. But given appropriate principles and policies, given a willingness to proclaim and practise them, it is arguable that a company can in exercising its responsibilities to the full provide an enlightened example in an area of darkness.

The complexity and competitive pressures of the oil industry, however, are such that decisions will not be simple even for the most principled of companies. Both Shell and BP have been criticised for actions or intentions which appear incompatible with the commitments of principle they have made. These rightly do not escape the vigilance of a closely watching NGO world, but that world also needs to put greater pressure on those companies - whether state or private - which have so far made no such commitments.

Protection of human rights now lies at the core of security of supply. If oil is seen to be associated with inequity and injustice it will be increasingly vulnerable. The myth that overall prosperity and stability automatically follow trade and investment should now be exploded, but is still promoted by Right-wing economists and US*Engage. The failure of government oil revenues to benefit wider society, seen most vividly in Angola and Equatorial Guinea, risks both the reputation of the companies involved and the stability of their operations.

The Publish What You Pay initiative and the Extractive Industries Transparency Initiative, calling for disclosure of revenues paid by companies to governments, both address this problem, but without pressure from governments and some collective support from the industry they will only make slow progress.

It has long been clear that voluntarism does not work. If there is to be a 'level playing field' which prevents good performers being undercut by bad then an international regulatory framework for an essentially transnational business will ultimately be necessary. This will require radical change in present attitudes to international governance and lies many years off. But if governments of importing countries want secure oil supplies they will need to do more in engagement with their own companies and with the governments of

producer countries. Transparency and accountability, risk analysis which includes a human rights impact assessment, will be essential elements if there is to be a secure future. And international financial institutions will also need to include these as conditions of their lending.

The US and UK governments took an unprecedented step in 2000 in initiating the Voluntary Principles on Security and Human Rights for the extractive industries as the outcome of consultation between governments, companies and NGOs. But this and other voluntary measures such as the OECD Guidelines and the UN Global Compact have made little impact on investors or market forces which are potentially the most important influences on corporate behaviour.

In the current context of inadequate accountability and redress for the abuses carried out by the subsidiaries of transnational companies, there has been increasing recourse in the USA to the 18th century Alien Tort Claims Act (ACTA). ChevronTexaco, ExxonMobil, Shell, Talisman and Unocal are currently the subject of actions. In the absence of appropriate modern legislation which could deter malpractice as well as punish it by making parent companies responsible for the misconduct of their subsidiaries, ATCA remains the only recourse and is a useful, if crude and inadequate, weapon to stimulate company action.

A constructive way forward for improving behaviour other than by regulation is now offered by the United Nations Human Rights Norms for Business[1]. These distil into one document the principles of the UDHR, the Convention on the Rights of the Child and the core International Labour Organisation conventions which relate to companies. Shorn of the ambiguities of language and the procedural issues in the current version which are exploited by opponents to obscure the fundamental importance of the initiative, the Norms could provide a template for company policies and a visible measure of performance against which investors and the market could judge the relative merits of companies.

It will be wholly in the interest of good companies and responsible governments to see these principles formally endorsed by the United Nations and could help the corporate world to regain the public trust it has so signally lost.

As the industry becomes more diversified, as new players enter the market with little reputation to protect and therefore less scruple about behaviour, as importing countries, most notably the USA, see geographical diversity of supply rather than the observance of justice and human rights in producing countries as a source of security, we are in danger of witnessing increasing instability in oil supply and price. The absence of any collective industry leadership and the tunnel-visioned policy of major importing countries do not augur well.

The protection of human rights, with governments and companies meeting their legitimate responsibilities, will be a critical factor in the security of future oil and gas supplies. Whether recognition of this will come and appropriate action be taken in time to forestall a crisis must remain an open question in the present short-sighted commercial and political climate.

Footnotes

[1] The full name is UN Norms on Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights.

Critical perspectives on Oil and Human Rights

Sune Skadegard Thorsen, Lawhouse.dk

Summary

The article describes the role of human rights in the evolving discourse on Corporate Social Responsibility (CSR). It acknowledges the role of the oil industry in developing the understanding of human rights as core to Corporate Social Responsibilities, as opposed to corporate environmental and economic responsibilities.

It notes that the contribution from the industry so far seems to have been primarily 'issues' based, rather than 'rights' based, displaying a range of reactionary initiatives. A brief analysis of the statements of one corporation seeks to highlight the need for a precise and legally correct use of human rights terminology. The article concludes that a "rights" based approach and more proactive initiatives may add value to the understanding on human rights and compliance.

[↪ Full article here](#)

A Voluntary versus Regulatory Approach to CSR

CSR in a Globalizing World Economy

John Dunning, University of Reading

Introduction

In this note, CSR is considered only in so far as the commercial operations of corporations are concerned. The issue of corporate 'civic' responsibility is not discussed in this article.

From the perspective of a particular national and multinational enterprise, the extent and content of CSR is likely to be determined by:

- a. its ownership of and/or access to resources, capabilities and markets.
- b. its goals, incentive structures and enforcement mechanisms.
- c. how it relates (a) and (b) to other extra corporate institutions and economic actors in (i) the national and (ii) the global economy.

[↪ Full article here](#)

Corporate Responsibility: A New Challenge

Gabriela Rachadell de Delgado, Macleod Dixon, S.C.

Natalija Vojvodic, Macleod Dixon, S.C.

Summary

Corporate responsibility has now become an important factor for company CEOs and their management teams when planning their strategies and budgets. The goal is not only to maximise profit and thus serve their shareholders well, but also to get involved in activities that benefit other parties that include employees, customers, suppliers, creditors and the community. This coincidentally improves both management and corporation's image - a win-win situation.

This paper deals with some of the main issues related to corporate responsibility. We will first mention how corporate responsibility is a relatively new topic that is fast-becoming very important for companies and all kinds of private and public organisations. We will then provide a brief description of the main issues that are dealt with under the heading of "corporate responsibility". We will continue by discussing the pros and cons of two methods of implementation of corporate responsibility, either through legislation or by self-regulation, and the fact that neither of these methods by itself necessarily excludes the other.

Additionally, we will discuss how, why and under what circumstances corporate responsibility is compatible with companies' profitability. We will end by describing the main features and weaknesses of corporate responsibility and its legislation in Venezuela.

[Full article here](#)

Good Governance

Good Governance, Business and Human Rights in Energy Exporting Developing Countries: a Supreme Challenge for Corporate Social Responsibility and Corporate Accountability.

*Ayesha Dias, Bureau for Development Policy (Democratic Governance)
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*Bede Onyemaechi Nzenwa Nwete, Centre for Energy, Petroleum,
Mineral Law and Policy (CEMLP)*

Introduction

Governance encompasses the way a country is governed especially in relation to its ability to foster sound economic growth through proper management of the country's revenue and improvement in the citizens' standard of living. A country that is unable to do this is bedeviled with poor governance.

Good governance on the other hand thrives on a sound economic and regulatory framework that not only ensures transparency and accountability in the public and private sectors but also promotes and protects the human rights of the citizenry (be they civil, social, political, cultural or

economic rights) especially in relation to the use and management of a country's energy and natural resources be it oil, gas, diamonds or other minerals.

[Full article here](#)

Stakeholder engagement

Social Responsibility of Multinational Oil Companies and the Challenge of Local Communities - Any Prospects for Reconciliation?

Oluseye Arowolo

Summary

A major issue in corporate social responsibility today is the enlargement of the social obligations of multinational corporations, regardless of the sectors of operation, to cover provision of social services in countries where they operate, particularly in developing countries. This is the new CSR agenda as shaped and pushed by civil society groups. It is this agenda and its implications for MNCs, particularly in the oil and gas industry, which constitutes the focus of this paper.

This paper argues that CSR is not a substitute for good governance, viable and efficient institutions, which most developing countries lack. It examines the issues involved in CSR globally, reviews the implications for the corporations, as well as reactions and responses to the 'new CSR agenda'. The rationale for MNCs involvement in oil development, the security arrangements for oil operations, the claim of complicity in human right abuses by MNCs are reviewed and commented upon.

The paper also examines the impact of oil operations on local communities, considers the right of these communities to prevent oil development, the difficulties in obtaining compensation and their quest for resource control. It also reviews the role of NGOs in CSR and proposes the need to regulate their activities. Finally, the paper looks at prospects for reconciliation and makes appropriate recommendations to the stakeholders in the oil and gas industry.

[Full article here](#)

Public - Private Partnerships in the Humanitarian Sector: An overview

Hana Shishtawy, UN office for the Coordination of Humanitarian Affairs

Introduction

"Corporate Social Responsibility" (CSR), has by far become one of the most commonly used and widely interpreted term of the last decade. The terminology more recently, has become synonymous, and at times easily substituted for the concept of "Corporate Governance" especially in the context of the polemics relating to any of the so-called "Enrons". Naturally, the fundamentals and premises of the two concepts should, and do, overlap, but the two are, in fact, quite separate terms: one based on the moral

advocacy of horizontal integration and the other on the imperative of vertical integration. The former denotes business taking responsibility and interest in its role in society and social issues beyond its immediate commercial bottom line. The latter, more generally, is a movement to enhance corporate wealth creation through better accountability and more pluralistically derived internal governance and reporting structures.

A large number of industries and businesses have thus come to face increasing public scrutiny in regards to the depth and breadth of their involvement with communities, large and small within which they must operate. Corporations, on their part, have become increasingly aware of the role and impact of their own functions as well as of their "spin off" industries, which, more than is readily acknowledged, are also located in "forgotten emergencies" and an equally increasing number of "zones of conflict". Under such conditions, the humanitarian community and business actors must necessarily come face to face. Sometimes on the same side. Sometimes on opposite sides.

In terms of definitions, there is always ambiguity on the part of many well intentioned development and humanitarian practitioners in trying to accurately define the "private sector" as interlocutors outside of NGOs or the public sector. For the purposes of this article the term "private sector" will be defined as individual, for profit, commercial business and business associations, corporate philanthropies and/or foundations.

This is to make the distinction here-in be between the private sector and "civil society" and the continuum between the two in which the latter generally consists of a much broader segment of actors that includes NGOs and academia.

[↪ Full article here](#)

The CSR agenda

Corporate Social Responsibility and Development: A False Promise

Jedrzej George Frynas, Birmingham Business School

Introduction

The oil and gas sector has been among the leading industries in championing Corporate Social Responsibility (CSR). Oil companies have also started playing a significant role in international development. According to one estimate, the global spending by oil, gas and mining companies on community development programs was over US\$ 500 million per annum in 2001 (Wells et al. 2001). Oil companies now help to build schools and hospitals, launch micro-credit schemes for local people and assist youth employment programs.

But the effectiveness of social initiatives and CSR has been increasingly questioned. Some of the most scathing criticisms of CSR were expressed in my conversations with former and present oil company staff and company consultants with first-hand experience of CSR practice in the oil and gas sector. Their remarks included "CSR is a waste of

time" and "CSR is a red herring in terms of development projects". Criticism by industry insiders must be taken seriously, which calls for a re-assessment of CSR practice.

Corporate social initiatives must also be seen in a much broader context of international development, not least since CSR is now being advocated as an alternative route to the public delivery of development. The UK's Department for International Development (DfID) stated that "By following socially responsible practices, the growth generated by the private sector will be more inclusive, equitable and poverty reducing" (quoted in Jenkins 2004).

This view was echoed in my conversations with a number of World Bank and U.S. Agency for International Development (USAID) officials, who saw CSR as a long-term solution for delivering development. Therefore, CSR cannot be simply seen from the business perspective, as the expectations of what CSR could potentially accomplish are much broader. From society's perspective, it is important to re-assess the contribution that oil companies can make to development. To put it differently: Can companies deliver development? Are US\$ 500 million per year well spent?

This short article takes a look at oil company-funded social initiatives and tries to assess their actual and potential impact on development. It is based on an extensive 12 months research project on the Gulf of Guinea region, which has been generously funded by the Nuffield Foundation. The project involved field research in Nigeria, Cameroon and Equatorial Guinea, as well as two dozen interviews in London and Washington DC with oil company staff, consultants, NGO staff, government officials and others.

What follows is a critical account, which demonstrates that the actual and potential contribution of oil companies to development is largely unhelpful. Indeed, I argue that the current CSR agenda is inappropriate for addressing society's problems and diverts attention from broader political, economic and social solutions for such problems.

[↪ Full article here](#)

Tackling gaps in the corporate social responsibility agenda: linking good governance, corporate responsibility and corporate accountability

Tom Bigg, IIED

Halina Ward, IIED

Introduction

The idea of responsible business behaviour is far from new. But since the 1990s, increasing concern over the impacts of economic globalisation has led to new demands for corporations to play a central role in efforts to eliminate poverty, achieve equitable and accountable systems of governance and ensure environmental security. In essence, the approach is to view business as part of society and to find ways to maximise the positive benefits that business endeavour can bring to human and environmental well-being whilst minimising the harmful impacts of irresponsible business. The agenda that has resulted from these concerns

has variously been called 'corporate citizenship', 'corporate social responsibility' (CSR), 'corporate accountability' or simply 'corporate responsibility'.

This paper's starting point lies in the argument that the international institutional arrangements for the CSR agenda are currently inadequate in two principal ways.

- First, because there is not yet any forum in which the full range of actors - governments, civil society and businesses, big and small, rich and poor - can come together to explore and build understanding on some of the most difficult areas within the CSR agenda, and second
- that this holds back progress in some important areas and therefore the potential for CSR to contribute positively to the pursuit both of public policy and business goals.

This paper is largely based on a longer paper prepared at the request of the Swedish Ministry for Foreign Affairs to stimulate discussion on the international institutional arrangements for corporate social responsibility.

[Full article here](#)

CSR in practice

CSR and the Oil Industry - a Worm's Eye View

John O'Reilly

CSR in a Hot Climate

A UK Department of Trade and Industry working group in April 2003 succinctly defined Corporate Social Responsibility (CSR) as "the management of an organisation's total impact upon both its immediate stakeholders and upon the society within which it operates".

That sound bite is good enough for the purposes of this article, and leads to the hardly earth shattering observation, but one important for the oil industry: that the practice and components of a credible CSR strategy will have conspicuously different forms in societies whose principal characteristics include widespread poverty, corruption, weak civil and political institutions, internal conflict, routine human rights violations, and marginalised indigenous communities than those in the 'developed' western economies. In short, the oil industry's new happy hunting grounds, and the scope of this article.

For example, security of onshore installations in the US, or UK is a vital but essentially technical issue with few CSR implications. But in Colombia, Burma or Nigeria, the structure and practices of security regimes have generated huge international controversies and inflicted grievous damage to company reputations. Similarly, community engagement initiatives in Aberdeen or Houston will often complement programmes of local government or other agencies. But in the barely subsistence hamlets of Ecuador or West Papua the inexorable pressure is on the company to effectively become the government in health, education, sanitation and other

basic services because of the inability of state authorities to discharge these responsibilities.

[Full article here](#)

CSR From a Company Perspective: Interview of Caspar Ridley, Head of External Relations and Policy, Shell International Limited

Christine Batruch, Lundin Petroleum AB

Mr Caspar Ridley has travelled extensively with Shell, in England and Oman, before taking an MBA at INSEAD in France. He was Shell's Country Chairman in Yemen, and more recently, Managing Director of Shell Gas Italia, Shell's LPG business in Italy.



In 2003 he joined the Shell Group Corporate Centre where he heads up External Relations & Policy for the Group. His team acts as the custodian for the Shell General Business Principles and manages stakeholder engagement with intergovernmental organisations, international NGO's and International Industry Organisations.

In conjunction with these activities his team keeps an eye on, and contributes to, international policy debates, to help shape Shell's thinking and actions in relevant policy areas such as in Dealing with Bribery & Corruption and Human Rights.

In an interview conducted by Christine Batruch, VP Corporate Responsibility, Lundin Petroleum AB, Mr Ridley discusses Corporate Responsibility from a Company Perspective.

[Full article here](#)

The Relationship between Oil and Development

Transnational Corporations and the BTC Pipeline Project: Any Hope for Human Rights and Sustainable Development?

Bede Onyemaechi Nzenwa Nwete, Centre for Energy, Petroleum, Mineral Law and Policy (CEMLP)

Summary

Respect for human rights and sustainable development ought to be the basic tenets upon which any country rich in natural resources especially oil must base any investment in its extraction and development.

Available evidence however indicates that this does not seem to be the case, instead of sustainable development and respect for human rights, investments associated with oil exploitation have rather come to be a curse to the people

depriving them of their basic rights and unleashing abuses and deprivation on them.

This paper critically examines the Baku-Tbilisi-Ceyan (BTC) Pipeline project in the light of the above issues. It assesses the role of the Transnational Corporations involved in the project as well as the host governments, the International Financial Corporation (IFC) and other multilateral agencies with a view to ascertaining whether these roles conform to International human rights and sustainable development standards.

It also suggests ways by which these issues can be improved upon.

↳ [Full article here](#)

Corporate Governance Indian Legal Perspective

Krrishna Singhania, Singhania & Company

Introduction

The concept of corporate responsibility or corporate governance potentially covers the entire gamut of activities having direct or indirect influence on the financial health of corporate entities. In the Indian context, Corporate Governance is about promoting corporate fairness, transparency and accountability. Its structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as, the Board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs.

↳ [Full article here](#)

Corporate Social Responsibility: A Developmental Perspective

Professor Ajit Singh, University of Cambridge

Abstract

This paper considers the changing relationship between trans-national corporations (TNCs) and developing countries (DCs). Unlike in the 1970s, when DCs were demanding a new international economic order and wanted international regulation of TNC activities, on the face of it, most of them now have a highly positive attitude towards foreign direct investment (FDI). Nevertheless, there are important contradictions between TNC interests and those of developing countries. The former, supported by the advanced country governments, would like an international agreement, preferably under the WTO, to have the freedom to invest anywhere they like, without any let or hindrance from DC governments. Such international regulation will not be in the interest of developing countries.

The paper proposes an alternative form of development-friendly regulation, based on the establishment of an International Competition Authority. The latter would be charged with stopping the abuse of dominant positions by TNCs and to maintain contestability of international markets,

both now and in the future. A second part of the paper suggests the need for a new Corporate Social Responsibility (CSR) agenda. Up to now, CSR has been concerned mainly with labour standards and environmental issues.

The paper points out the difficulty of imposing labour standards in the vast informal sectors of DCs and suggests that the relationship between labour standards and reducing poverty in DCs requires serious analysis from policy makers, activists and from the TNCs. Poverty reduction in DCs should be the foundation of a revamped CSR agenda for the 21st century

↳ [Full article here](#)

Stuck in the Past - Energy, Environment and Poverty in Serbia and Montenegro

Aleksandar Kovacevic, UNDP Serbia and Montenegro

Introduction

Energy use in Serbia and Montenegro is unsustainable, retarding growth, poverty reduction and human development.

Drawing on new information obtained from three surveys (energy use patterns, perceptions about energy processes and services, and details about energy providers) and a series of focus groups, this report finds that while nearly half the population has been marginalized by the energy-poverty nexus, more than a quarter of the population is socially secure primarily because of the energy-related subsidies they enjoy.

Consider these other findings:

- Average energy consumption per square metre of living space is about 2.5 times greater than in Northern Europe, yet in more than one in four households the amount of heated space per person is below minimum health standards.
- Mortality is 30% or more higher in winter months than the monthly average, with poor households disproportionately affected.
- More than half the population uses wood and lignite coal as the major source of energy for heating and cooking, creating high levels of indoor air pollution and leading to chronic illnesses.
- Substandard heating devices and high emissions from thermal power plants, district heating plants and industrial energy use expose poor people to severe air and water pollution.
- Carbon dioxide emissions per unit of GDP are more than twice the world average.

To accelerate growth, reduce poverty and improve living standards, Serbia and Montenegro needs comprehensive policy reforms to establish an enforceable concept of property rights and public goods; build capacity; improve institutional and corporate governance; develop better long-term policy planning; improve information flows and structures; strengthen coordination among energy, health and poverty policies; and enhance international cooperation.

To improve energy efficiency and reduce poverty the new energy policy should remedy the uneven distribution of welfare benefits, especially the sizeable cross-subsidy from poor to rich. Implementing energy efficiency measures could contribute to a boost in the GDP growth rate to 5%-7% a year - a leap that no other policy change could achieve.

[Full article here](#)

CSR Initiatives

Storm Prevention: Why Companies Should Support the UN

Dr. Jem Bendell, Independent Consultant

Summary

What has the UN got to do with business? And what has business got to do with the UN? In this short article these questions are answered from an unusual perspective, which sees the UN and corporations as essential to the future of each other and the planet. In a hard hitting critique of current use and abuse of the UN by business, and a context of turbulent geopolitics, the article argues for businesses to awaken to the essential need for democratic global governance to match the globalizing economy, and thus the need for a stronger, more independent UN with a democratically-governed mandate to enforce human rights.

[Full article here](#)

Current Human Rights Issues in the Extractive Industries

Arvind Ganesan, Human Rights Watch

Summary

The extractive industries have been the subject of scrutiny since the 1990s on human rights grounds. This article examines the evolution of corporate responsibility in this industry and some of the key issues facing companies operating in countries with a history of human rights violations or poor governance from the perspective of Human Rights Watch (HRW), an international human rights NGO that has worked on these issues throughout the world. Most notably, it examines the issues of revenue management and security. In particular, it looks at the risk of governments that mismanage substantial oil revenues and how the international community has tried to press for better governance. On security, it examines the development of the Voluntary Principles on Security and Human Rights, a set of guidelines developed by industry, NGOs, and governments. Finally, the article also assesses efforts to develop best practices in the industry to address some of the key challenges companies face.

[Full article here](#)

The Role of International "Soft Law" in Natural Resources and Energy Investment

Professor Thomas Wälde, CEPMLP, University of Dundee

Summary

Cross-border investment, trade, financing and the sales of services and equipment in natural resources and energy is becoming subject to an increasing number of different forms of "soft-law" international standards, guidelines, codes and recommendations. These reflect economic and political globalisation, with its concomitant need for global regulation, but also the very early and inchoate status of global regulation. We are at the early stage of a development which will take its time and it is premature to predict where it will end.

Such global standards have a considerable indirect, and increasingly also quite direct, impact on cross-border natural resources and energy businesses. For the lawyer used to national laws, with a quite limited relevance of conventional international law, these developments pose professional challenges. It is easy - but professionally negligent - to ignore such developments as "fuzzy-woozy" and "airy-fairy" non-law. But they are increasingly and possibly quite generally now relevant in almost all investment disputes, many if not most commercial disputes, but also in mediated renegotiation and negotiation of deals. Compliance with international standards has become a significant challenge for management. Those companies which can manage compliance efficiently acquire relevant competitive advantages - and so do legal professionals in comparison with their conventional brethren.

Global standards work directly by incorporation or reference into treaties, contracts and regulation. They work indirectly by giving more specificity and substance to open-ended standards in the primary legal instruments, they legitimate legal argument and arbitral decision-making and they provide some protection from NGO campaigns operating through public opinion. But global standards are not easy to manage: Their origin, character, distinct language and enforcement mechanisms as well as their constituencies all enhance or detract from an international standard's legal and persuasive value. It requires therefore much more subtle, and politically more responsive lawyering to deploy such standards in the client's favour, to defend against application of such standards and, moreover, to participate effectively in the formation and application of such standards. New professions competing with conventional lawyering have emerged which focus on quasi-regulation, on the global level, by way of global standards.

Natural resources and energy are perhaps more sensitive to modern global standards. These industries are among the most globalised industries, but also the most politically vulnerable ones. The industry social and political "licenses to operate" depends to an increasing degree on compliance with such standards. New actors with significant intervention potential (primarily NGOs) focus on the political (and thereby in the end legal) legitimacy of natural resources and energy development; well-known players - such as international agencies, specialised government agencies with transnational alliances and multinational companies - change their character, alliances and mode of operation as well. The World Bank Extractive Review Process or the MMSD project (focused

on mining) illustrate these issues which are now on the policy agenda - and which will translate themselves into specific corporate needs for inside and outside advice. Lawyers face here competing providers of such expertise. It is in their interest to develop strategies to respond to their client's emerging needs innovatively, both in terms of expertise available and in terms of their internal organisation and external relationship building.

[↪ Full article here](#)

Update on the Global Compact

Ursula Wynhoven, Global Compact Office, United Nations

Introduction

This article provides a brief overview of the Global Compact and an update on some recent developments, as well as a glimpse into its future. The Global Compact is United Nations Secretary-General Kofi Annan's voluntary corporate citizenship initiative in the areas of human rights, labour, environment and anti-corruption. While much remains to be done, the initiative has already had some key successes and impact, and continues to gain momentum.

[↪ Full article here](#)

CSR Tools

Conflict-Sensitive Business Practice: Towards the Integration of Conflict Assessment and Prevention in Extractive Industry Practice

Rachel Goldwyn, International Alert

Jason Switzer, IISD

Research Paper: Assessments, Communities and Peace - A Critique of Extractive Sector Assessment Tools from a Conflict Sensitive Perspective.

For oil, gas and mining companies operating in areas of potential or open conflict, there are clear bottom-line and ethical drivers compelling them to manage their operations in such a way to avoid aggravating or triggering violence at the local and national levels. As the easy sources of valuable natural resources are exhausted, international firms are increasingly investing in frontier areas, which demand greater technical and political sophistication in order to succeed.

In order to contribute to the promotion of more peaceful societies around the world, two NGOs, International Alert and the International Institute for Sustainable Development, have been researching this dynamic and working with companies, governments and IGOs to develop better practice in areas at risk of conflict.

This paper has four main objectives: to provide an overview of current impact assessment practice; to provide an overview of conflict impact assessment approaches in the development and humanitarian sectors; to identify gaps in

current environmental and social impact assessment from a conflict sensitive perspective; and to trace the outlines of a toolkit for the extractive sector, whose purpose is to fill in the gaps in private sector practice.

The paper was developed as part of IA and IISD's joint project to develop a Conflict -Sensitive Business Practice (CSBP) toolbox. The CSBP toolbox aims to assist extractive sector companies in minimizing their contribution to conflict and in helping them to contribute to long-term peacebuilding. CSBP- to be published in January 2005 - includes a generic conflict assessment and impact mitigation guideline, which will complement existing Environmental and Social Impact assessments. In addition to the conflict assessment methodology, it offers guidance on particular 'flashpoint' issues such as resettlement and community relations management, and on managing the evolving project footprint over the entire lifecycle of the project from a conflict-sensitive perspective.

[↪ Full article here](#)

Voluntary Codes

Overview of the OGEL-CEPMLP Database of Voluntary Guidelines and Related Primary Soft-Law Materials

Aminu Kabir, Centre for Energy, Petroleum, Mineral Law and Policy (CEMLP)

Voluntary codes dates back to the beginning of the twentieth century and have multiplied in greater numbers over the last twenty years. They originally emerged due to shareholder and consumer interest in corporate behaviour, but have more recently proliferated with special focus on socioeconomic and environmental issues particularly in the extractive industries sector. They have now become an integrated aspect of the international drive towards transparency and accountability of business activities and a way of monitoring how businesses perform against benign environmental, ethical and social indices. At present voluntary codes are seen as the main instruments and necessary components of corporate social responsibility and good corporate governance campaign that business must face up to the challenge that they offer.

What seemed initially as an industry initiative has now attracted the attention and proactive response of international organisations- the United nations, regional organisations like European Union, OECD and their like; international institutions- the World Bank; reputable Non governmental Organisations and National governments have in various ways made immense contributions seeking to regulate international corporate business and instil social responsibility and ethical behaviour to the business world.

Since the introduction of codes of conduct to business, they have been held as guidelines voluntarily incorporated into corporate policies. They have gone along way in changing corporate behaviour and are gradually assuming legal weight-soft law status, which companies cannot simply wish away or disregard the business and operational standards prescribed. Compliant companies are already attesting to the business

and social benefits realisable, and the value added to their business and general profitability.

Most codes use aspirational language ("strive", "seek", "work towards", "try to minimise", "give proper regard to") or set out broad values, such as business integrity, openness, enriching the community, treating people with dignity and respect, or conducting business responsibly. A few codes, however, also express clear, blanket commitments to implement some prescribed obligation or responsibility. Most contain at least some quite specific commitments about the company's conduct towards groups with which it has a direct connection, such as employees, sub-contractors, suppliers and host governments. By and large, the following are some of the major sources and areas covered by the codes:

- It is common knowledge that some business practices have environmental implications. Mining, logging, oil drilling, chemical production and waste disposal projects all have potential to disrupt or harm ecosystems and the natural environment. By damaging the environment, such activities often negatively affect the rights of people particularly in the areas of their culture, the nature of their economy or their socio-economic status. International human rights instruments contain few specific provisions relating to the environment, but often leaves a lot of gaps and voluntary codes have been used to block up such gaps.
- OECD Guidelines set out standards of practice for multinationals covering disclosure of information, workers' rights and industrial relations, environmental protection, bribery, consumer interests, science and technology, ensuring competition and payment of taxation. In addition introduced in 2000 revision that added a general statement that said that multinationals should respect human rights.
- Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy directed at multinationals, as well as governments and employers' and workers' organisations. The Declaration covers employment issues such as non-discrimination, security of employment, training, wages, benefits and working conditions, health and safety, freedom of association and the right to organise aimed at guiding labour relations in the conduct of business
- There are similarly a set of UN-endorsed norms or principles for businesses, clearly and unambiguously worded, recognising the benefits that companies bring, but also the harm they can do if such norms or principles are disregarded in practice, would be of immense value to companies themselves, to investors, and also to the wider public and market forces which would have a measure against which to judge and influence.
- Industry initiated corporate social responsibility guidelines set out to instill ethical behaviour in business applicable to companies, employees, suppliers and all other stakeholders in business.

INTER-GOVERNMENTAL CODES

Convention on Combating Bribery of Foreign Public Officials in International Business Transactions

Prepared by the Working Group on Bribery in International Business Transactions (CIME) of the OECD.

The OECD Guidelines for Multinational Enterprises: Text, Commentary and Clarifications

The OECD Guidelines for Multinational Enterprises (the Guidelines) are recommendations addressed by governments to multinational enterprises. They provide voluntary principles and standards for responsible business conduct consistent with applicable laws.

The Guidelines aim to ensure that the operations of these enterprises are in harmony with government policies, to strengthen the basis of mutual confidence between enterprises and the societies in which they operate, to help improve the foreign investment climate and to enhance the contribution to sustainable development made by multinational enterprises.

The Guidelines are part of the OECD Declaration on International Investment and Multinational Enterprises the other elements of which relate to national treatment, conflicting requirements on enterprises, and international investment incentives and disincentives.

Prepared by the Working Party on the OECD Guidelines for Multinational Enterprises

OECD Principles of Corporate Governance - (Draft revised text, January 2004)

Since the OECD Principles of Corporate Governance were agreed in 1999, they have formed the basis for corporate governance initiatives in both OECD and non-OECD countries alike. Moreover, they have been adopted as one of the Twelve Key Standards for Sound Financial Systems by the Financial Stability Forum. Accordingly they form the basis of the corporate governance component of the World Bank/IMF Reports on Standards and Codes (ROSC).

The OECD Council Meeting at Ministerial Level in 2002 agreed to survey developments in OECD countries and to assess the Principles in light of developments in corporate governance. This task was entrusted to the OECD Steering Group on Corporate Governance comprising not only OECD countries but also the World Bank, the Bank for International Settlements (BIS) and the International Monetary Fund (IMF) that are observers to the Group. For the assessment the Steering Group also invited the Financial Stability Forum, the Basle Committee, and IOSCO as ad hoc observers.

The revised Principles contained in this document build upon experience not only in the OECD area but also in non-OECD countries, especially those which have participated in the Regional Corporate Governance Roundtables that the OECD organises in Russia, Asia, South East Europe, Latin America and Eurasia in co-operation with the World Bank. During the development of the Principles, the Steering Group

has undertaken very comprehensive consultations. These consultations have included experts from a large number of the Roundtable countries and other non-OECD countries as well as a wide range of interested parties such as the business sector, professional groups at national and international level, trade unions, civil society organisations and international standard setting bodies.

Convention (No. 169) concerning Indigenous and Tribal Peoples in Independent Countries

Adopted on 27 June 1989 by the General Conference of the International Labour Organisation at its seventy-sixth session. 5 September 1991 entry into force.

Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy

In the 1960s and 1970s, the activities of multinational enterprises (MNEs) provoked intense discussions that resulted in efforts to draw up international instruments for regulating their conduct and defining the terms of their relations with host countries, mostly in the developing world. Labour-related and social policy issues were among those concerns to which the activities of MNEs gave rise. The ILO's search for international guidelines in its sphere of competence resulted, in 1977, in the adoption by the ILO Governing Body, of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration).

The principles laid down in this universal instrument offer guidelines to MNEs, governments, and employers' and workers' organizations in such areas as employment, training, conditions of work and life, and industrial relations. Its provisions are reinforced by certain international labour Conventions and Recommendations which the social partners are urged to bear in mind and apply, to the greatest extent possible. The adoption of the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up in 1998 highlighted the importance of the fundamental Conventions in realizing the objectives of the ILO, and consequently, the MNE Declaration takes into account the objectives of the 1998 Declaration.

ILO DECLARATION OF FUNDAMENTAL PRINCIPLES AND RIGHTS AT WORK (1998)

ICFTU/ITS BASIC CODE OF LABOR PRACTICE (BRUSSELS DECEMBER 1997)

THE INTER AMERICAN (OAS) CONVENTION AGAINST BRIBERY (March 29 1996)

THE ASIAN PACIFIC ECONOMIC COOPERATION FORUM BUSINESS CODE OF CONDUCT (1999)

EU INITIATIVES

Report on EU standards for European Enterprises operating in developing countries: towards a European Code of Conduct

Following a request by the Conference of Committee Chairmen of 10 March 1998, the President of Parliament

announced at the sitting of 3 April 1998 that the Committee on Development and Cooperation had been authorized to draw up a report on EU standards for European Enterprises operating in developing countries: towards a European Code of Conduct and that the Committee on External Economic Relations had been asked for its opinion.

Promoting a European framework for Corporate Social Responsibility - EC Green Paper

An increasing number of European companies are promoting their corporate social responsibility strategies as a response to a variety of social, environmental and economic pressures. They aim to send a signal to the various stakeholders with whom they interact: employees, shareholders, investors, consumers, public authorities and NGOs. In doing so, companies are investing in their future and they expect that the voluntary commitment they adopt will help to increase their profitability.

As early as 1993, the appeal to European business of President Delors to take part in the fight against social exclusion resulted in a strong mobilisation and in the development of European business networks. More recently in March 2000, the European Council in Lisbon made a special appeal to companies' sense of social responsibility regarding best practices for lifelong learning, work organisation, equal opportunities, social inclusion and sustainable development.

By stating their social responsibility and voluntarily taking on commitments which go beyond common regulatory and conventional requirements, which they would have to respect in any case, companies endeavour to raise the standards of social development, environmental protection and respect of fundamental rights and embrace an open governance, reconciling interests of various stakeholders in an overall approach of quality and sustainability. While recognising the importance of all these aspects, this paper focuses mainly on companies' responsibilities in the social field.

This action leads to the development of new partnerships and new spheres for existing relationships within the company regarding social dialogue, skills acquisition, equal opportunities, anticipation and management of change, at the local or national level with reference to the reinforcement of economic and social cohesion and health protection, and more generally on a global level, concerning environmental protection and respect of fundamental rights.

The corporate social responsibility concept is mainly driven by large companies, even though socially responsible practices exist in all types of enterprises, public and private, including SMEs and co-operatives.

The European Union is concerned with corporate social responsibility as it can be a positive contribution to the strategic goal decided in Lisbon: "to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion".

This Green Paper aims to launch a wide debate on how the European Union could promote corporate social responsibility at both the European and international level, in particular on how to make the most of existing experiences, to encourage the development of innovative practices, to

bring greater transparency and to increase the reliability of evaluation and validation. It suggests an approach based on the deepening of partnerships in which all actors have an active role to play.

Convention for the Protection of Human Rights and Fundamental Freedoms as amended by Protocol No. 11

UN INITIATIVES

The Johannesburg Declaration on Sustainable Development

Declaration from the World Summit on Sustainable Development in Johannesburg, South Africa from 2-4 September 2002, reaffirm our commitment to sustainable development.

Draft Commentary on the Norms of Responsibility of Transnational Corporations and Other Business Enterprises with Regard to Human Rights

Draft Commentary on the Norms of Responsibility of Transnational Corporations and Other Business Enterprises with Regard to Human Rights, U.N. Doc. E/CN.4/Sub.2/2003/XX, E/CN.4/Sub.2/2003/WG.2/WP.1 (for comments until January 15, 2003, and for discussion in July/August 2003).

Draft United Nations Code of Conduct on Transnational Corporations

The elaboration of the United Nations Code of Conduct on Transnational Corporations was one of the main tasks of the Commission on Transnational Corporations (established by the Economic and Social Council under resolution 1913 (LVII) of 5 December 1974). The preparation of the text of the Draft Code was entrusted first to an Ad Hoc Inter-Governmental Working Group. The Group submitted its report to the Commission at its eighth session in 1982 (United Nations document E/C.10/1982/6).

The next stage of the negotiations was entrusted to a special session of the Commission on Transnational Corporations which began deliberations in 1983 and was open to the participation of all States. The special session was reconvened a number of times between 1983 and 1990. In 1988, the Chairman of the reconvened special session and the Secretary-General of the United Nations prepared a text of a draft code (E/1988/39/Add.1), drawing upon discussions and proposals presented over the years. In an effort to facilitate compromise while preserving the already agreed texts, the Chairman, at the meeting on 24 May 1990, transmitted to the Economic and Social Council a revised text of the draft code of conduct, based on the 1988 draft.

The text of the Draft Code of Conduct on Transnational Corporations reproduced in this volume reflects the status of negotiations as at 1986.

Draft Commentary on the Norms of Responsibility of Transnational Corporations and Other Business Enterprises with Regard to Human Rights

Draft Commentary on the Norms of Responsibility of Transnational Corporations and Other Business Enterprises with Regard to Human Rights, U.N. Doc. E/CN.4/Sub.2/2003/XX, E/CN.4/Sub.2/2003/WG.2/WP.1 (for comments until January 15, 2003, and for discussion in July/August 2003).

Revised United Nations Model Double Taxation Convention Between Developed and Developing Countries

The United Nations Model Double Taxation Convention between Developed and Developing Countries of 2000 was intended to revise and update the 1979 Model (reproduced in vol. I of this Compendium). The process of revision and updating was initiated in 1995 and concluded in 1999 at the Ninth Meeting of the Group of Experts on Tax Treaties. The Group is composed of 25 members - 10 from developed countries and 15 from developing countries and economies in transition.

The Ninth Meeting was attended by representatives from Argentina, Brazil, Burkina Faso, China, Côte d'Ivoire, Egypt, Finland, Germany, Ghana, India, Indonesia, Israel, Jamaica, Mexico, Morocco, Netherlands, Spain, Switzerland, the United Kingdom, the United States and the Palestinian Authority.

The Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices and Resolution Adopted By the Conference Strengthening the Implementation of the Set

The Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices was adopted by the United Nations General Assembly at its thirty-fifth session on 5 December 1980 by its resolution 35/63. The Second United Nations Conference to Review all Aspects of the Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices was held in Geneva from 26 November to 7 December 1990. That Conference adopted a resolution on "Strengthening the implementation of the Set" at its sixth meeting on 7 December 1990. A Third Review Conference took place on 13-21 November 1995. This Conference adopted a resolution calling for a number of concrete actions to give effect to the implementation of the Set.

United Nations Code of Conduct for Law Enforcement Officials

Adopted by General Assembly resolution 34/169 of 17 December 1979.

UN Declaration on Human Rights Defenders

Declaration on the Right and Responsibility of Individuals, Groups and Organs of Society to Promote and Protect Universally Recognised Human Rights and Fundamental Freedoms.

Global Compact's nine principles

The Global Compact's nine principles in the areas of human rights, labour and the environment enjoy universal consensus being derived from:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development

The nine principles are:

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and
- Principle 2: make sure that they are not complicit in human rights abuses.
- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: eliminate discrimination in respect of employment and occupation.
- Principle 7: Businesses should support a precautionary approach to environmental challenges.
- Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.
- Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Guidelines on Cooperation between the United Nations and the Business Community

The purpose of these guidelines is to facilitate the formulation and implementation of co-operation between the United Nations and the business community in a manner that ensures the integrity and independence of the Organization.

These guidelines are intended to serve as a common framework for all organizations of the UN proper. It may also serve as a framework for the other Organizations of the UN system.

The UN Human Rights Norms for Business: Towards Legal Accountability

Human rights organizations have addressed concerns to businesses for a number of years. Recognizing that economic globalization has expanded the reach of corporate power, advocates have struggled to ensure that companies, no less than other significant actors, are brought within the framework of international human rights rules. A significant step in this direction was taken in August 2003 by the UN Sub-Commission on the Promotion and Protection of Human Rights when it approved the UN Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights.

This booklet provides an introduction to the UN Human Rights Norms for Business. It answers a number of questions about the UN Norms and their legal status, and includes an overview of their development, background on the drafting process, and a description of the content and legal status of the UN Norms.

In Amnesty International's view, governments, advocates and companies should support the UN Human Rights Norms for Business as offering an authoritative and comprehensive statement of the responsibilities of companies in relation to human rights. The UN Norms provide clarity and credibility amidst many competing voluntary codes that too often lack international legitimacy, and provide far less detail on human rights issues. AI supports efforts to strengthen the legal basis for the UN Norms, and calls on governments, companies and advocates to disseminate and apply the UN Norms.

New draft UN Norms provide guidelines for business - The human rights responsibilities of companies

Human rights issues pose a continuing challenge to business. Whether a company operates locally, nationally or internationally, guidance is needed to confront this challenge successfully. This booklet provides a checklist of the responsibilities of companies with regard to human rights.

The past few years have seen a proliferation of codes developed by governmental and intergovernmental bodies, as well as by civil society groups and by companies themselves. This profusion of codes, principles and rules may make it confusing for companies to put human rights principles into practice.

Hence the significance of a new document, drafted under the auspices of the United Nations, to rationalise the array of existing standards relating to the human rights responsibilities of companies.

This document, known as the Draft Norms of Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights, is intended to assist companies to implement human rights standards throughout their operations and integrate human rights principles into their decision-making processes.

The document has been drafted in consultation with governments, non-governmental organisations, the business community and other experts. It is based on existing international standards such as UN treaties, the UN Global Compact, the Geneva Conventions, International Labour Organisation (ILO) conventions and the Guidelines for Multinational Enterprises of the Organisation for Economic Cooperation and Development (OECD).

The UN document is also a useful indicator of the growing expectations of consumers, investors, employees and civil society organisations with regard to the human rights responsibilities of business.

This is an abridged version of the full UN document, which contains a more detailed checklist of relevant responsibilities.

Draft UN Convention against corruption (May 2003)

Draft United Nations declaration on the rights of indigenous peoples

Draft Universal Human Rights guidelines for companies

NON-Governmental Codes (NGOs)

Human Rights Principles for Companies

Multinational companies have a responsibility to contribute to the promotion and protection of human rights. In an increasingly globalized world economy, their decisions and actions impact directly on governmental policies and on the enjoyment of human rights. The Universal Declaration of Human Rights calls on 'every individual and every organ of society' to play its part in securing universal observance of human rights. Companies and financial institutions are organs of society, and as their operations come under scrutiny around the world, this is increasingly demanded by consumers, shareholders and the communities with whom they interact.

All companies have a direct responsibility to respect human rights in their own operations. Their employees and other people with whom they work are entitled to rights such as freedom from discrimination, the right to life and security, freedom from slavery, freedom of association, including the right to form trade unions, and fair working conditions. Particular care needs to be taken by companies to ensure that their security arrangements do not lead to human rights abuses. Those companies making arms or other military or security equipment also need to help ensure that their products are not used to violate human rights.

Amnesty International believes that the business community also has a wider responsibility - moral and legal - to use its influence to promote respect for human rights. A multinational company's reputation will be increasingly affected by its response - in word and deed - to the violation of human rights and the defence of such rights. Violations of human rights may contribute to civil instability and to uncertainty in the investment climate, but even where this is not the case, companies should not be silent witnesses. Multinational companies have a responsibility to use their influence to try to stop violations of human rights by governments or armed political groups in the countries in which they operate. Large companies regularly try to influence governments' tax and trade policies, their labour laws and environmental rules. The silence of powerful business interests in the face of injustice is not neutral.

Companies may argue that they should not take action in these areas because to do so would be to interfere in domestic politics or offend the values of other cultures. However, the international community has decided, through a variety of covenants and agreements, that the promotion and protection of inherent human rights transcends national and cultural boundaries. Amnesty International has therefore developed an introductory set of human rights principles, based on international standards, to assist companies in developing their role in situations of human rights violations or the potential for such violations.

Principles for the Conduct of Company Operations Within the Oil and Gas Industry

Extractive Industries have come under increasing scrutiny in recent years by Environment, Development and Human Rights organisations. This paper concentrates on the oil and gas industry and contains proposals for bringing the various critical aspects together and showing a way forward.

The paper is, in its present form, a proposal that is meant to stimulate and streamline the ongoing discussion. On the one hand it should help build up a network of NGOs interested in the role of the multinational companies in the area of development and human rights and help them to work out a coordinated approach. On the other hand it can hopefully serve as an instrument to open up meaningful dialogue with the companies.

Business Principles for Countering Bribery

The Business Principles for Countering Bribery (the "Business Principles") have been developed by a group of private sector interests, non-governmental organisations and trade unions as a tool to assist enterprises to develop effective approaches to countering bribery in all of their activities.

The Business Principles also give practical effect to recent initiatives such as the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the ICC Rules of Conduct to Combat Extortion and Bribery and the anti-bribery provisions of the revised OECD Guidelines for Multinationals.

The Business Principles have been designed for use by large, medium and small enterprises. They apply to bribery of public officials and to private-to-private transactions. The purpose of the document is to provide practical guidance for countering bribery, creating a level playing field and providing a long-term business advantage.

An initiative of Transparency International and Social Accountability International

Social Accountability 8000

This is the second issue of SA8000, a uniform, auditable standard for a third party verification system. Subject to periodic revision, SA8000 will continue to evolve as interested parties specify improvements, corrections are identified and as conditions change.

Many interested parties have advised on this version. SAI welcomes your advice as well. To comment on SA8000, the associated Guidance Document, or the framework for certification, please send written remarks to SAI.

The SA8000 Guidance Document helps explain SA8000 and its implementation; provides examples of methods for verifying compliance; and serves as a handbook for auditors and for companies seeking certification against SA8000.

It is hoped that both the standard and its Guidance Document will continuously improve, with the help of a very wide variety of people and organisations.

This standard specifies requirements for social accountability to enable a company to:

- a. develop, maintain, and enforce policies and procedures in order to manage those issues which it can control or influence;
- b. demonstrate to interested parties that policies, procedures and practices are in conformity with the requirements of this standard.

The requirements of this standard shall apply universally with regard to geographic location, industry sector and company size.

Assurance Standard AA1000

The AA1000 Assurance Standard is primarily intended for use by Assurance Providers in guiding the manner in which their Assurance assignments are designed and implemented. In addition, the AA1000 Assurance Standard should inform the way that:

- Reporting Organisations' assess, plan, describe and oversee the implementation of their Assurance (including internal Assurance), as well as guide Directors and Boards in overseeing non-financial disclosures.
- Reporting Organisations' Stakeholders query and assess the quality of Assurance and associated Reporting.
- Standards bodies and policy-makers develop private, voluntary standards, as well as voluntary and statutory aspects of organisational accountability, particularly Reporting and Assurance.
- Professional development and training practitioners build professional competencies in Assurance and overall organisational accountability.

AccountAbility's mission is to promote accountability for sustainable development. As a leading international professional institute, AccountAbility provides effective assurance and accountability management tools and standards through its AA1000 Series, offers professional development and certification, and undertakes leading-edge research and related public policy advocacy. AccountAbility has embraced an innovative, multi-stakeholder governance model, enabling the direct participation of its organisational and individual members who span business, civil society organisations, and the public sector from different countries across the world.

AccountAbility 1000 (AA1000) framework - Standards, guidelines and professional qualification

AccountAbility 1000 (AA1000) is an accountability standard, focused on securing the quality of social and ethical accounting, auditing and reporting.

It is a foundation standard, and as such can be used in two ways:

- a. As a common currency to underpin the quality of specialised accountability standards, existing and emergent.
- b. As a stand-alone system and process for managing and communicating social and ethical accountability and performance.

This document includes the complete AA1000 Framework (standard, guidelines and professional qualification) as it stands in November 1999. An overview of the framework is available in a separate document entitled: 'AA1000: Overview of standard and its applications.'

The Global Sullivan Principles of Social Responsibility

THE SOCIAL VENTURE NETWORK STANDARDS OF CORPORATE SOCIAL RESPONSIBILITY (1999)

INDUSTRY INITIATIVE

Petroleum Industry Guidelines for Reporting Greenhouse Gas Emissions

As the reporting of greenhouse gas (GHG) emissions becomes more widespread, the need for guidance on how emissions should be accounted for and reported has become apparent. Current approaches vary among the few existing mandatory, governmental GHG reporting programs. Companies also differ in how they voluntarily report the emissions data. This variability in approaches has resulted in a lack of comparability of reported GHG emission from company to company with specific industrial sectors, as well as a lack of comparability of results from reporting program to reporting program.

IPIECA Human Rights Status Report - May 2004

Recognising the importance of the issue of Human Rights for the oil and gas industry, a dedicated Task Force of the IPIECA's Social Responsibility Working Group (SRWG) was convened to determine what value IPIECA could add for members on this issue. A first step was to establish where members currently stand, through a membership survey carried out in April/May 2003. A Stakeholder Dialogue was also held in April 2003 to understand external expectations on human rights. This Status Report provides a baseline of where IPIECA members stand on human rights and includes a number of case studies. It also highlights some of the directions that the Working Group is considering.

FAIR LABOR ASSOCIATION WORKSHOP CODE OF CONDUCT (1990)

MULTILATERAL INSTITUTIONS

A Guidelines on the Treatment of Foreign Direct Investment (Shortened version)

A greater flow of foreign direct investment brings substantial benefits to bear on the world economy and on the economies of developing countries in particular, in terms of improving the long term efficiency of the host country through greater competition, transfer of capital, technology and managerial skills and enhancement of market access and in terms of the expansion of international trade.

The World Bank Operation Manual - Operational Directive

This directive describes the World Bank policies and processing procedures for projects that affect indigenous peoples. It sets out basic definitions, policy objectives, guidelines for the design and implementation of project provisions or components for indigenous peoples, and processing and documentation requirements.

The directive provides policy guidance to (a) ensure that indigenous people benefit from development projects, and (b) avoid or mitigate potentially adverse effects on indigenous people caused by Bank-assisted activities. Special action is required where Bank investments affect indigenous peoples, tribes, ethnic minorities, or other groups whose social and economic status restricts their capacity to assert their interests and rights in land and other productive resources.

World Bank Group Indigenous Peoples Draft Operational Policies

The broad objective of this policy is to ensure that the development process fosters full respect for the dignity, human rights and cultures of indigenous peoples, thereby contributing to the Bank's mission of poverty reduction and sustainable development. To achieve this objective, Bank-assisted projects (2) which affect indigenous peoples provide them a voice in design and implementation, avoid adverse impacts where feasible, or minimize and mitigate them, and ensure that benefits intended for them are culturally appropriate.

BUSINESS CHARTERS

International Conference for Renewable Energies - Political Declaration

Ministers and Government Representatives from 154 countries gathered in Bonn, Germany, June 1-4, 2004, for the International Conference for Renewable Energies¹, acknowledge that renewable energies combined with enhanced energy efficiency, can significantly contribute to sustainable development, to providing access to energy, especially for the poor, to mitigating greenhouse gas emissions, reducing harmful air pollutants, thereby creating new economic opportunities, and enhancing energy security through cooperation and collaboration.

Corporate Social Responsibility: Making Good Business Sense

In 1998, the WBCSD Council launched an ambitious two-year program aimed at providing a better understanding of what corporate social responsibility (CSR) means and what represents good practice. After an initial Report, Meeting Changing Expectations, published in March 1999, this Report represents the culmination of this effort and a synthesis of our findings.

Based on our two-year initiative, we conclude that:

- a coherent CSR strategy, based on integrity, sound values and a long-term approach, offers clear business benefits to companies and a positive contribution to the well-being of society;
- a CSR strategy provides the opportunity to demonstrate the human face of business;
- such a strategy requires engagement in open dialogue and constructive partnerships with government at various levels, IGOs (inter-governmental organizations), NGOs (nongovernmental organizations) other elements of civil society and, in particular, local communities, and;
- in implementing their CSR strategies, companies should recognize and respect local and cultural differences, whilst maintaining high and consistent global standards and policies;
- and finally, being responsive to local differences means taking specific initiatives.

For many companies, managing corporate social responsibility well is no longer seen as an extra cost or burden on hard-pressed management. Rather, CSR is increasingly viewed, not only as making good business sense but also contributing to the long-term prosperity of companies and ultimately its survival. Being a good neighbor and showing that you care on the one hand and being a successful business on the other, are flip sides of the same coin.

On this basis, the WBCSD Working Group convened a series of global stakeholder dialogues and assembled information about how CSR is viewed around the world. We did this in order to gauge our progress and rigorously test our thinking. The dialogues involved both business and non-business participants and were held in The Netherlands, Taiwan, Thailand, the Philippines, the United States, Ghana, Brazil and Argentina. The fundamentals of CSR - maximising the long-term contribution of business to society and taking care to minimize adverse impacts - were consistently accepted. However, we found significantly different emphases in different parts of the world.

Increasingly companies manage social issues in the same way as they manage any other strategic business issue and there are a growing array of tools available to assist and guide them. We provide a step-by-step approach to managing CSR, from initial assessment, to determining your "social footprint" through to suggestions on how to measure performance. It is important to recognize that CSR means more than promulgating a company's own values and principles. It also depends on understanding the values and principles of those who have a stake in, or are affected by, its operation.

In this Report, the Working Group offers a navigator to guide companies in their implementation of CSR. It is both a tool and a conceptual approach. It takes account of the need to tailor CSR practice according to an overall vision while also having the ability to respond to specific challenges.

Doing Business with the Poor: A Field Guide

Nearly two thirds of the planet's people are poor. Most companies are serving at best one third of the world population and are fiercely competing over saturated markets. Yet many corporate managers now realize that stepping up their company's presence in developing countries will be crucial to their long-term competitiveness and success.

Some prescient WBCSD members are launching into sustainable livelihoods (SL) business: "doing business with the poor in ways that benefit the poor and benefit the company." SL business is about spurring economic development and helping low-income communities and families build more secure livelihoods.

Yet the emphasis on business and profitability is important for several reasons. It means that a company's SL business becomes part of corporate mainstream thinking and activities. It also means that unlike corporate philanthropy, SL investments that realize their goal of profitability have no fixed budgetary limits.

The CERES Principles

By endorsing the CERES Principles, companies not only formalize their dedication to environmental awareness and accountability, but also actively commit to an ongoing process of continuous improvement, dialogue and comprehensive, systematic public reporting. Endorsing companies have access to the diverse array of experts in our network, from investors to policy analysts, energy experts, scientists, and others.

The Caux Round Table Principles for Business

The Caux Round Table believes that the world business community should play an important role in improving economic and social conditions. As a statement of aspirations, this document aims to express a world standard against which business behavior can be measured. We seek to begin a process that identifies shared values, reconciles differing values, and thereby develops a shared perspective on business behavior acceptable to and honored by all.

These principles are rooted in two basic ethical ideals: *kyosei* and human dignity. The Japanese concept of *kyosei* means living and working together for the common good enabling cooperation and mutual prosperity to coexist with healthy and fair competition. "Human dignity" refers to the sacredness or value of each person as an end, not simply as a mean to the fulfillment of others' purposes or even majority prescription.

The General Principles in Section 2 seek to clarify the spirit of *kyosei* and "human dignity," while the specific Stakeholder Principles in Section 3 are concerned with their practical application.

In its language and form, the document owes a substantial debt to The Minnesota Principles, a statement of business behavior developed by the Minnesota Center for Corporate Responsibility. The Center hosted and chaired the drafting committee, which included Japanese, European, and United States representatives.

Business behavior can affect relationships among nations and the prosperity and well-being of us all. Business is often the first contact between nations and, by the way in which it causes social and economic changes, has a significant impact on the level of fear or confidence felt by people worldwide. Members of the Caux Round Table place their first emphasis on putting one's own house in order, and on seeking to establish what is right rather than who is right.

The Business Charter for Sustainable Development

There are 16 principles that make up ICC's Business Charter for Sustainable Development. They provide businesses worldwide with a basis for sound environmental management.

ICC's Rules on Extortion and Bribery in International Business Transactions 1977 (Revised 1999)

MULTI-STAKEHOLDER INITIATIVES

Sustainability Reporting Guidelines 2002

The Global Reporting Initiative (GRI) is a long-term, multi-stakeholder, international process whose mission is to develop and disseminate globally applicable Sustainability Reporting Guidelines ("Guidelines"). These Guidelines are for voluntary use by organisations for reporting on the economic, environmental, and social dimensions of their activities, products, and services. The aim of the Guidelines is to assist reporting organisations and their stakeholders in articulating and understanding contributions of the reporting organisations to sustainable development.

Since publication of the first Guidelines in June 2000, the trends that catalysed the formation of GRI have continued unabated and, in most cases, have intensified. The issues - globalisation and corporate governance, accountability, and citizenship - have now moved to the mainstream of policy and management debates in many organisations and the countries in which they operate. The turbulent first years of the 21st century underscore the reason for GRI's rapid expansion: higher standards of accountability and increasing dependence on wide-ranging external multi-stakeholder networks will form a significant part of the fabric of organisational practice in the years to come.

Support for creating a new, generally accepted disclosure framework for sustainability reporting continues to grow among business, civil society, government, and labour stakeholders. GRI's rapid evolution in just a few years from a bold vision to a new permanent global institution reflects the imperative and the value that various constituencies assign to such a disclosure framework. The GRI process, rooted in inclusiveness, transparency, neutrality, and continual enhancement, has enabled GRI to give concrete expression to accountability.

The 'Equator Principles'

An industry approach for financial institutions in determining, assessing and managing environmental & social risk in project financing.

THE ETHICAL TRADING INITIATIVES (ETI)

Revised Draft Reporting Guidelines Extractive Industries Transparency Initiative 23 May 2003

These guidelines are offered to those considering new approaches to promote transparency in the extractive industries. They seek to balance the objective of establishing consistent approaches to reporting under the Extractive Industries Transparency Initiative (EITI) with the need to reflect country-specific situations and requirements.

These Reporting Guidelines have been developed to guide Host Governments and Companies in completing the Reporting Templates to be submitted to an independent third party. Where possible, the Reporting Guidelines aim to coincide with and build on existing reporting structures and norms.

The overall process for reporting envisages:

- Reporting by Host Governments in line with a standard Government Reporting Template;
- Reporting by Companies in line with a standard Company Reporting Template; and
- The aggregation and analysis of data disclosed in Host Government and Company Reporting Templates by an independent third party.

We will continue to work through a multi-stakeholder process to develop, test and revise these guidelines.

This revised draft is based on the Reporting Guidelines dated 16 April, discussion on them at a technical meeting of stakeholders on 12 May and subsequent drafting comments.

OTHER INITIATIVES

THE CLARKSON PRINCIPLES OF STAKEHOLDER MANAGEMENT

AN INTERFAITH DECLARATION 1993 (a code of ethics on international business for Christians, Muslims and Jews)

THE TASK FORCE ON THE CHURCHES AND CORPORATE RESPONSIBILITY PRINCIPLES FOR GLOBAL CORPORATE RESPONSIBILITY 1995 (REVISED 1998)

First to Know - Robust Internal Reporting Programs

TRACE, <http://www.traceinternational.org/>

International Business Leader Forum, <http://www.pwblf.org/>

ISIS Asset Management, <http://www.isisam.com/>

Three organizations have collaborated on this guidebook to provide information on the recent legal developments, voluntary initiatives, and emerging best practices in the areas of encouraging reporting, making disclosures and protecting staff who are prepared to speak up when malpractice occurs within a company. The term "whistleblowing" has been avoided in this publication as it has developed negative connotations in some countries and is associated with the act of reporting to external authorities or media, without prior warning given to senior management. The systems advocated in this booklet are designed to ensure that suspicions, complaints and violations can be investigated internally so that problems may be resolved before authorities need to be involved.

↳ [Full article here](#)

Business & Human Rights Resource Centre: A free online tool for companies

Business & Human Rights Resource Centre



The **Business & Human Rights** Resource Centre is an independent non-profit organisation started by a group of former business people, human rights and environmental advocates, and academics. Our objective is to provide one-stop access to information about important social and environmental issues, and to promote respect for human rights. The Resource Centre's website (<http://www.business-humanrights.org/>) has become the leading international reference site on the subject, receiving over 1.5 million hits per month. The United Nations, International Labour Organization and various business organisations have, at their request, linked their websites to ours.

We operate in partnership with Amnesty International sections and leading academic institutions. Mary Robinson, former UN High Commissioner for Human Rights and President of Ireland, is Chair of our International Advisory Network. The Co-Chairs of our trustees are Chris Marsden OBE (former Head of Community Affairs at BP, now Chair of Amnesty International UK Business Group) and Ulf Karlberg (former Executive Vice President at AstraZeneca, Founding Chair of Amnesty International Sweden Business Group).

For more information you can download our organisation profile below, or visit our website at <http://www.business-humanrights.org/>

↳ [Full article here](#)

Corporate Code of Conduct Bill 2000

A Bill for an Act to impose standards on the conduct of Australian corporations which undertake business activities in other countries, and for related purposes

Objects of Act

1. The objects of this Act are:
 - a. to impose environmental, employment, health and safety and human rights standards on the conduct of Australian corporations or related corporations which employ more than 100 persons in a foreign country; and
 - b. to require such corporations to report on their compliance with the standards imposed by this Act; and
 - c. to provide for the enforcement of those standards.
2. To avoid doubt, a body corporate to which this Act applies is not required to take any action to meet the requirements of this Act in respect of its operations in a foreign country that it would not be required to take in respect of its operations in Australia.

[↪ Full article here](#)

Corporate Code of Conduct Bill 2004 - Exposure Draft

This bill continues to pursue the policy objective of the Australian Democrats Corporate Code of Conduct Bill 2000, of setting a statutory framework for Australian corporations to operate responsibly overseas. This is an acknowledged difficult area of law. Comments directed to resolving the outstanding technical difficulties involved are welcome.

Objects of Act

The objects of this Act are:

- a. to impose environmental, employment, health and safety and human rights standards on the conduct of Australian corporations and their subsidiaries in respect of their operations outside of Australia; and
- b. to provide for the enforcement of the standards imposed by this Act; and
- c. to require large Australian corporations and their subsidiaries to report on their compliance with the standards imposed by this Act.

[↪ Full article here](#)

NGO's Working in the Oil, Gas, and Energy Sector

NGO's Working in the Oil, Gas, and Energy Sector

Marcos Orellana, Center for International Environmental Law (CIEL)

Sara Aminzadeh, Center for International Environmental Law (CIEL)

Introduction

This document provides a list of non-governmental organizations (NGOs), networks, partnerships, and campaigns that work on issues surrounding oil, gas, and energy. Some NGOs work on a specific project (e.g. Chad-Cameroon Pipeline), while others work on the broader issues surrounding oil and gas development. In this regard, NGOs typically focus on one or more of the economic, social and environmental dimensions of extractives and transport. Groups that work on economic issues focus primarily on the corporate responsibility and financial transparency of energy companies and car manufacturers, on the role of international financial institutions, or on the interplay between the two.

NGOs and networks that address the social issues of oil and gas extraction mostly focus on the human rights abuses of indigenous groups and other local communities in the Global South. Finally, groups that work on the upstream environmental effects of oil and gas extraction typically focus on biodiversity loss, habitat destruction, and pollution, while NGOs that work to address the downstream environmental effects of oil and gas development focus on climate change and renewable energy.

This document includes mostly NGOs working on upstream environmental impacts of oil, gas, and energy. Though an effort has been made to include a significant number of relevant groups and networks, the list is far from exhaustive.

This document identifies, briefly describes, and lists contact information for groups selected under the above-referenced framework. The list is organized alphabetically and divided into three sections: (1) "NGOs", (2) "Networks, Campaigns & Web Resources", and (3) "Industry-NGO Partnerships". Each description contains the name of the organization (in their respective native languages whenever possible), the country of headquarters, and website address, if available.

In addition, there is a description of the general mission of each group, often containing the actual mission statement. A description of each group's work relating to oil, gas, and energy highlights the methods of the organization, geographical focus, and specific projects worked on. There is also a list of recent relevant publications produced by the organization, or a listing of the database or library of texts and resources.

This list should be thought of as a guide and users should refer to each group's website for exact information.

[↪ Full article here](#)

IN THE SPOTLIGHT

The Libyan Petroleum Industry in the Twenty-First Century: The Upstream, Midstream and Downstream, Handbook

Mike Bunter, Geoconsulting

Waniss A. Otman, University of Aberdeen

Oil, Gas & Energy Law (OGEL) and **Alexander's Oil and Gas Connections**, the online publishers, are pleased to announce the coming publication of "*The Libyan Petroleum Industry in the twenty first century, the upstream, midstream and downstream Handbook*".

This comprehensive and authoritative manual to the Libyan petroleum industry has been written by Waness A Otman, a Libyan petroleum economist and member of the Libyan government Committee on Energy Strategy and by Michael A G Bunter, the English geologist and writer on petroleum licensing. The Handbook is expected to be five to six hundred pages in length and will contain much new technical, legal and financial material recently released to the authors by the Libyan government.

A forward to the Handbook has been written by Dr Shukri Ghanem, the Libyan Prime Minister. This important work comprises detailed information on the Libyan petroleum sector and on other commercial activity, much of which is newly in the public domain and which is not available elsewhere.

The Handbook, which is expected to be published by OGEL/Alexander's early in the new year, has a *Synopsis* which can be downloaded below.

[Full article here](#)

PROFESSIONAL NEWS, CONFERENCES

Events, Seminars & Conferences

CEPMLP

Transnational and Cross-Cultural Dispute Management in the Oil, Gas, Energy, Resources and Infrastructure Industries

28th February - 4th March 2005, Scotland, UK.

CEPMLP/Dundee is offering an interactive, practice-based high-level seminar on "*Managing Transnational Disputes*" from 28 February to 4 March 2005, in the five-star Old Course Hotel in St Andrews, Scotland, UK. The seminar will be directed by Thomas Waelde; there will be a select number of practitioners in dispute management - international arbitration, efficient corporate management of disputes, cross-cultural communication and negotiation, transnational

mediation and economic and risk analysis of dispute strategies.

The seminar is residential. It aims at transferring the practitioners' valuable and often rare and sometimes quasi "secret" trade secrets to the participants. It is geared to provide relevant expertise to government officials and corporate executives dealing with investment disputes and is suitable for senior officials, commercial law partners in international law firms and senior executives in starting to developing their own arbitration and mediation competence. Participation is limited and requires proof of the required prior experience.

Further information: <http://www.transnational-dispute-management.com/>; <http://www.gasandoil.com/ogel/>; <http://www.cepmlp.org/> or contact: m.r.mckinlay@dundee.ac.uk

CSR

Business action on human rights

October 26-27 2004, London

An interactive conference and discussion workshops to discuss and share best practices on human rights policy and action in multi-national companies

Day 1: Keynote speeches, debate and case studies on policy development

Day 2: Keynote speeches, practical workshops and case studies on policy implementation and measurement

More information at www.ethicalcorp.com/humanrights

Rocky Mountain Mineral Law Foundation Courses

Development Issues & Conflicts in Modern Gas and Oil Plays

November 4-5, 2004
Houston, Texas

Mining Law & Investment in Latin America

April 11-12, 2005
Lima, Peru

Oil & Gas Agreements: The Production & Marketing Phase

May 19-20, 2005
Santa Fe, New Mexico

More information about the courses can be found on the Rocky Mountain Mineral Law Foundation website at <http://www.rmmlf.org/>

Other

Contract Risk Management In Upstream Oil & Gas

October 26 - 27, 2004. Kuala Lumpur, Malaysia

More information at the [conference website](#).

E&P Boundary Disputes and Unitisation

November 24 - 25 2004, Kuala Lumpur, Malaysia

More information via the [conference website](#).

The 11th Geneva Global Arbitration Forum

1-2 December 2004

More information: Werner & Associates, wernerp@iprolink.ch

Commercial Strategies for Marginal Assets

January 24 - 25 2005, Houston Texas

More information at the [conference website](#).

Selected Relevant News available from Alexander's Oil and Gas Connections

Europe

- **Russia and France to resolve dispute over Kharyaginsky deposit**
Russia and France have agreed to conclude an amicable agreement to resolve the dispute over the Kharyaginsky oil field (Nenets autonomous area), Nicolas Sarkozy, the French minister of economics, finance and industry, told.
"Khristenko and myself have agreed that the sides will find a more acceptable amicable agreement on the Kharyaginsky deposit than the ruling of the Arbitration Court," the minister said.
- **New plans to encourage UK renewable energy**
New moves to encourage further investment in renewable energy were outlined by UK Energy Minister Stephen Timms. The proposals -- published in the consultation document "Renewables Obligation Order 2005" -- will strengthen the development of electricity generation capacity using renewable energy sources in the UK.
- **New EU accession countries expected to invest in electric power**
The large majority of future investment and growth in the European electric power industry is likely to take place in the new European Union (EU) Accession countries because they offer the highest investment potential based on growing demand and meaningful market liberalization, according to an analysis by energy industry consultancy London Economics International (LEI).
- **Norway to stop toxic emissions to sea on Norwegian Shelf**
The Norwegian oil industry will stop all emissions of toxic substances to sea on the Norwegian Shelf. This will be achieved in cooperation with the Norwegian Pollution Control Authority (SFT), and the plan was presented at the North Sea Oil Exhibition in Stavanger. The emissions to sea of chemicals from the oil industry are enormous: Last year alone,

130,000 tons were let directly into the sea, much of this was toxic waste. However, the use of chemicals has been reduced ...

- **Romania to take dispute over Ukraine oil to world court**
Romania said it would take a dispute with Ukraine over oil and natural gas exploration rights in the Black Sea to the World Court, officials said. Romanian Foreign Minister Mircea Geoana notified Ukrainian Ambassador Teofil Bauer of the suit, according to a statement from the Foreign Ministry. Romania also demanded Ukraine stop the construction of a shipping channel in the Danube Delta, the same day Ukraine officially inaugurated works on the project, the statement said.
- **New era dawning for North Sea oil and gas industry**
The North Sea oil and gas industry has entered an interesting time. Production has been in decline since the high point of 1999. The super-majors, companies like BP and Shell, who funded the expansionist exploration and production (E&P) opening phase of the North Sea have now moved their E&P investment on to other regions. Half of the world's oil and gas, some 32 bn boe, are gone, according to figures from the Department of Trade and Industry.
- **Putin seeks support for Trans-Thrace pipeline in Turkey**
- **UK urges World Bank to review lending for oil and gas projects**
- **UK energy: The dash to gas increases exposure to imports**
- **UK's waning oil output will widen trade deficit**
- **Slovenia ready for energy cooperation with Iran**
- **Iran and Turkey go ahead with gas talks**
- **Norway initiates plan for responsible gas management**
- **EU threatens legal action against Greek gas emissions**
- **Bulgaria hopes Russia will join oil pipeline project to Greece**
- **Iran and Hungary to expand electricity cooperation**
- **Iran and Norway sign MoU on oil and gas cooperation**
- **EU to participate in developing Shtokmanskoye deposit**
- **IEA warns Europe of dependence on Russia for natural gas**
- **Council approves regulation on access to gas transmission networks**
- **EU states to avoid unilateral oil tax cuts**
- **Russia and EU to study integration of energy systems by 2006**
- **EU to boost investment in renewable energy**
- **EU interested in boosting energy cooperation with Iran**
- **Finland interested in building gas pipeline along Baltic seabed**
- **EU withdraws energy chapter in proposed European constitution**

- EU seeks closer energy ties with Syria
- Ireland's greenhouse gas emissions highest in EU
- Norway introduces new tax measures for the oil sector
- Turkey to build two oil pipelines to scale down tanker traffic

Middle East

- **Oil producers nervous about speculation**
Oil producers in general, both OPEC and non-OPEC members, are a little nervous about oil price speculation these days. "Psychologically, producers know that the current prices do not essentially indicate the actual oil market scenario, as prices are highly influenced by undue speculation," oil market onlookers in Oman opine. They were responding to the decision taken by OPEC at its 132nd meeting convened in Vienna on September 15, 2004.
- **Liberalizing Iran's investment climate constrained by political tensions**
Progress on liberalizing Iran's investment climate for oil companies is constrained by internal political tensions between liberals and hardliners. The current parliament is dominated by hardliners at the same time as the country's oil ministry seeks to attract foreign investment. Mirmoezi said; "It's unclear if the new parliament will support" moves by the ministry to improve investment terms, due to be discussed as part of the country's new budget that takes effect ...
- **Iran believes oil market is oversupplied by 3 mm bpd**
The oil market is oversupplied by 3 mm bpd, Iranian Oil Minister Bijan Namdar Zanganeh said on the eve of an OPEC meeting. "There is an oversupply in the market of 3 mm barrels" a day, the minister told. Zanganeh said high oil prices were therefore not the result of a shortage in the market, and blamed political tensions and unrest, particularly in the Middle East, for the price spike.
- **Iran needs more oil and gas contracts**
Despite Iran's abundant oil and gas supplies and the necessity for their speedy development, only nineteen contracts have been signed in this regard during the past nine years. The statistics released by the Ministry of Finance and Economic Affairs indicate that from 1374 (started March 20, 1995) until early 1383 (starting March 20, 2004), Iran has been able to sign only nineteen buyback oil and gas contracts however, Iran's total undertaking in this regard has been ...
- **Saudi Arabia is against \$ 40 price level for oil**
Saudi Arabia said that OPEC is against a \$ 40 price tag on oil, but admitted there was little the 11-member cartel could do to reduce it as other players are involved. "We do not support this price and OPEC does not want this price," Saudi Oil Minister Ali al-Naimi told, referring to the current price of oil, which is skirting at between \$ 40 and \$ 45 per barrel. He said OPEC was doing what it could to take

the heat out of oil prices after they rocketed in recent months ...

- **Armenia and Iran sign credit agreement for pipeline construction**
Armenia and Iran signed a \$ 30 mm credit agreement to finance the construction of the Armenian section of the Iran-Armenia gas pipeline. Energy is an important sector in cooperation between the two countries, which have already gained a wealth of experience in cooperation in this sphere, Armenian President Robert Kocharian said following the signing of the agreement.
- **China aims for stronger energy ties with GCC**
- **Saudi Arabia and China to hold regular consultations**
- **Iran and Thailand to bolster oil cooperation**
- **Turkmenistan, Oman and Canada to increase oil and gas cooperation**
- **OPEC reports on carbon capture and storage, CO2 and gas flaring reduction**
- **Russia to cooperate with Iran in fuel-and-energy area**
- **Iran and Venezuela discuss oil cooperation**
- **Philippines and Iran to boost oil and petroleum trade**
- **India to sign framework pact with GCC**
- **Petroleum Higher Council of Kuwait approves north oil fields project**
- **Iran and China to strengthen economic ties**
- **Japan rejects US call to pull out of Iranian oil project**
- **OPEC believes it is able to meet global crude oil demand**
- **Arab oil projects still rely on international finance**
- **Arab countries need \$ 63.5 bn to finance oil and gas investment**
- **Iran to invest \$ 100 bn in oil, gas and petrochemical sectors**
- **US threatens to boycott Turkish companies cooperating with Iran**
- **Slovenia ready for energy cooperation with Iran**
- **Energy transfer network from Iran to Asia is a necessity**
- **Iran opposed to production sharing in oil development**
- **Kuwait and South Korea discuss energy cooperation**
- **Syria and China sign cooperation agreements**
- **Iran and Norway sign MoU on oil and gas cooperation**
- **Iran and Brazil sign deal on petrochemical cooperation**
- **Syrian parliament seeks to ban US oil companies**
- **Iran modifies oil laws to encourage participation of foreign firms**
- **Iran and Hungary to expand electricity cooperation**
- **Iraq and the hidden euro-dollar wars**
- **UAE and Oman sign agreement on electricity grid**
- **Syria and Russia sign memo of understanding**
- **US opposes Kazakhstan-Iran oil pipeline plan**
- **Qatar believes formation of LNG cartel is unlikely**
- **Zanganeh puts emphasis on global energy security**

Central Asia

- **Azeri president approves state oil fund budget**
President Ilham Aliyev has approved the budget of the Azerbaijan State Oil Fund for 2003. The fund's revenues last year made up 1.82 tn manats (\$ 370 mm), while expenses 1.18 tn manats (\$ 240 mm). Thus, the profits made up 640 tn manats (\$ 130 mm). Most of the organization's revenues -- 869 bn manats (\$ 176 mm, or 47.8 %), were made up by profit oil produced under the Azeri-Chirac-Guneshli (ACG) project. Some 608 bn manats (\$ 124 mm, or 33.4 %) were contributed ...
- **Turkmenistan, Oman and Canada to increase oil and gas cooperation**
Turkmenistani President Saparmurat Niyazov, Omani Minister Responsible for Foreign Affairs Yusuf bin Abdallah bin Alawi, and former Canadian Prime Minister Jean Chretien, who is currently the head of Bennett Jones, have met in Astana to discuss increasing cooperation in the oil and gas sphere. The delegation also included senior management from the companies Buried Hill Energy and Petroleum Pipe Group (Britain), a source in the Turkmenistani government told.
- **Japan seeks greater influence in Central Asia**
The new framework for dialogue between the foreign ministers of five Central Asian countries and Japan, launched in the Kazakh capital, is designed to secure a greater voice for Japan in the region by promoting pro-Japanese sentiment in this strategically vital area. In particular, the move could give Japan a way to counter Chinese and Russian clout in Eurasia. The meeting at a hotel in Astana was attended by Foreign Minister Yoriko Kawaguchi ...
- **Azerbaijan and Russia expand cooperation**
As the minister of fuel and power of Azerbaijan Republic, Majid Karimov, said in Moscow where takes part the international exhibition forum: "Fuel, energy and sources of raw materials-2004 ", Azerbaijan actively integrates into world economic community, cooperating with many large countries of the world, including in oil-and-gas sphere, electric power industry. Alongside with it, Azerbaijan expands and deepens cooperation and interaction with the neighbouring states ...
- **New plan approved for Turkmen natural gas exports to Ukraine**
Turkmen President Saparmurat Niyazov approved a new plan for Turkmen natural gas exports to Ukraine. Niyazov issued his approval during a meeting with Yury Boiko, the CEO of the Ukrainian national oil and gas company Naftogaz Ukrayiny. "A satisfactory plan for cooperation and accurate fulfilment by both parties of their commitments" were stressed at the meeting, it was said. Niyazov and Boiko had also discussed "aspects of further strategic cooperation" ...

- **The North Caspian PSA: Kashagan's development**
Speaking as an industry analyst about the development of the North Caspian Production-Sharing Agreement's (PSAs) Kashagan field has clear drawbacks. It doesn't give you the insider's perspective. Often it is left to analysts to interpret difficult subjects that insiders would rather not discuss in public. Progress on the Kashagan field is one of these difficult subjects.
- **Passions around Kazakhstan's petroleum pie**
A paradoxical situation is being formed in our country around the taxation in the oil industry. Kazakhstan that receives but miserable amounts from the development of its oil fields returns the value added taxes to big subsurface users, which means huge amounts lost. It concerns mainly the companies operating on the basis of Production Sharing Agreements (PSA). The national treasure returned 4 bn tenge to Karachaganak Petroleum Operating last year ...
- **Kazakhstan and China create pipeline joint venture**
- **The losing side of the Kazakhstan oil boom**
- **Pakistan and Azerbaijan to expand cooperation in oil and gas sector**
- **Kazakh parliament postpones oil law amendment ruling**
- **Caspian Sea in danger of turning into environmental dead zone**
- **Is NATO taken in by Washington?**
- **New Kazakh civic coalition to ensure greater transparency in oil sector**
- **Kazakhstan wants to secure multiple oil transportation routes**
- **Oil strategy implementation of Azerbaijan to attract \$ 60 bn investments**
- **Azerbaijan prepares drafted oil strategy**
- **China and Kazakhstan sign oil and natural gas cooperation deal**

CIS/Russia

- **Iran and Kyrgyzstan review energy cooperation**
Tehran and Bishkek reviewed ways of transmitting electricity from this Central Asian country to Iran. Kyrgyz First Deputy Prime Minister Kubanychbek and Managing Director of Sanir company of Iran Ahmad Kadkhodaei, in a meeting, discussed Iran's cooperation in generating electricity in Kyrgyzstan and its transmission to the regional countries including Iran.
- **Putin searches for middle path between Soviet system and free market**
President Vladimir Putin is amassing a level of power not seen since the days of the Soviet Union or the Tsars as he seeks to convince western business that Russia remains a viable place to invest. The decision to merge the last state oil company with gas giant Gazprom, coupled with plans to tighten his grip on the appointment of regional governors, means he exerts wide control over the country's economic and political policy.

- **Russia and France to resolve dispute over Kharyaginsky deposit**
Russia and France have agreed to conclude an amicable agreement to resolve the dispute over the Kharyaginsky oil field (Nenets autonomous area), Nicolas Sarkozy, the French minister of economics, finance and industry, told. "Khristenko and myself have agreed that the sides will find a more acceptable amicable agreement on the Kharyaginsky deposit than the ruling of the Arbitration Court," the minister said.
- **The making of a tragedy**
When the Soviet Union disintegrated amid the confusion of the anti-Gorbachev coup in 1991, some territories in its southern regions made successful bids for independence, among them Armenia and Georgia in the Transcaucasus, and Kazakhstan and Uzbekistan in central Asia. Most were latecomers to the Russian fold, being Tsarist conquests of the 19th century. For the inheritors of the defunct Soviet empire their independence was deeply unwelcome ...
- **Chechen government brings oil sector under control**
The funds raised from sale of Chechen energy resources will be fully contributed to the Chechen economy. Chechnya will restore its oil processing industry and continue the sale of its crude oil, the press service of the Chechen president told. Negotiations to this effect have been going on with the Russian government. All the problems connected with a change in the activities of the Chechen oil sector will be settled in a few weeks' time.
- **Russia and Korea agree on partnership in the area of gas industry**
On September 14, 2004, consultations were held on the Draft Agreement between the Government of the Russian Federation and the Government of the Republic of Korea on partnership in the area of gas industry with participation of the Russian and the Korean parties at the Ministry of Energy of Russia. The Russian party was represented by officials of the Ministry of Industry and Energy and Gazprom.
- **Armenia and Iran sign credit agreement for pipeline construction**
- **Russia wants to eliminate oil company tax breaks**
- **Russia to cooperate with Iran in fuel-and-energy area**
- **Russia unveils pipeline development plans to France and Germany**
- **Azerbaijan and Russia expand cooperation**
- **Russia and Ukraine settle oil and gas issues**
- **India and Russia to undertake research on gas hydrates**
- **Russian parliament to consider bill on VAT reimbursements**
- **Sakhalin negotiates oil contracts with Japan, China, and South Korea**
- **Ukraine confirms interest in Eurasian oil-transport corridor development**
- **Russia reports on electricity industry reform**
- **Russian state should continue to control backbone oil pipelines**

- **Russian oil industry's risks are growing**
- **Russian taxes in oil and gas sector should be optimised**
- **Ukraine to enforce measures to ensure lawful use of natural deposits**
- **Russia plays its energy card**
- **Russia and Ukraine sign draft protocol for gas transit**
- **Tokyo wants long-term Russian-Japanese energy cooperation program**
- **Russia is one of the key players in the global energy market**
- **EU to participate in developing Shtokmanskoye deposit**
- **China and Uzbekistan cement cooperation**
- **Russia favours Iranian route for crude exports**
- **Acquisition of western energy grids is possible for Russia**
- **Iran and Ukraine to boost oil and gas cooperation**
- **Russian lawmakers approve fiscal watchdog bill**
- **Russia and EU to study integration of energy systems by 2006**
- **China and Uzbekistan to sign energy cooperation document**
- **Australia interested in cooperation with Sakhalin**
- **China and Russia discuss regional trade and economic cooperation**
- **Russian ministry to devise system to regulate oil exports**

East & Southeast Asia

- **China explores ways of easing dependence on oil imports**
China, the world's second-largest consumer of oil after the United States, is ever more hungry for energy. Its economic boom is the driving force, as more of China's 1.3 bn people buy cars and home appliances for the first time. China's leaders, concerned by growing dependence on imported oil, are looking at ways to switch to alternative sources of energy. In the past decade, China has gone from being a net exporter of oil to a major importer.
- **China's push for offshore oil offers chance for joint deals**
As China's energy demand and oil import bill soar and its other domestic sources run dry, it is increasingly casting its eye offshore -- to disputed areas in the South and East China seas. This has raised tension. But it has also created the opportunity for joint development, which could build confidence and improve relations in the region. The recent flurry of activity concerning the contested Spratly Islands brought an abrupt end ...
- **ADB expects big surge in Malaysia's oil and gas sector**
The Asian Development Bank (ADB), which has revised upwards Malaysia's growth forecast for this year and next year, sees the oil and gas sector figuring prominently in attracting foreign direct investment (FDI). Medium-term strong regional demand for energy and the expectation of sustained high petroleum prices could offer Malaysia economic

opportunities. "Consequently, energy production is predicted to be a pillar of the Malaysian economy and a focus of new FDI," ADB said ...

- **New centre to study Singapore's oil industry issues**
Singapore's efforts to be a global leader in the oil, gas and offshore engineering industry received a boost with the launch of the centre for offshore research and engineering (CORE). Backed by the Economic Development Board (EDB) and the National University of Singapore (NUS) faculty of engineering, the centre will be based in NUS, and will work closely with the oil and gas industry to address their technology needs and train research engineers.
- **China and Brunei to cooperate more in oil exploitation**
China will encourage domestic companies to take an active part in oil and gas exploitation in resource-rich Brunei, China's top legislator said. Wu Bangguo, chairman of the National People's Congress (NPC) Standing Committee, said China expects to strengthen cooperation in trade and investment with Brunei -- especially in the field of oil and gas exploitation and infrastructure construction -- while meeting with Sultan of Brunei Haji Hassanal Bolkiah.
- **China willing to promote energy cooperation with Russia**
China is willing to cooperation with Russia in oil production and building nuclear power plants, said Chinese Premier Wen Jiabao prior to his visit to Russia. He said that it was in the interests of both China and Russia to boost oil and gas cooperation. The leaders of both sides have reached consensus and have worked hard to develop a plan for the oil pipeline from Russia's Angarsk to China's Daqing.
- **China encourages foreign oil investment**
- **Asia's energy demand poised to grow as much as 3 %**
- **South Korea to secure oil agreement with Kazakhstan**
- **Thailand to seek cooperation from China on land bridge project**
- **India to host meeting of Asian oil buyers and Middle East sellers**
- **Russia and Korea agree on partnership in the area of gas industry**
- **Asia contemplates renewable energy**
- **EU deputies urge Australia to respect East Timor rights in oil row**
- **Australia and Mexico to sign energy pact in November**
- **Western Australia welcomes plans for gas economy strategy**
- **China, Venezuela and Colombia try to resolve shipping over Pacific Ocean**
- **China to have 140 mm cars by 2020**
- **China and Philippines to study potential oil deposits in South China Sea**
- **India favours creation of two giant energy firms**
- **Activists continue to oppose Thai-Malaysian gas pipeline**

- **India needs an energy vision document**
- **India to sign framework pact with GCC**
- **Iran and China to strengthen economic ties**
- **Vietnam prepares major energy investment plans to 2020**
- **Australia has no real plan to deal with dependence on imported oil**
- **Will Sino-Burma pipeline project free China from the Malacca Strait?**
- **Bangladeshi government to lose monopoly of gas distribution**
- **Controlling China's energy demand**
- **China and Iran to bolster economic ties**
- **Asian countries want an energy organization**
- **China's crude oil import to hit 110 mm tons**
- **Indian panel to set up single upstream oil major**
- **Kazakhstan and China create pipeline joint venture**
- **Five factors crucial to China's oil supply development**
- **Gas and oil rivalry in the East China Sea**
- **Energy transfer network from Iran to Asia is a necessity**
- **ADB supports natural gas sector development in Bangladesh**
- **Chinese scholars propose way to reduce dependence on Malaccan Strait**
- **Kuwait and South Korea discuss energy cooperation**
- **Japan to revise exhaust gas regulations**
- **Thailand puts limits on sulphur content in oil**
- **Malaysia and Brunei to resolve issues in win-win situation**
- **China's oil strategy is not conflicting with US interest**
- **Energy needs fuel tensions in East and South China seas**
- **China urgently needs compensation mechanism for ocean pollution**
- **Energy saving to top Chinese government's agenda**
- **Syria and China sign cooperation agreements**
- **Dollar binds Asian economies to US**
- **Korean petrochemical industry concerned about free trade agreements**
- **South Africa and China sign seven deals**
- **China to fully open up natural gas industry**
- **China and Vietnam ratify sea border agreement**
- **Tokyo wants long-term Russian-Japanese energy cooperation program**
- **Asian countries vow to make efforts to attain energy security**
- **China makes ecology a priority**
- **China to further open oil and natural gas exploration to foreign firms**
- **Asian national companies should work together to meet energy needs**
- **Asia must speed up economic liberalization to woo energy investment**
- **China and Uzbekistan cement cooperation**
- **APEC vows to boost sea-lane security**
- **ASEAN, China, Japan and South Korea to forge closer energy partnership**
- **Pakistan assures security for Iran-Pakistan-India gas pipeline**

- **Natural gas deal may link Iran, India and Burma**
- **US wants India to fulfil own energy demand to ensure own interest**
- **India to evolve policy on energy security**
- **Bangladesh sets conditions for gas pipeline transit**
- **Asia's energy opportunity**
- **US signs agreement with China for energy policy dialogue**
- **Asian nations agree to strengthen cooperation for oil supply security**
- **Report finds Australia responsible for hindering East Timor independence**

Africa

- **Egypt to play greater role in EU's oil and gas market**
The European Union (EU) is consolidating its role as a major oil and gas customer in North Africa. In particular Egypt's vast gas resources are catching the EU's attention. A visit to Egypt by the EU Commissioner in charge of energy is to "boost transport and energy cooperation across the Mediterranean."
- **Ghana and Equatorial Guinea sign crude oil supply deal**
Ghana and Equatorial Guinea have reached an agreement under which it has agreed to supply crude oil to Ghana and in return receive refined petroleum products. The agreement is part of a comprehensive plan to make Ghana the nerve centre and strategic net exporter of power in Africa. Dr Kwesi Nduom said in Accra, while giving update on the energy situation and the West African Gas Pipeline Project. He said he technical details of the arrangements were being worked out ...
- **Libya thinks use of force to ensure oil supplies is counterproductive**
The use of force by the world's great powers to secure oil supplies is counterproductive because it encourages global terrorism, Libya's Prime Minister said. Speaking at a meeting on the oil industry organised by OPEC, Shukri Ghanem said most of the members of the cartel were made less stable by the actions of the big powers.
- **DPR to sanction oil firms over pollution of Lagos lagoon**
Any oil marketing firm at Apapa, Lagos found to be polluting the lagoon may henceforth have its operating licence seized, the Department of Petroleum Resources (DPR) has threatened. Besides, the depots and other facilities owned by the firms and their independent counterparts at Apapa as well as their selling outlets may be closed down for violating the operating guidelines. The DPR Director Mr Mac Ofurhie issued the threat in Lagos at the 2004 edition of the yearly meeting ...
- **Libya approves financing of oil exploration and infrastructure project**
The Libyan government has approved \$ 2.6 bn in financing for oil exploration and infrastructure projects, an official said.

Two projects cover prospecting in the Marzuq Desert, in south-western Libya, near the Niger and Algerian borders. The others deal with improving the network of gas pipelines and the development of several oil fields. Libya is aiming to double its oil production to 3 mm bpd by 2010, Prime Minister Shoukri Ghanem has said.

- **Algeria, an important country for world energy market**
"Algeria is important to world energy markets because it is a significant oil and gas producer and exporter," US Department of Energy (DOE) indicated in a study mapped out on every OPEC member country. In an exhaustive report it worked out on the political and economic aspects of the country, Spencer Abraham Department underscored the economic situation in Algeria "which witnessed a significant growth" through "a rise in exchange, a positive growth rate ..."
- **Angola legalizes deal for joint oil exploration with Congo**
- **Banks to finance construction of private oil refinery in Nigeria**
- **Oil and human rights abuses in Sudan**
- **Africa's energy needs to integrate**
- **Nigeria and Angola expected to strike deal on local content**
- **The role of oil workers and their unions in ensuring transparency**
- **Tanzania and World Bank devise ways for natural gas exploration**
- **The fires that burn too brightly in Nigeria**
- **US military commander and senator to visit Gabon and Sao Tome**
- **ADB provides Nigeria with grant for oil-rich Niger Delta**
- **India seeks cooperation with Nigeria on oil and gas sector**
- **Nigeria and Sao Tome commit to transparency on joint development zone**
- **Nigeria to introduce gas sector policy**
- **Nigeria and thirteen other nations form gas cartel**
- **Nigeria creates conducive environment for increase in oil production**
- **The boom that only oils the wheels of corruption in Equatorial Guinea**
- **Nigeria plans pipeline network to replace FPSOs**
- **Nigeria still is highest gas flaring country in the world**
- **Nigeria seeks to regulate activities of oil sector**
- **USA/Africa: Oil and transparency**
- **Nigeria to check abuse of expatriate quota in oil industry**
- **West African nations critical to US energy security**
- **Trans-Sahara gas pipeline project to take off soon**
- **The connection between energy, poverty and environmental degradation**
- **Oil monopolies commissioner sends letter to all Kenyan oil firms**
- **Nigerian government blamed of dishonesty over oil sector deregulation**
- **South Africa and China sign seven deals**

- **Nigeria and Sao Tome sign joint transparency declaration**
- **Nigeria cancels discretionary allocation of oil blocks**
- **Madagascar opens new round of offshore oil exploration licenses**
- **Algeria and Nigeria to boost cooperation**
- **UNDP helps Sao Tome to prepare for oil watchdog role**
- **Angola to join in oil payment transparency movement**

Latin America

- **Brazil sees healthy bidding in sixth annual oil auction**
Healthy bidding by foreign and local companies marked the first day of Brazil's sixth annual auction of oil exploration and production licenses despite an initial legal snag and protests outside. Although state oil giant Petrobras dominated the buying as usual both alone and in consortia, foreign companies were much more active than last year because some blocks offered are seen holding better promise and because of an extension of tax breaks. Out of 412 concessions offered ... [see also the OGEL article *'Brazil's 6th bidding round for oil and natural gas exploration and production activities - Results and the Ideological Debate'* in this issue]
- **Bolivia seeks support from Brazil and Spain for new hydrocarbons law**
Bolivia will seek support from Brazil and Spain in enacting a new law on hydrocarbons that is currently debated in the country's Congress, Bolivian Foreign Minister Juan Siles said. Siles said that Bolivian President Carlos Mesa will try to obtain support from his Brazilian counterpart Luis Inacio Lula da Silva and Spanish counterpart Jose Luis Rodriguez Zapatero during the meeting of the Organization of American States (OAS) in the United States.
- **IDB keen on further power financing in Brazil**
The Inter-American Development Bank (IDB) is ready to finance all power projects in Brazil from \$ 100 mm upwards and that meet its lending criteria to avoid power shortages while the country implements a new power sector system, Leandro Alves, investment officer at the bank's private sector department, told. Total financing could be as high as \$ 1.1 bn. "We don't have a limit for lending to Brazil [private sector as a whole] or to Brazil's power sector," he said.
- **Peru's Camisea project unearths some 1,000 archaeological sites**
While workers at Peru's huge Camisea energy project were busy laying the high-tech gas pipeline from the southern jungle to Lima earlier this year, archaeologists in the area were marvelling at something a little less state-of-the-art: ceramics. The construction of the 454-mile pipeline through the jungle and over the Andes to the coast has unearthed some 1,000 archaeological sites from a range of civilizations across Peru that trace 9,000 years of history ...

- **Oil and human rights abuses and... is there oil in Haiti?**
"Ten years from now, 20 years from now, you will see, oil will bring us ruin. It's the devil's excrement. We are drowning in the devil's excrement." -- Juan Pablo Perez Alfonso, former Venezuelan oil minister and a founder of the Organization of Petroleum Exporting Countries (OPEC), speaking in the early 1970s.
- **World energy crisis... the Venezuelan context**
University of Los Andes (ULA) professor Franz J. T. Lee writes: Do we really have a "World Energy Crisis"? Is there a global, historical connection between this "crisis" and the dramatic social events in Venezuela? And why is Latin America a revolutionary time-bomb? Already on June 12, 2000, in an article: "The Unnecessary Energy Crisis: How to Solve It Quickly", T.E. Bearden ...
- **Australia and Mexico to sign energy pact in November**
- **Bolivia heads for clash with companies on new oil and gas law**
- **ANP begins preparation for next licensing round in Brazil**
- **China, Venezuela and Colombia try to resolve shipping over Pacific Ocean**
- **Peru and Bolivia set up joint commission to export Bolivian natural gas**
- **Iran and Venezuela discuss oil cooperation**
- **Brazil to offer Ecuador strategic alliance**
- **Nature reserve in Peru imperilled by new gas plant**
- **Business is apprehensive of Bolivian gas law**
- **Venezuelan minister guarantees dependable oil supplies to US**
- **The curse of wealth under the ground of Bolivia**
- **Jamaica looking for partners in oil exploration**
- **Breaking down new maritime security rules**
- **Mexico and Venezuela renew San Jose Accord**
- **Latin American countries and US eye Bolivian oil and gas reserves**
- **Bolivia's indigenous want a share of the oil and gas wealth**
- **Bolivian voters back president on gas industry nationalization**
- **Trinidad and Venezuela discuss energy project**
- **Colombia and Venezuela to sign natural gas supply accord**
- **Mercosur gains two oil supplying nations**
- **Bolivia establishes legal foundation for national hydrocarbons law**
- **Uruguay in energy crisis amidst potential abundance**
- **Bolivia calls for responsible nationalization of oil and gas industry**
- **Texas urges Mexico to get more practical in energy discussion**
- **Iran and Brazil sign deal on petrochemical cooperation**
- **IDB and CAF to grant loan for Peru's Camisea natural gas project**
- **Oil windfall and the Trinidad stabilisation fund**
- **Trinidad is spreading the power of oil and gas**

- Economists revise up their estimates for Mexican economy
- Argentina to extend restrictions on gas imports to Chile
- World Bank grants \$ 6.8 mm for Uruguayan energy program
- Energy ministers from Western Hemisphere end summit

North America

- **Eliminating US oil dependency through profitability**
Imagine a United States where the military protects the American citizens instead of foreign oil, while moving to eliminate oil as a source of conflict, and treats oil-rich countries the same as nations that don't own a drop. These are just some of the very real scenarios presented by "Winning the Oil Endgame: Innovation for Profits, Jobs, and Security," a Pentagon-co-funded blueprint for making the United States oil-free.
- **Massive oil and gas tax fraud action moves toward supreme court**
Allegations of 28 oil and gas companies in 6 Permian Basin counties cheated 14 governmental taxing entities out of millions of dollars in property taxes remain unsettled in the aftermath of an Amarillo appellate court's ruling. Plaintiffs and their attorneys were reserved when asked how much they think the companies shorted them, but what they revealed and the case's mountainous outline might indicate why everyone is so edgy.
- **Californian offshore oil platforms to face more rigid discharge rules**
Offshore oil and gas platforms in federal waters off the California coast will face more stringent environmental limits starting Dec. 1. The US Environmental Protection Agency approved a final discharge permit that limits the amount of pollutants that may be discharged into the ocean by oil and gas operations located four or more miles from the coast. The new National Pollution Discharge Elimination System permit will reduce the amount of oil and grease discharged by ...
- **Hawaii to pass 10 % ethanol mandate**
The state of Hawaii will require 85 % of gasoline to contain 10 % ethanol. Gov. Linda Lingle signed this mandate as a new administrative rule at the Kauai Chamber of Commerce. The rule requires ethanol to be mixed with gasoline starting April 2006 for a period of 10 years. If the addition of ethanol causes undue hardship, then oil companies can avail themselves of an exemption to the rule.
- **Are there hydrocarbons in the deep earth?**
In an era of rising oil and gas prices, the possibility that there are untapped reserves is enticing. Since the first US oil well hit pay dirt in 1859, commercially viable wells of oil and gas commonly have been drilled no deeper than 3 to 5 miles into Earth's crust.

- **Study concludes large-scale CO2 storage is safe**
A report at the international Greenhouse Gas Control Technologies Conference in Vancouver concludes that geological conditions in the Weyburn oil field in western Canada are favourable for long-term storage of carbon dioxide (CO2). The four-year, multidisciplinary study was conducted by the Petroleum Technology Research Centre (PTRC) in Regina under the auspices of the International Energy Agency Greenhouse Gas (IEA GHG) Research and Development Programme.

- US still slow on renewable energy
- Turkmenistan, Oman and Canada to increase oil and gas cooperation
- Ohio law to ease restrictions on oil and natural gas drilling
- Environmental group analyses US oil and gas leases
- Speculation drives up price of oil
- Venezuelan minister guarantees dependable oil supplies to US
- Running on empty: A field guide to the coming fuel crunch
- Clean fuel regulations aren't cause of high prices
- USA/Africa: Oil and transparency
- Breaking down new maritime security rules
- Study finds new supply sources needed to meet 2020 gas demand
- Economist warns legislators about need for better energy management
- Energy firms settle charges of marketplace manipulation
- US must act now on corruption allegations about Equatorial Guinea
- Oil and gas industries contributed more than \$ 67 mm to political campaigns
- Canada needs guidelines for transport of compressed natural gas
- US carbon dioxide emissions increase
- It's time for the United States to create a workable energy strategy
- US gas demand to grow 40 % by 2025
- US energy secretary calls for study on oil refineries
- Texas urges Mexico to get more practical in energy discussion
- Report questions US refinery emissions estimate
- White House passes vote on DOE's oil and gas research funding
- China's oil strategy is not conflicting with US interest
- US seeks pacts with Russia to raise natural gas exports
- US and Canada need major natural gas infrastructure investment
- US wants India to fulfil own energy demand to ensure own interest
- Why gas prices are too low
- Survey examines US public's response to high oil prices
- US and Norway to conduct joint energy research

- Oil and gas association takes up good neighbour initiatives
- Lawmakers hope that tax breaks will hold down gas prices

Features

- **Oil producers nervous about speculation**
Oil producers in general, both OPEC and non-OPEC members, are a little nervous about oil price speculation these days. "Psychologically, producers know that the current prices do not essentially indicate the actual oil market scenario, as prices are highly influenced by undue speculation," oil market onlookers in Oman opine. They were responding to the decision taken by OPEC at its 132nd meeting convened in Vienna on September 15, 2004.
- **BP says global gas demand will expand twice as fast as oil**
BP, the world's second-largest publicly traded oil company, said it expects global demand for natural gas to expand at about twice the rate of crude oil consumption in the next several years. Gas demand may rise 2.5 to 3 % a year through 2020, said Peter Hughes, vice president of strategy and portfolio at BP Gas, Power and Renewables, citing figures from the International Energy Agency. To meet that demand, as much as \$ 1.6 tn in investment will be needed ...
- **The world's most dangerous market**
the most dangerous, and yet compelling, for any contemporary speculator. After touching \$ 41,50 a barrel, benchmark New York sweet, light crude oil traded well above \$ 46 a barrel, smelling all time records of nearly \$ 50 a barrel attained in August. For the past month, everyone, including the OPEC cartel, has expressed the wish that crude oil prices retreat to the lower \$ 30's a barrel.
- **Sustainable energy is achievable, but not easy**
The 19th World Energy Congress wound up its five-day discussions on the key issues facing the world's energy, saying that sustainable energy systems people have hoped for are achievable. The congress encouraged all energy options open -- with "no technology should be idolized or demolished" so as to keep sustainable energy systems, a congress communique said. The congress themed on sustainability ...
- **How long will the world's oil last?**
When the modern oil industry was born 145 years ago in Titusville, Pennsylvania, few people worried about just how long petroleum would keep flowing out of the ground. But since production peaked in the United States in 1970, a growing number of geologists, economists and industry analysts have been pondering the question of just how long worldwide supplies will keep up with growing demand. And some are predicting that global production may peak as soon as next year.

- **Energy dependence on Middle East and Russia expected to grow**
Despite vaunted crude oil finds in Africa and Latin America, widespread pumping decreases will make global markets more dependent on the Middle East and Russia over the decade, a study found. Stout demand growth has whittled spare global oil capacity to its lowest point in 30 years, mostly due to China's thirst for fuel. But despite crude prices that flirted with \$ 50 a barrel in August, non-OPEC nations now pump as much as 8 bn barrels of oil more than they discover ...
- **World Bank undermines efforts on global warming**
- **Misconceptions dominate the oil debate**
- **The great oil party is coming to an end**
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