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Christian ethicists slam company in which churches have largest shareholding

As Shell faces a lawsuit in the Netherlands over alleged oil pollution in Nigeria, and a fresh challenge over plans to drill for billions of barrels of oil in the Arctic's environmentally sensitive frozen waters, a new report published today argues that the oil giant can and should take both prompt and longer-term action to reduce the negative social and environmental impacts of its operations in the Niger Delta.

The Church of England's largest shareholding, valued at £103 million, is in Shell. The Methodist Church also has a substantial investment worth millions.

The report, *Shell in the Niger Delta: A Framework for Change*, published by the church-based investor coalition and membership organisation, the Ecumenical Council for Corporate Responsibility (ECCR), considers how the operations of Shell's Nigerian subsidiary, the Shell Petroleum Development Company (SPDC), affect the human rights and living conditions of Niger Delta communities.

Based on case studies researched and written by five civil society organisations working in the Niger Delta, the report raises concerns about Shell's operations in relation to international social and environmental standards, pollution levels, the health and livelihoods of communities and the right of local people to a say in decisions which affect their lives.

The report notes a catalogue of effects including environmental insecurity, "all too frequent" oil spills with poorly executed clean-ups and unfair compensation, a devaluation of community opinion and culture, unequal and unjust revenue allocation, a series of unsuccessful community development initiatives and militarisation.

It follows an Amnesty International report last year which also said that the company was responsible for bringing impoverishment, conflict, human rights abuses and despair to the majority of the people in the oil-producing areas of the Niger Delta.

ECCR acknowledges that many of the problems in the Niger Delta are also the responsibility of the Nigerian government. But it argues that the report's ten concluding recommendations offer Shell and its operating subsidiary SPDC immediate confidence-building measures (quick wins) as well as longer-term ways to tackle some of the challenges they face.

"The case studies in our report identify opportunities for Shell to do things better in the Niger Delta," says ECCR Co-ordinator Miles Litvinoff, who edited the report. "After years of unresolved community tensions, Shell could reap benefits by making accountability to local people a higher priority."

Among the report's most urgent recommendations are an end to gas flaring, provision of sustainable drinking water for communities, action to replace ageing pipelines, and commencement of a major environmental audit and rehabilitation programme. Longer term, the report calls for continuous human rights training for Shell's Nigerian staff, greater respect for principles of open dialogue and community consent, independent monitoring and effective grievance mechanisms.

Senior Shell staff remuneration should be linked to progress on human rights and environmental challenges in the Delta, ECCR says.

Citing the increasingly recognised corporate duty to respect human rights by 'doing no harm', the report argues that Shell has both responsibility and opportunity to improve its operational practices in Nigeria.

The report comes just two weeks after the Church of England announced it had sold its shareholding in the mining company Vedanta after concerns about its unethical practices. It also comes at a time when the Church of England is attempting to 'green' its churches. The Methodist Church also announced in December it would 'green' its portfolio, but later said it **did not intend** to sell any of its shares in oil or mining companies.

The Church of England's two biggest investments, totalling in excess of £200 million, are in the oil companies Shell and BP. The Church also has a major investment in Exxon Mobil which was recently revealed as giving hundreds of thousands of pounds to lobby groups who have published "misleading and inaccurate information" apparently seeking to denigrate theories of climate change.