

Shell Shareholder Resolution: a background paper by Canon Christopher Hall

1. The fourth of the Five Marks/Strands of Mission agreed by Lambeth 1988 and ACC Cardiff 1990 reads: "to seek to transform unjust structures of society". [*By Word & Deed*, ed Colin Craston CHP 1992, p.46]

2. The Ecumenical Council for Corporate Responsibility was born out of an exchange between Industrial Missioners in the UK and a Christian Aid backed Trade Union from the Philippines. The latter said: 'The lives and livelihoods of our people are decided in your boardrooms.' ECCR thereafter developed a policy of research into the activities of, and positive engagement with, certain British-based transnational corporations, in conscious preference to a policy of hand-washing disinvestment.

3. At a day conference in Oxford in March 1994 hosted by ECCR, a Channel 4 documentary was screened showing the double standards of the oil industry between Britain and the Niger Delta in their concern, and lack of it, for the effects of their operations on local communities and the environment. This led ECCR's Oxford Group to ask a question at the 1994 Shell AGM, which in turn led to a meeting that autumn with Shell executives in London. In preparation the group was briefed at a seminar by academics, the documentary makers, Catholic mission partners, and representatives of the Ogoni people.

4. Further meetings at Shell Centre and AGM questions followed. ECCR felt that their legitimate concerns were being brushed off, and insufficient progress was being made. Following the 'judicial murder' of Ken Saro Wiwa in November 1995, ECCR attempted to gather support for a shareholders' Resolution for the 1996 AGM, but fell just short of the required numbers. Continuing problems in the Delta and controversy over the disposal of the Brent Spar platform raised public awareness and concern, enough to recruit support, with the help of PIRC and Amnesty International, for Resolution 10 at the Shell AGM on 14 May 1997.

5. The Church of England Commissioners abstained with their million shares - their second largest single stake in equities. 160 million shares supported ECCR; another 100 million abstained, not supporting the Directors. The professional journal, *The Chemical Engineer*, said:

"A new political era is emerging, power is shifting, the old rules no longer seem to apply. As the Queen opened a new Parliament, 100 metres away, at the QEII Conference Centre, Shell shareholders gathered for the group's AGM. It is hard to say which event has more historical significance. New Labour may herald new politics, but Resolution 10 of Shell's AGM ... could signal a change in the way multi-national companies, many of which have Gross Domestic Products as large as a medium-sized country, do business throughout the world."

That wasn't an idealist writing - but a comment from industry professionals. Four years later Sainsbury's Environment Manager said that the ECCR resolution sent warning ripples throughout the corporate world, and strengthened the arms of those like her who are working internally to get companies to clean up their act.

6. Unlike Greenpeace, ECCR has maintained for 12 years its engagement with the company, primarily over the Niger Delta but including Shell's retail operations in the Sudan, involvement in Angola, proposals for new exploration in Peru, and partnership in the Chad-Cameroon pipeline; Shell withdrew from the last two. Shell has improved. It now talks about its 'Triple Bottom Line' - social and environmental as well as financial.

7. ECCR has been kept closely informed of developments in the Delta through Fr Kevin O'Hara, a St Patrick's Missionary Father, and the Centre for Social and Corporate Responsibility (CSCR) in Port

Harcourt. His briefings have frequently indicated the gap between the professions and knowledge of Shell staff in London and company practice in the Delta. In 2001 Barbara Hayes and Stella Boswell of ECCR and Bill Seddon of the Methodist Church visited the Delta, meeting representatives of Shell and local communities. The account of their visit was published in an ECCR report "When the Pressure Drops".

8. Through Kevin, ECCR was also alerted in 2002 to the situation in Co Mayo, where Shell, having taken over a major project from Enterprise Oil, were bent on pressing forward with the development of the Corrib gas field with the same lack of regard as in Nigeria for the local population and the likely damage to an unstable environment. Last year Shell sought a court injunction on five residents who objected to the trespass on their land, putting them in prison for contempt and leading to nationwide demonstrations.

9. Early last year Kevin brought with him to a meeting at Shell a copy of SPDC's thorough and detailed 'Sustainable Community Development and Implementation Plan' for the Integrated Gas & Oil Project pipeline through Bayelsa State, which it said "presents an opportunity to resolve the past issues and lay the foundation for sustainable mutual benefits to SPDC and the Communities in the project area." In October 2005 he sent us a CSCR Newsflash for Engaged Shareholders, entitled 'Down in the Delta'. This detailed how SPDC's failure to implement its own recommendations to reach Memoranda of Understanding with stakeholder communities, and to carry out proper Environment Impact Assessments before beginning work on the project, had led to conflict. CSCR recommended that Shell shareholders file a resolution. Kevin was present on 12 December 2005 when Shell made excuses for the failures detailed in 'Down in the Delta'.

(Commenting on the most recent violence and hostage-taking in the Delta, Kevin later wrote: "MEND have just changed their name to Federated Niger Delta Ijaw Congress (FNDIC). They seem to be doing deals with the government because they know that they have upset President Obasanjo and he wants to send his army and obliterate them. They are a ruthless militant group and a big problem for the country. They are born out of poverty and neglect.")

10. The policies being pursued by Shell in the Delta and Co Mayo, as well as Sakhalin island, follow a pattern which brings the company into disrepute, affects share value, causes delay and interruption to production, as well as endangering people and the environment. ECCR therefore decided that, as private meetings much favoured by institutional shareholders fail to deliver the necessary transformation of structures, it was time for public pressure to be brought to bear again on the company. If Royal Dutch Shell can be persuaded, by wide and influential shareholder support, to implement the positive recommendations spelt out in the ECCR Resolution, it would be a win-win-win situation for the company, its shareholders, local stakeholders and the environment.

March 2006